


Financial Statements  
July 31, 2020  
(With Comparative Totals for July 31, 2019)  
**Reno Rodeo Foundation**



# Reno Rodeo Foundation

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July 31, 2020

(With Comparative Totals for July 31, 2019)

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**CHRISTIANSSEN**  
ACCOUNTING NETWORK

## **Independent Auditor's Report**

To the Board of Trustees  
Reno Rodeo Foundation  
Reno, Nevada

### **Report on the Financial Statements**

I have audited the accompanying financial statements of Reno Rodeo Foundation, Inc. (Foundation) (a nonprofit organization) which comprise the statement of financial position as of July 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Reno Rodeo Foundation as of July 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

**Report on Summarized Comparative Information**

The July 31, 2019 financial statements of Reno Rodeo Foundation were audited by Eide Bailly LLP, whose report dated May 29, 2020, expressed an unmodified opinion on those financial statements. In my opinion, the summarized comparative information presented herein as of and for the year ended July 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Christman Accounting Network*

Reno, Nevada  
June 30, 2021

# Reno Rodeo Foundation

## Statement of Financial Position

July 31, 2020

(With Comparative Totals for July 31, 2019)

	2020		2019	
	Without donor restrictions	With donor restrictions	Total	Total (Memorandum Only)
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 342,861	\$ 335,866	\$ 678,727	\$ 690,159
Contributions receivable	-	-	-	11,148
Prepaid expenses	210	-	210	1,710
Total current assets	343,071	335,866	678,937	703,017
<b>Noncurrent Assets</b>				
Equipment	24,520	-	24,520	18,420
Less accumulated depreciation	(17,578)	-	(17,578)	(15,508)
	6,942	-	6,942	2,912
Investments	1,582,869	-	1,582,869	1,502,797
Total noncurrent assets	1,589,811	-	1,589,811	1,505,709
	\$ 1,932,882	\$ 335,866	\$ 2,268,748	\$ 2,208,726
<b>Liabilities and Net Assets</b>				
<b>Liabilities</b>				
Accounts payable	\$ 1,267	\$ -	\$ 1,267	\$ 49,775
Scholarship funds payable	-	-	-	15,087
Accrued wages and benefits	13,205	-	13,205	3,336
Total liabilities	14,472	-	14,472	68,198
<b>Net Assets</b>				
Without donor restrictions				
Designated				
Endowments	1,694,804	-	1,694,804	1,617,782
Capital campaign	29,486	-	29,486	34,736
Undesignated	194,120	-	194,120	199,761
	1,918,410	-	1,918,410	1,852,279
With donor restrictions				
Purpose restrictions	-	335,866	335,866	288,249
Total net assets	1,918,410	335,866	2,254,276	2,140,528
<b>Total Liabilities and Net Assets</b>	\$ 1,932,882	\$ 335,866	\$ 2,268,748	\$ 2,208,726

See Notes to Financial Statements

# Reno Rodeo Foundation

## Statement of Activities

Year Ended July 31, 2020

(With Comparative Totals for the Year Ended July 31, 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total (Memorandum Only)
Support, Revenue and Reclassifications				
Contributions and fundraising	\$ 276,365	\$ 280,188	\$ 556,553	\$ 528,168
License plate income	69,482	-	69,482	75,534
Donated merchandise and clothing	126,211	-	126,211	95,706
Net assets released from restrictions satisfaction of donor restrictions	232,571	(232,571)	-	-
Total support, revenue and reclassifications	<u>704,629</u>	<u>47,617</u>	<u>752,246</u>	<u>699,408</u>
Expenses				
Program services	628,846	-	628,846	743,495
Supporting services				
Fundraising	31,512	-	31,512	40,987
General and administrative	55,439	-	55,439	58,076
	<u>86,951</u>	<u>-</u>	<u>86,951</u>	<u>99,063</u>
Total expenses	<u>715,797</u>	<u>-</u>	<u>715,797</u>	<u>842,558</u>
Other Gains and Losses				
Investment income	77,299	-	77,299	69,602
Change in Net Assets	66,131	47,617	113,748	(73,548)
Net Assets, Beginning of Year	<u>1,852,279</u>	<u>288,249</u>	<u>2,140,528</u>	<u>2,214,076</u>
Net Assets, End of Year	<u>\$ 1,918,410</u>	<u>\$ 335,866</u>	<u>\$ 2,254,276</u>	<u>\$ 2,140,528</u>

Reno Rodeo Foundation  
Statement of Functional Expenses  
Year Ended July 31, 2020

(With Comparative Totals for the Year Ended July 31, 2019)

