

NEVADA COMMUNITY FOUNDATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2008 and 2007

NEVADA COMMUNITY FOUNDATION, INC.

JUNE 30, 2008 and 2007

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Nevada Community Foundation, Inc.
Las Vegas, Nevada

We have audited the accompanying statements of financial position of Nevada Community Foundation, Inc. (a nonprofit organization) as of June 30, 2008 and 2007 and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Nevada Community Foundation, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Nevada Community Foundation, Inc. as of June 30, 2008 and 2007 and the results of its activities and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

October 6, 2008

NEVADA COMMUNITY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

ASSETS

	2008	2007
Current Assets		
Cash and cash equivalents	\$ 10,365,821	\$ 11,438,599
Investments	22,835,466	24,923,027
Note receivable	-	95,574
Interest receivable	16,829	64,203
Other receivables	21,605	21,941
Prepaid expenses and deposits	21,390	62,237
	33,261,111	36,605,581
 Other Assets		
Split interest agreement	59,515	54,765
Furniture and equipment, net of accumulated depreciation of \$84,493 and \$79,292	75,400	161,429
Land held for investment	188,288	200,000
Other assets	6,916	-
Collections	-	9,350
	330,119	425,544
	\$ 33,591,230	\$ 37,031,125

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$ 3,949	\$ 36,333
Grants payable, current portion	934,854	830,601
Accrued expenses	12,449	18,570
Agency obligations	3,436,089	4,033,360
Capital lease, current portion	5,655	4,630
Refundable advance	12,129	18,529
	4,405,125	4,942,023
 Long-term Liabilities		
Grants payable, net of current portion	517,148	874,904
Capital lease, net of current portion	13,114	3,532
Annuity payable	13,789	14,762
	544,051	893,198
 Total Liabilities	4,949,176	5,835,221
 Net Assets		
Unrestricted	12,868,503	14,502,639
Temporarily restricted	15,773,551	16,693,265
Total net assets	28,642,054	31,195,904
	\$ 33,591,230	\$ 37,031,125

See notes to financial statements.

NEVADA COMMUNITY FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

UNRESTRICTED NET ASSETS	2008	2007
Unrestricted revenue, gains and other support:		
Contributions	\$ 4,322,164	\$ 3,689,419
Grants	12,357	-
In-kind donations	4,900	41,555
Interest and dividends	488,438	631,054
Other	2,295	4,810
Realized/unrealized gains (losses) on investments	(707,164)	847,535
Net assets released from restrictions	2,402,853	3,132,882
	6,525,843	8,347,255
Expenses and losses:		
Program services	7,442,543	9,860,977
Supporting services:		
Development	313,541	438,378
Management and general	403,895	446,897
	8,159,979	10,746,252
Decrease in unrestricted net assets	(1,634,136)	(2,398,997)
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	2,255,086	3,133,388
Grants	-	46,077
In-kind donations	73,297	-
Interest and dividends	435,923	370,064
Realized/unrealized gains (losses) on investments	(1,303,067)	1,707,867
Other income	21,900	39,248
Gain on sale of land	-	103,882
Net assets released from restrictions:		
Restrictions satisfied by payments	(2,402,853)	(3,132,882)
Increase (decrease) in temporarily restricted net assets	(919,714)	2,267,644
DECREASE IN NET ASSETS	(2,553,850)	(131,353)
NET ASSETS, BEGINNING OF YEAR	31,195,904	31,327,257
NET ASSETS, END OF YEAR	\$ 28,642,054	\$ 31,195,904

See notes to financial statements.

