

EDUCATION ALLIANCE OF WASHOE COUNTY, INC.

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

EDUCATION ALLIANCE OF WASHOE COUNTY, INC.

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June 30, 2014 and 2013

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Education Alliance of Washoe County, Inc.

We have audited the accompanying financial statements of Education Alliance of Washoe County, Inc. (a non-profit organization), which comprises the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Education Alliance of Washoe County, Inc. as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Pangborn & Co., Ltd.
Reno, Nevada

June 12, 2015

EDUCATION ALLIANCE OF WASHOE COUNTY, INC.

Statements of Financial Position

June 30, 2014 and 2013

ASSETS		
CURRENT ASSETS	2014	2013
Cash	\$ 115,323	\$ 111,720
Other receivable	1,208	8
Inventory	16,328	12,852
Total Current Assets	<u>132,859</u>	<u>124,580</u>
EQUIPMENT		
Equipment	13,550	13,550
Less: Accumulated depreciation	<u>(13,550)</u>	<u>(13,550)</u>
Total Equipment	<u>-</u>	<u>-</u>
Total Assets	<u><u>\$ 132,859</u></u>	<u><u>\$ 124,580</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 40	\$ 227
Accrued liabilities	<u>449</u>	<u>60</u>
Total Current Liabilities	<u>489</u>	<u>287</u>
NET ASSETS		
Unrestricted	33,543	32,314
Temporarily restricted	<u>98,827</u>	<u>91,979</u>
Total Net Assets	<u>132,370</u>	<u>124,293</u>
Total Liabilities and Net Assets	<u><u>\$ 132,859</u></u>	<u><u>\$ 124,580</u></u>

The attached auditor's report and notes should be read with the financial statements.

EDUCATION ALLIANCE OF WASHOE COUNTY, INC.

Statement of Activities

For the Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Total
Support and Revenues			
Grant revenues, federal	\$ -	\$ -	\$ -
Cash donations	12,633	153,354	165,987
Non-cash contributions	-	126,725	126,725
Contributions from Washoe County School District	-	405,135	405,135
Total Support and Revenues	12,633	685,214	697,847
Net Assets Released from Restrictions	678,366	(678,366)	-
Total Support, Revenues and Net Assets Released	690,999	6,848	697,847
Expenses			
Program Service Expenses			
P-16 Advocacy	35,934		35,934
Crayons to Computers	205,906		205,906
Parent Involvement Summit	59,100		59,100
Partners in Education	61,786		61,786
Cari Carlson	1,381		1,381
Run for Education	163,037		163,037
After School Literacy	847		847
UWNNS Parent/University	19,924		19,924
NV PIE	9,475		9,475
Twenty Under 40	1,305		1,305
Total Program Service Expenses	\$ 558,695		\$ 558,695

The attached auditor's report and notes should be read with the financial statements.

EDUCATION ALLIANCE OF WASHOE COUNTY, INC.

Statement of Activities

For the Year Ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Supporting Service Expenses			
Administration and General			
Funded by Washoe County School District:			
Salaries and related expenses	\$ 95,721		\$ 95,721
Other operating expenses	23,951		23,951
Other expenses	11,403		11,403
	<u>131,075</u>	<u></u>	<u>131,075</u>
Total Supporting Service Expenses			
	<u>131,075</u>	<u></u>	<u>131,075</u>
Total Expenses	<u>689,770</u>	<u></u>	<u>689,770</u>
Change in Net Assets	1,229	6,848	8,077
Net Assets, Beginning of Year	<u>32,314</u>	<u>91,979</u>	<u>124,293</u>
Net Assets, End of Year	<u>\$ 33,543</u>	<u>\$ 98,827</u>	<u>\$ 132,370</u>

The attached auditor's report and notes should be read with the financial statements.