	2020			Total (Memorandum Only)	2019 Total (Memorandum Only)
	Program Services	Fundraising	General and Administrative		
Accounting	\$ -	\$ -	\$ 11,000	\$ 11,000	\$ 10,500
Advertising and marketing	26,850	4,116	-	30,966	30,046
Bank and credit card fees	-	-	523	523	423
Community acknowledgements	-	5,626	-	5,626	6,249
Denim Drive and teddy bears	63,182	-	-	63,182	47,300
Depreciation	-	-	2,070	2,070	964
Distributed donated merchandise and clothing	125,936	-	-	125,936	255,266
Donations, scholarships, and grants	260,170	-	-	260,170	291,773
Food, travel and entertainment	1,335	-	2,733	4,068	9,623
Fundraising	-	8,983	-	8,983	8,956
Horseman's Park expenses	10	-	-	10	10
Insurance	6,154	-	6,595	12,749	12,278
Reno Rodeo Western Heritage Museum	-	-	-	-	18,770
Legal fees	-	-	1,656	1,656	1,244
Office expenses	-	-	5,571	5,571	2,753
Payroll taxes and benefits	8,915	1,087	3,469	13,471	9,208
Postage and delivery	-	-	2,479	2,479	1,134
Printing and flyers	10,525	-	-	10,525	10,698
Professional fees	4,660	-	6,144	10,804	7,753
Reading room expenses	13,246	-	-	13,246	4,960
Rent	17,055	909	727	18,692	17,791
Salaries	88,488	10,791	8,633	107,912	89,798
Telephone	-	-	3,839	3,839	3,078
Volunteer activities	2,319	-	-	2,319	1,983
<b>Total expenses</b>	<b>\$ 628,846</b>	<b>\$ 31,512</b>	<b>\$ 55,439</b>	<b>\$ 715,797</b>	<b>\$ 842,558</b>

# Reno Rodeo Foundation

## Statement of Cash Flows

Year Ended July 31, 2020

(With Comparative Totals for the Year Ended July 31, 2019)

	2020			2019
	Without donor restrictions	With donor restrictions	Total	Total (Memorandum Only)
Operating Activities				
Change in net assets	\$ 66,131	\$ 47,617	\$ 113,748	\$ (73,548)
Adjustments to reconcile change in net asset to net cash flow from operating activities:				
Donated goods distributed	-	-	-	159,560
Depreciation expense	2,070	-	2,070	964
Net realized and unrealized (gain) loss on investments	(5,794)	-	(5,794)	(41,901)
Changes in certain components of working capital				
Contributions receivable	11,148	-	11,148	(614)
Prepaid expenses	1,500	-	1,500	(1,072)
Accounts payable	(48,508)	-	(48,508)	49,600
Scholarship funds payable	(15,087)	-	(15,087)	(19,820)
Accrued compensated absences	9,869	-	9,869	3,336
Net Cash Flows from Operating Activities	21,329	47,617	68,946	76,505
Investing Activities				
Purchase of fixed assets	(6,100)	-	(6,100)	-
Net sale (purchase) of investments	(74,278)	-	(74,278)	(264,295)
Net Cash Flows from Investing Activities	(80,378)	-	(80,378)	(264,295)
Net Change in Cash and Cash Equivalents	(59,049)	47,617	(11,432)	(187,790)
Cash and Cash Equivalents, Beginning of Year	401,910	288,249	690,159	877,949
Cash and Cash Equivalents, End of Year	\$ 342,861	\$ 335,866	\$ 678,727	\$ 690,159

## **Note 1 - Nature of Activities and Summary of Significant Accounting Policies**

### **Nature of Activities**

The Reno Rodeo Foundation (Foundation) was incorporated in 1986 and is a 501(c)(3) Nevada based nonprofit. The Foundation is committed to enhancing and enriching the lives of Northern Nevada families by aiding children with extraordinary needs, building and leveraging community partnerships, providing community grants, funding educational scholarships to eligible Northern Nevada high school graduates, selecting a Reno Rodeo Wish child as well as serving as the anchor for large capital projects to improve the lives of children. In addition to the annual Denim Drive that helps clothe neglected and abused foster children 365 days a year the foundation gifts new books for children attending family court proceedings in Northern Nevada Family Districts Court, and provides new teddy bears to the Denim Drive kids through a partnership with law enforcement in order to provide comfort to children at their most vulnerable time. The Foundation represents the generous heart and soul of almost one thousand Reno Rodeo Association volunteers who produce the Reno Rodeo - the Wildest Richest Rodeo in the West - Northern Nevada's longest running, biggest, annual professional sports events. The Foundation was first established to distribute Reno Rodeo profits as charitable gifts to the community, with the intention of helping children and fostering a deep appreciation for the Western way of life. The Foundation will continue to focus on carrying out its mission by strategically allocating financials resources to have the highest impact possible and establishing an identity as a major supporter for local children's programs and services.