NEVADA COMMUNITY FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2008

	Program Services	Supporting Services		Total
		Development	Management and General	
Grants voted	\$ 6,758,447	\$ -	\$ -	\$ 6,758,447
Salaries	173,069	132,415	169,366	474,850
Payroll taxes	12,411	9,496	12,143	34,050
Employee benefits	15,736	12,041	15,395	43,172
Total salaries and related expenses	201,216	153,952	196,904	552,072
Accounting	-	-	24,518	24,518
Celebration of giving	16,085	-	-	16,085
Community events	28,981	-	-	28,981
Conferences and education	5,092	5,092	5,091	15,275
Consulting services	98,296	14,186	61,974	174,456
Depreciation	14,397	4,822	10,158	29,377
Donor meetings-recognition	-	1,694	-	1,694
Equipment rental/maintenance	6,063	3,088	6,059	15,210
Food	105,445	-	-	105,445
Insurance	4,571	3,497	4,472	12,540
Investment management fees	56,528	-	-	56,528
Legal	7,219	-	16,924	24,143
Loss on disposal of assets	-	-	4,106	4,106
Information technology	10,988	9,835	4,804	25,627
Interest expense	-	-	964	964
Media and public relations	19,954	79,073	2,365	101,392
Memberships	1,451	939	2,582	4,972
Other expenses	1,806	-	62	1,868
Office	51,334	10,781	13,004	75,119
Postage	3,786	1,782	1,844	7,412
Printing	3,523	1,676	3,369	8,568
Professional advisors seminar	2,653	-	-	2,653
Publications and subscriptions	-	-	728	728
Rent	39,772	20,474	39,756	100,002
Telephone	3,546	1,789	3,621	8,956
Vehicle expense	1,390	861	590	2,841
	<u>\$ 7,442,543</u>	<u>\$ 313,541</u>	<u>\$ 403,895</u>	<u>\$ 8,159,979</u>

See notes to financial statements.

NEVADA COMMUNITY FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2007

	Program Services	Supporting Services		Total
		Development	Management and General	
Grants voted	\$ 8,586,469	\$ -	\$ -	\$ 8,586,469
Salaries	166,588	175,314	157,725	499,627
Payroll taxes	11,918	12,543	10,892	35,353
Employee benefits	14,691	15,463	13,428	43,582
Total salaries and related expenses	193,197	203,320	182,045	578,562
Accounting	-	-	15,660	15,660
Celebration of giving	11,606	-	-	11,606
Community events	23,651	-	-	23,651
Conferences and education	6,636	6,636	6,635	19,907
Consulting services	483,309	79,557	131,311	694,177
Depreciation	9,481	3,551	5,681	18,713
Donor meetings-recognition	962	4,586	-	5,548
Equipment rental/maintenance	4,759	3,215	5,144	13,118
Food	197,131	-	-	197,131
Insurance	5,118	5,387	4,677	15,182
Investment management fees	86,111	-	-	86,111
Legal	5,405	176	8,649	14,230
Information technology	8,604	8,855	4,575	22,034
Interest expense	-	-	1,712	1,712
Media and public relations	64,319	73,934	1,414	139,667
Memberships	3,600	2,123	3,374	9,097
Other expenses	35,038	3,228	6,385	44,651
Office	37,359	9,724	17,352	64,435
Postage	6,713	3,601	2,493	12,807
Printing	21,481	2,365	8,426	32,272
Professional advisors seminar	9,252	-	-	9,252
Publications and subscriptions	-	-	1,628	1,628
Rent	53,031	21,900	35,042	109,973
Telephone	5,020	4,466	3,781	13,267
Vehicle expense	2,725	1,754	913	5,392
	<u>\$ 9,860,977</u>	<u>\$ 438,378</u>	<u>\$ 446,897</u>	<u>\$ 10,746,252</u>

See notes to financial statements.

NEVADA COMMUNITY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

CASH FLOWS FROM OPERATING ACTIVITIES	2008	2007
Decrease in net assets	\$ (2,553,850)	\$ (131,353)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	29,377	18,713
Donated investments	(618,000)	(157,194)
Realized/unrealized gains on investments	2,010,231	(2,555,402)
Gain (loss) on sale of property	4,106	(103,882)
Present value discount related to grants payable	29,744	-
Donated assets	(6,916)	-
Donation of assets to other organizations	121,304	-
Increase (decrease) in operating assets:		
Split interest agreement	(4,750)	(6,612)
Interest receivable	47,374	(30,737)
Other receivables	336	15,281
Prepaid expenses	19,655	(40,871)
Increase (decrease) in operating liabilities:		
Accounts payable	(32,384)	(152,185)
Grants payable	(283,247)	1,594,904
Accrued expenses	(6,121)	4,395
Agency obligations	(597,271)	1,425,070
Refundable advance	(6,400)	-
Net cash used by operating activities	(1,846,812)	(119,873)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(27,579,387)	(18,558,223)
Proceeds from sale of investments	28,286,429	17,372,803
Principal received on notes receivable	95,574	173,706
Purchases of property and equipment	(24,618)	(81,549)
Proceeds from sale of property and equipment	-	313,860
Payments of charitable remainder trust liabilities	(973)	(226)
Net cash provided in (used by) investing activities	777,025	(779,629)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of capital leases	(2,991)	(3,928)
Net cash used in financing activities	(2,991)	(3,928)
 NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,072,778)	(903,430)
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	11,438,599	12,342,029
 CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 10,365,821	\$ 11,438,599
 SUPPLEMENTAL INFORMATION		
Interest paid	\$ 964	\$ 1,712
Assets acquired through capital lease	\$ 13,598	\$ -

See notes to financial statements.