EDUCATION ALLIANCE OF WASHOE COUNTY

Statement of Activities

For the Year Ended June 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenues			
Grant revenues, federal	\$ -	\$ 2,343	\$ 2,343
Cash donations	58,215	159,441	217,656
Non-cash contributions	-	151,427	151,427
Contributions from Washoe			
County School District	-	369,712	369,712
Other	200		200
Total Support and Revenues	<u>58,415</u>	<u>682,923</u>	<u>741,338</u>
Net Assets Released from Restrictions	697,388	(697,388)	-
Total Support, Revenues and Net Assets Released	<u>755,803</u>	<u>(14,465)</u>	<u>741,338</u>
Expenses			
Program Service Expenses			
Parental Information and Resource Centers	2,343		2,343
P-16 Advocacy	40,839		40,839
Crayons to Computers	222,921		222,921
Parent Involvement Summit	20,448		20,448
Partners in Education	57,245		57,245
Cari Carlson	341		341
Run for Education	216,129		216,129
After School Literacy	341		341
UWNNA Parent/University	20,383		20,383
NV PIE	1,363		1,363
Total Program Service Expenses	<u>\$ 582,353</u>		<u>\$ 582,353</u>

The attached auditor's report and notes should be read with the financial statements.

EDUCATION ALLIANCE OF WASHOE COUNTY

Statement of Activities

For the Year Ended June 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Supporting Service Expenses			
Administration and General			
Funded by Washoe County School District:			
Salaries and related expenses	\$ 84,809		\$ 84,809
Other operating expenses	30,224		30,224
Depreciation	5,156		5,156
Other expenses	52,918		52,918
	<hr/>	<hr/>	<hr/>
Total Supporting Service Expenses	173,107		173,107
	<hr/>	<hr/>	<hr/>
Total Expenses	755,460		755,460
	<hr/>	<hr/>	<hr/>
Change in Net Assets	343	(14,465)	(14,122)
Net Assets, Beginning of Year	31,971	106,444	138,415
	<hr/>	<hr/>	<hr/>
Net Assets, End of Year	\$ 32,314	\$ 91,979	\$ 124,293
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The attached auditor's report and notes should be read with the financial statements.

EDUCATION ALLIANCE OF WASHOE COUNTY, INC.

Statements of Cash Flows

For the Years Ended June 30, 2014 and 2013

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2014</u>	<u>2013</u>
Change in net assets	\$ 8,077	\$ (14,122)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	-	5,156
(Increase) decrease in grant receivable	-	57,786
(Increase) decrease in other receivable	(1,200)	-
(Increase) decrease in inventory	(3,476)	5,054
Increase (decrease) in accounts payable	(187)	(26,721)
Increase (decrease) in accrued liabilities	389	(7,360)
	<u>3,603</u>	<u>19,793</u>
Net Cash Provided by Operating Activities		
Investing Activities:		
Cash paid for vehicle	-	(5,156)
	<u>-</u>	<u>(5,156)</u>
Net Cash (Used in) Investing Activities		
Increase in Cash and Cash Equivalent	3,603	14,637
CASH, Beginning of Year	<u>111,720</u>	<u>97,083</u>
CASH, End of Year	<u>\$ 115,323</u>	<u>\$ 111,720</u>

The attached auditor's report and notes should be read with the financial statements.

EDUCATION ALLIANCE OF WASHOE COUNTY, INC.

Notes to Financial Statements
For the Year Ended June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Education Alliance of Washoe County, Inc. (the Alliance) is a Nevada non-profit corporation and is a publicly supported organization funded principally by contributions from the Washoe County School District (the District) and by cash and non-cash contributions from individuals and organizations. The Alliance has the responsibility to promote cooperative partnerships with schools of the District and businesses, institutions, and community organizations in and outside of Washoe County. It is also responsible to increase the educational opportunities and improve the quality of education for students in the District.

A majority of the Alliance's current operations rely on financial support from the District. Any events that would cause a significant reduction of that support could have an adverse impact on the Alliance's operations.

Each year the Alliance carries out various programs that promote the District. The Parental Information and Resource Centers program, cash donations, the District, and non-cash donations generate all revenues for the Alliance.

Financial Statement Presentation

The financial statements of the Alliance are prepared on the accrual basis of accounting and are in conformity with ASC 958-605-30, *Accounting for Contributions Made and Received*, and *Financial Statements of Not-for-Profit Organizations*.

Net Assets

There are three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets:

- Unrestricted Net Assets – Net assets not subject to donor-imposed stipulations;
- Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained temporarily by the Alliance. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the Statement of Activities as net assets released from restrictions;
- Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Alliance. The Alliance does not have any permanently restricted net assets at June 30, 2014 and 2013.