### **Comparative Totals**

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Foundation's audited financial statements for the year ended July 31, 2019, from which the summarized information was derived.

### **Cash and Cash Equivalents**

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to long-term purposes are excluded from this definition.

### **Contributions Receivable**

The Foundation records unconditional promises to give at net realizable value. The Foundation's contributions receivable are all expected to be collected within one year. The allowance for uncollectable contributions receivable is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Management considers all contributions receivable at July 31, 2020 and 2019 to be fully collectible. Accordingly, no allowance for doubtful accounts is included in the financial statements.

### **Property and Equipment**

Property and equipment additions over \$500 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 10 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended July 31, 2020 and 2019.

### **Investments**

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

It is the Foundation's intent to hold the investments beyond one year and, accordingly, they are reflected as non-current assets in the accompanying statement of financial position.

### **Accrued Compensated Absences**

The Foundation's policy is to provide paid time off at established rates. Leave benefits are vested as earned each pay period and the value is reflected as a liability in the accompanying financial statements.

### **Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Foundation reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is,

when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

### **Revenue and Revenue Recognition**

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Amounts collected in advance for participation in special events to be held in the following year are considered conditional on the occurrence of the event(s) and are refundable. Accordingly, special event revenue received in advance is reflected as deferred revenue at year-end.

The Foundation has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standard improves the usefulness and understandability of The Foundation's financial reporting.

Analysis of various provisions of this standard resulted in no significant change in the way the Foundation recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with this standard.

### **Donated Services and In-Kind Contributions**

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair values of the services received.

### **Advertising and Marketing Costs**

Advertising and marketing costs are expensed as incurred and approximated \$30,000 during each of the years ended July 31, 2020 and 2019.

### **Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses are generally directly attributable to a functional category with no significant allocations between program service activities and supporting service activities occurring. The expenses that are allocated include occupancy, salaries, and payroll taxes and benefits, which are allocated on the basis of estimates of time and effort.

**Income Taxes**

The Reno Rodeo Foundation is organized as a Nevada nonprofit corporation and has been recognized by the Internal Revenue Code Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifying for the charitable contribution deduction under Sections 509(a)(1) and (3). The entity is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entity is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Foundation has determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that the entity has appropriate support for any tax positions taken affecting its annual filing requirements, and as such does not have any uncertain tax positions that are material to the financial statements. The Foundation would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the Foundation to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

**Financial Instruments and Credit Risk**

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by the Foundation to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Credit risk associated with contributions receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, governmental agencies, and foundations supportive of the Foundation's mission. Investments are made by diversified investment managers whose performance is monitored by the Foundation and the finance committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Foundation and the finance committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Foundation.

**Subsequent Events**

I have evaluated subsequent events through June 30, 2021, the date the financial statements were available to be issued.

# Reno Rodeo Foundation

## Notes to Financial Statements

July 31, 2020

(With Comparative Totals for July 31, 2019)

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In March 2020, the World Health Organization declared the outbreak of the novel coronavirus (COVID-19) as a pandemic resulting in federal, state, and local governments, and private entities mandating stay at home orders and various restrictions on travel and public gatherings. The Foundation is closely monitoring operations, liquidity, and investments to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the Foundation's financial position is not known.

### Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 566,792	\$ 575,174
Contributions receivable	-	11,148
	<u>\$ 566,792</u>	<u>\$ 586,322</u>

A board-designated endowment of \$1,694,804 is subject to an annual spending policy as described in Note 5. Although the Foundation does not intend to spend from this board-designated endowment (other than amounts appropriated for expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

As part of a liquidity management plan, cash in excess of daily requirements is invested in short-term investments, CDs, and money market funds.

### Note 3 - Investments and Fair Value Measurement and Disclosures

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

# Reno Rodeo Foundation

## Notes to Financial Statements

July 31, 2020

(With Comparative Totals for July 31, 2019)

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Foundation’s assessment of the quality, risk, or liquidity profile of the asset or liability.

A significant portion of investment assets are classified within Level 1 because they comprise open-end mutual funds, corporate, government, and fixed income securities with readily determinable fair values based on daily redemption values. The Foundation invests in CDs traded in the financial markets. Those CDs and U.S. government obligations are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions and are classified within Level 2. The Foundation has no assets valued using Level 3 measurements.