NEVADA COMMUNITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 and 2007

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Nevada Community Foundation, Inc. (the Foundation), is a not-for-profit corporation established on September 15, 1988. Its function is to receive and accept funds to be administered and disbursed through grants exclusively for charitable purposes primarily in Nevada or for the benefit of residents of Nevada. The Foundation's mission is to match donors' philanthropic interests with the myriad needs of the community. The Foundation primarily receives its revenue from donors in the Southern Nevada region. Additionally, fees are charged to administer the various donor funds, which are presented net of related expenses.

The primary program expense of the Foundation consists of its direct financial support of other charities and charitable causes. Other substantial activities classified as program expenditures include the convening of charities to examine different community issues, the creation and publication of educational and resource materials, technical and organizational consulting assistance to charities, and public education efforts designed to raise the level of charitable giving for the broad benefit of all nonprofits in Nevada.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The financial statements include the accounts of the Foundation and several supporting organizations.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Estimates

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

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

NEVADA COMMUNITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2008 and 2007

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Collections

The Foundation capitalizes its collections. Additions are capitalized at cost if purchased and appraised at fair value at date of receipt if received by donation. Gains and losses on sales of donated collections, if any, are recorded based on the presence or absence of donor restrictions placed on items at the date of donation. The Foundation's collections consist of statues on display for educational and curatorial purposes. Activities verifying their existence and assessing their condition are performed continuously. The collections were transferred to another not-for-profit organization as part of the Foundation's mission in March 2008.

Donated Services

Donated services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. For the year ended June 30, 2008, the Foundation recognized \$53,933 in donated services for public relations and marketing provided as program expenses in connection with assisting another not-for profit organization. For the year ended June 30, 2007, the Foundation recognized \$37,216 in donated services for legal and marketing services provided as program expenses in connection with assisting another not-for-profit organization.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Refundable Advances

Unexpended balances of grants awarded and advanced to the Foundation are recorded as refundable advances until the funds are expended in accordance with the grant guidelines.

Property and Equipment

The Foundation capitalizes all expenditures for property and equipment in excess of \$500. Purchased property and equipment are carried at cost. Depreciation is computed using primarily the straight-line method from three to ten years.

NEVADA COMMUNITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2008 and 2007

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

As required under SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, all contributions are recognized as support in the statement of activities in the period received, including bequests and unconditional promises to give, at their estimated net realizable value. Bequests are recognized at the time the Foundation's right to them is established by a court and to the extent the value of the proceeds is subject to reasonable estimation.

Investments

The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

The Foundation maintains master investment accounts for its donor-restricted and board-designated funds. Realized and unrealized gains and losses from securities in the master investment accounts are allocated monthly to the individual funds based on the relationship of the market value of each fund to the total market value of the master investment accounts, as adjusted for additions to or deductions from those accounts.

Income Tax Status

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A).

NOTE 2. INVESTMENTS

Investments at fair value consist of the following at June 30:

	<u>2008</u>	<u>2007</u>
Certificates of deposit	\$ 700,000	\$ 700,000
Stocks, publicly traded	433,987	1,128,360
Stocks, privately held	1,675	1,675
Mutual funds	12,941,528	18,308,350
Government securities	-	457,018
Corporate bonds	-	119,778
Fixed income securities	4,642,772	-
Equities	-	1,253,874
Annuities	1,225,949	1,442,704
Partnership	2,889,555	1,511,268
	<u>\$ 22,835,466</u>	<u>\$ 24,923,027</u>

NEVADA COMMUNITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2008 and 2007

NOTE 2. INVESTMENTS (CONTINUED)

For the equity securities held at June 30, 2007, the cost value of these securities totaled \$1,062,566. Due to the diversity of the Foundation's investment portfolio, it is not considered vulnerable to a severe impact as a result of significant market risk concentration.

In August 2002, the Foundation received a donation of a deed of trust and related note receivable related to an investment in land. The borrower was in default and the loan was foreclosed in December 2004. The Foundation transferred the residual principal and accrued interest amount of the note receivable to land held for investment. The Foundation is receiving payments from the borrower reducing the investment in land. As per the foreclosure agreement, the interest is still accruing through the period the note receivable balance is paid.