Support and Revenue Recognition

Contributions are recognized when the donor makes an unconditional promise to give to the Alliance. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or are restricted by the donor for specific purposes are reported as temporarily restricted support, which increases that net asset class.

When a donor-stipulated time restriction ends or a purpose restriction is accomplished, the restricted net assets are released to unrestricted net assets and are reported in the Statements of Activities as net assets released from restrictions.

EDUCATION ALLIANCE OF WASHOE COUNTY, INC.

Notes to Financial Statements
For the Year Ended June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash and cash equivalents are comprised of highly liquid instruments with original maturities of three months or less.

Grants Receivable

Grants receivable include contracts and grant funds that have been earned but not yet received at year end. Such receivables are considered fully collectible by management; accordingly, no allowance for doubtful accounts is included in the financial statements. As of June 30, 2014 and 2013, the grant receivable balances were zero.

Inventory

Inventory consists of items donated for use in classrooms and is valued at the estimated fair value of the items at the date of donation.

Equipment

The Alliance capitalizes all equipment acquisitions in excess of \$5,000. Purchased equipment is recorded at cost. Contributed items are recorded at fair value. Depreciation is computed using the straight-line method based on an estimated useful life of five to seven years for vehicles and equipment.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Federal Income Taxes

The Alliance is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements. The organization is no longer subject to examination by federal tax authorities for years before 2010.

Contributed Assets and Services

The Alliance recognizes donated property as a contribution at the estimated fair value at the date of the gift. A number of volunteers have donated significant amounts of time to various fund raising events and program activities. The value of these donated services is not recognized as a contribution as no objective basis is available to measure the value of such services.

Subsequent Events

Management has evaluated subsequent events through June 12, 2015, the date the financial statements were available to be issued.

EDUCATION ALLIANCE OF WASHOE COUNTY, INC.

Notes to Financial Statements
For the Year Ended June 30, 2014

NOTE 2 – FISCAL SPONSORSHIP AGREEMENT/RELATED PARTY

The Alliance has entered into an agreement with the District in which the District acts as the fiscal sponsor of the Alliance. As a fiscal sponsor, the District provided funding in the amount of \$405,135 and \$369,712 during the years ended June 30, 2014 and 2013. This funding consisted of salaries, benefits and related expenses, audit fees, and miscellaneous administrative costs. Salaries, benefits and related expenses were allocated by program based on estimates made by management of the Alliance. Due to this allocation, the amount presented in the Statements of Activities does not reflect the total salaries, benefits and related expenses that the District paid.

NOTE 3 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services on the basis of actual expenses and on estimates made by Alliance's management.

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2014 and 2013, temporarily restricted net assets are available for the following programs:

	<u>2014</u>	<u>2013</u>
Run for Education	\$ 38,714	\$ 9,419
Crayons to Computers	16,328	12,852
Focus on Literacy	- 0 -	440
Parent Involvement Summit	22,761	34,414
Cari Carlson Scholarship	- 0 -	975
Partners in Education	15,031	13,831
UWNNS Parent University	- 0 -	2,678
NV PIE	371	8,221
P-16 Advisory Council	1,928	9,149
Twenty Under 40	<u>3,695</u>	<u>- 0 -</u>
Total Net Assets	<u>\$ 98,827</u>	<u>\$ 91,979</u>

NOTE 5 – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during the year ended June 30, 2014 and 2013, by incurring expenses satisfying the restricted purposes which the donors specified.

Purpose restrictions accomplished:

	<u>2014</u>	<u>2013</u>
Parental Information and Resource Centers	\$ - 0 -	\$ 2,343
Crayons to Computers	205,906	146,110
Focus on Literacy/After School Literacy	847	- 0 -
Run for Education	163,037	143,913
Partners in Education	61,786	19
Program Support Washoe County School District	119,671	380,583
Parent Involvement Summit	59,100	2,954
P-16 Advisory Council	35,934	15,851
UWNNS Parent University	19,924	5,615
NV PIE	9,475	- 0 -
Cari Carlson Scholarship	1,381	- 0 -
Twenty Under 40	<u>1,305</u>	<u>- 0 -</u>
Total Restrictions Released	<u>\$ 678,366</u>	<u>\$ 697,388</u>