The following table presents assets measured at fair value on a recurring basis:

	2020		
	Level 1	Level 2	Total
Certificates of deposit	\$ -	\$ 253,248	\$ 253,248
Corporate equities	465,234	-	465,234
Mutual funds	384,591	-	384,591
Exchange traded/closed-end funds	138,892	-	138,892
Government securities	233,252	-	233,252
Fixed income securities	107,652	-	107,652
	\$ 1,329,621	\$ 253,248	\$ 1,582,869
	2019		
	Level 1	Level 2	Total
Corporate equities	\$ -	\$ 250,031	\$ 250,031
Corporate equities	\$ 439,851	\$ -	439,851
Mutual funds	366,328	-	366,328
Exchange traded/closed-end funds	141,323	-	141,323
Government securities	221,118	-	221,118
Fixed income securities	84,146	-	84,146
	\$ 1,252,766	\$ 250,031	\$ 1,502,797

**Note 4 - Volunteer Services**

The Foundation's program activities are significantly dependent upon the support provided by volunteers. Such volunteers provided 1,754 (unaudited) and 2,044 (unaudited) hours of direct services during the years ended July 31, 2020 and 2019, respectively. The Foundation has estimated the value of volunteer services to approximate \$25 and \$23 per hour for 2020 and 2019, respectively, which is the most recently calculated average hourly wage for volunteers as determined by the Independent Sectors' Value of Volunteer Time for the state of Nevada. Accordingly, the Foundation has received approximately \$43,850 and \$47,000 for July 31, 2020 and 2019, respectively, of volunteer services, which is not reflected in the accompanying combined financial statements because the services do not meet the criteria for recognition as set forth in Note 1. If these volunteer services were included in the financial statements, program costs would comprise approximately 89% of total costs for each of the years ended July 31, 2020 and 2019.

**Note 5 - Endowment**

The Board designated certain funds in 1994 for the purpose of providing the continued funding of the Foundation's programs and services should there be an interruption in funding from other sources. Distributions from the endowments are to be made at the Board's discretion. The Foundation does not have any endowment funds with donor restrictions at July 31, 2020 and 2019.

The Board designated funds include cash and investments held in a brokerage account as detailed in Note 3. It is the Board's policy to reinvest the income earned on these endowments; however, distributions may be made at the Board's discretion. The Finance Committee reviews the investment products and earnings performance with its professional investment broker to ensure the holdings are aligned with the Foundation's objectives and a conservative risk tolerance.

The Board-designated endowment funds are designated for programs total \$1,694,804 and \$1,617,782 at July 31, 2020 and 2019, respectively. The purpose of these endowment funds is to support the Foundation's programs that provide comfort and assistance to needy children in Northern Nevada.

Changes in Board designated funds are as follows for the years ended July 31:

	<u>2020</u>	<u>2019</u>
Endowment net assets, beginning of year	\$ 1,617,782	\$ 1,301,666
Investment income	87,755	80,368
Broker fees	(10,733)	(12,298)
Contributions / transfers in	-	250,000
Spending appropriations	<u>-</u>	<u>(1,954)</u>
	<u>\$ 1,694,804</u>	<u>\$ 1,617,782</u>

**Note 6 - Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes at July 31:

	2020	2019
Subject to Expenditure for Specified Purposes:		
Denim Drive	\$ 217,353	\$ 159,690
Scholarships and grants	12,500	13,500
Reno Rodeo Wish	-	12,672
Reno Rodeo Western Heritage Museum	48,964	48,964
Reading rooms	57,049	53,423
Donated inventory	-	-
	\$ 335,866	\$ 288,249

**Note 7 - Employee Benefit Plan**

The Foundation contributes 3% of an employee's eligible payroll to a Simple Individual Retirement Account (IRA). The Foundation's contribution to the retirement plan for the years ended July 31, 2020 and 2019 totaled \$2,599 and \$2,625, respectively.

**Note 8 - Affiliated Party Transactions**

The Reno Rodeo Association (Association) is a separate tax-exempt organization that is managed by a Board of Directors, some of whom are also directors of the Foundation. The Association provides a substantial portion of the Foundation's income and in its bylaws has agreed to make an annual contribution of up to 50% of its net income to the Foundation. However, the amount to be contributed is not determined until the subsequent fiscal year and cannot be estimated. Accordingly, the Foundation will recognize the contribution income in the year received and no accrual is reflected in the accompanying statement of financial position. The Foundation received \$346,500 and \$250,000 from the Reno Rodeo Association during the years ended July 31, 2020 and 2019, respectively. Due to COVID-19, the Reno Rodeo was cancelled in 2020 and the Foundation is not expected to receive a contribution from the Association during the fiscal year ended July 31, 2021.

The Foundation is party to a management agreement with the Association which calls for the Association to manage the Gandolfo Rodeo Arena. The Foundation pays the Association a fee of \$10 per year to perform this function. This agreement is in effect through February 24, 2023.