NOTE 3. SPLIT-INTEREST AGREEMENT

During 2005, the Foundation was informed that a donor established a charitable unitrust with a local bank naming the Foundation as the remainder beneficiary. Under terms of the charitable unitrust agreement, the noncharitable lead beneficiary is to receive payments annually until the lead beneficiary's death. At the time of the noncharitable lead beneficiary's death, the trust is to terminate and remaining trust assets are to be distributed to the Foundation. Based on the noncharitable lead beneficiary's life expectancy and the use of a 4.75% discount rate, the present value of future benefits expected to be received by the Foundation was estimated to be \$45,635, which was reported in the year ending June 30, 2005 as a temporarily restricted contribution and a split interest agreement receivable. The Foundation has recognized a total increase in value of net earnings and present value discount of \$13,880 since fiscal year 2005, including an increase in value of \$4,750 and \$6,612 for the years ending June 30, 2008 and 2007, respectively.

NOTE 4. AGENCY OBLIGATIONS

Agency obligations are funds held in trust by the Foundation. The donors control the use and distribution of these funds. The agencies' assets held in trust and corresponding obligations consist of the following at June 30:

	<u>2008</u>	<u>2007</u>
Christ Church	\$ -	\$ 566,959
Moe Dalitz/United Way Human Service Fund	1,769,422	1,910,043
Henderson Allied Community Advocate	12,222	7,246
Communities in Schools	36,396	33,278
Boys Hope Girls Hope of Nevada	24,106	-
Homeless Youth Foundation	42,403	116,561
Keyser Education Endowment Fund	50,483	54,360
KLVX Endowment Fund	398,104	227,690
Area Health Education Center of Southern Nevada	17,306	19,158
Gillis Foundation	70,137	57,816
Three Square Endowment	1,038	1,000
Nevada Blind Children Foundation	49,592	50,021
Shade Tree Building	487,328	526,108
Noah's Animal Shelter	122,371	131,752
Nevada Policy Research	93,383	100,000
Nevada Wilderness	23,457	-
Red Mountain Music	23,927	-
Variety Day Home Fund	214,414	231,368
	<u>\$ 3,436,089</u>	<u>\$ 4,033,360</u>

NEVADA COMMUNITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2008 and 2007

NOTE 5. LEASES

Operating leases

The Foundation leases office facilities under an operating lease expiring in 2009. Future minimum rental payments are as follows:

2008	\$ <u>58,645</u>
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Rental expense for the office facilities for the year ending June 30, 2008 and 2007 totaled \$99,045 and \$109,973, respectively.

Capital leases

In November 2005, the Foundation entered into a financing agreement with Nevada Business Systems to fund the purchase of a copier due in monthly installments of \$470 at an interest rate of 16.55%. In May 2008, the original copier was exchanged for a new copier terminating the first agreement. The Foundation entered into a separate financing agreement for the purchase of the new copier due in monthly installments of \$529 at an interest rate of 4.28%.

The following Foundation property included in the accompanying financials statements was leased under capital leases as of June 30:

	2008	2007
Copier	\$ 13,598	\$ 14,100
Less accumulated depreciation	<u>349</u>	<u>2,233</u>
Total	<u>\$ 13,249</u>	<u>\$ 11,867</u>

Future net minimum rental payments, which are required under the Foundation leases for year ending June 30 are as follows:

2009	\$ 6,348
2010	6,348
2011	6,348
2012	<u>1,058</u>
Total minimum lease payments	20,102
Less amount representing interest	<u>1,333</u>
Obligations under capital leases	<u>\$ 18,769</u>

NOTE 6. EMPLOYEE BENEFIT PLAN

The Foundation has a Simplified Individual Retirement Account (Simple-IRA) plan covering all employees who have worked for the Foundation for one year and have earned at least \$5,000 in compensation during the year. The Foundation makes matching contributions to the plan each year up to 3% of all participants' compensation. The total expenses for the year ending June 30, 2008 and 2007 were \$6,251 and \$9,009, respectively.

NEVADA COMMUNITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2008 and 2007

NOTE 7. CONCENTRATIONS

The Foundation maintains cash balances at various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. Although cash balances are usually in excess of the FDIC insurance limit, the Foundation has not experienced any losses on uninsured balances. At June 30, 2008, the Foundation's uninsured balances total \$11,583,080. Subsequent to year end, the FDIC insurance limit was increased to \$250,000.

Of the total gifts received in the current year, the Foundation received significant donations from two donors of \$1,000,000 individually. The donors contributed \$2,000,000 in total, representing 30% and 31% of contributions and total revenue, respectively.

Of the total grants paid out in the current year to various organizations, the Foundation donated significant amounts over the course of the year, including \$101,666 in noncash items, to two organizations. The Foundation donated \$2,253,666, representing 33% of grants voted and 28% of total expenses.

NOTE 8. NOTE RECEIVABLE

The Foundation sold shares of stock previously donated through a supporting organization. The Foundation accepted a note receivable dated June 1, 2006 in the amount of \$285,504 from the buyer as part of the payment for the stock. The buyer agrees to pay the note balance with interest bearing a rate of 6% per annum with monthly payments of \$12,654 for 24 periods. The balance associated with this note receivable at June 30, 2008 and 2007 was \$0 and \$95,574. The balance was paid off in the current year.

NOTE 9. GRANTS PAYABLE

The main function of the Foundation is to receive and accept funds to be administered and disbursed through grants exclusively for charitable purposes primarily in Nevada or for the benefit of residents of Nevada. At June 30, 2008 and 2007, the Foundation pledged a gross amount of \$1,497,354 and \$1,780,601 in grants to various organizations. Promises to give to be received after one year are discounted based on the year promised at the rate of 4.5%. Pledges payable are summarized as follows:

Payable in less than one year	\$	934,854
Payable in one to five years		<u>562,500</u>
		1,497,354
Less discounts to present value		<u>45,352</u>
		1,452,002
Current		<u>934,854</u>
Long-term	\$	<u><u>517,148</u></u>

The Foundation pledges scholarship funds to individuals throughout the year. The scholarships are conditional based on the individual attending school for the pledged semester. As these pledges are conditional, these pledges are recognized only when the conditions on which they depend are substantially met and the pledges become unconditional.

NEVADA COMMUNITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2008 and 2007

NOTE 10. RESTRICTED NET ASSETS

Temporarily restricted net assets are available as follows:

	<u>2008</u>	<u>2007</u>
Animal issues	\$ 2,832,175	\$ 3,134,936
Children and youth issues	240,923	220,961
Community support	1,076,872	690,453
Specified charities	5,787,411	6,253,311
Educational issues	3,457,327	3,918,027
Emergency relief	751,626	768,267
Scholarships	1,187,119	1,201,726
Senior citizen issues	94,704	104,784
Time restricted funds	<u>345,394</u>	<u>400,800</u>
	<u>\$ 15,773,551</u>	<u>\$ 16,693,265</u>

Restricted assets, consisting of the following, are presented as agency payables and temporarily restricted net assets:

	<u>2008</u>	<u>2007</u>
Cash	\$ 2,276,743	\$ 2,444,867
Investments	14,678,649	15,867,066
Split interest agreement	59,515	54,765
Land	<u>188,288</u>	<u>200,000</u>
	17,203,195	18,566,698
Annuity payable	(13,789)	(14,762)
Restricted agency payables	<u>(1,415,855)</u>	<u>(1,858,671)</u>
Restricted net assets	<u>\$ 15,773,551</u>	<u>\$ 16,693,265</u>

NOTE 11. SUBSEQUENT EVENT

Due to economic conditions, the fair values of the investments have declined. The investment fair values at September 30, 2008 are as follows

Certificates of deposit	\$ 600,000
Stocks, publicly traded	386,139
Stocks, privately held	1,675
Mutual funds	51,197
Government securities	-
Corporate bonds	-
Fixed income securities	5,626,886
Equities	5,839,841
Annuities	1,130,702
Partnership	10,516
Foreign assets	2,071,898
Other assets	<u>5,036,011</u>
	<u>\$ 20,754,865</u>

NEVADA COMMUNITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2008 and 2007

NOTE 12. PRIOR PERIOD ADJUSTMENTS

Certain errors resulting in an overstatement of previously reported accounts payable and an understatement in agency payables were discovered in the previous year. Accordingly, an adjustment of \$87,500 was made during 2007 to write down accounts payable as of the beginning of the year. Additionally, an adjustment of \$27,634 was made during 2007 to increase agency payables as of the beginning of the year. The correction has no effect on the results of the current year's activities; however, the cumulative effect increases net assets by \$59,866.

NOTE 13. RECLASSIFICATIONS

Certain reclassifications have been made to the 2007 financial statements to conform to the 2008 presentation.