


Financial Statements
July 31, 2021
(With Comparative Totals for July 31, 2020)
Reno Rodeo Foundation



Reno Rodeo Foundation

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July 31, 2021

(With Comparative Totals for July 31, 2020)

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CHRISTIANSEN
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, 2021, 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, 2021, 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, 2020 financial statements of Reno Rodeo Foundation were audited by me, and I expressed an unmodified opinion on those financial statements in my report dated June 30, 2021. In my opinion, the summarized comparative information presented herein as of and for the year ended July 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Christman Accounting Network

Reno, Nevada
May 31, 2022

Reno Rodeo Foundation
Statement of Financial Position
July 31, 2021

(With Comparative Totals for July 31, 2020)

	2021			2020
	Without donor restrictions	With donor restrictions	Total	Total (Memorandum Only)
Assets				
Current Assets				
Cash and cash equivalents	\$ 422,744	\$ 397,392	\$ 820,136	\$ 678,727
Contributions receivable	46,687	-	46,687	-
Prepaid expenses	112,708	-	112,708	210
Total current assets	582,139	397,392	979,531	678,937
Noncurrent Assets				
Equipment	24,520	-	24,520	24,520
Less accumulated depreciation	(19,647)	-	(19,647)	(17,578)
	4,873	-	4,873	6,942
Investments	1,556,338	-	1,556,338	1,582,869
Total noncurrent assets	1,561,211	-	1,561,211	1,589,811
	<u>\$ 2,143,350</u>	<u>\$ 397,392</u>	<u>\$ 2,540,742</u>	<u>\$ 2,268,748</u>
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	\$ 69,992	\$ -	\$ 69,992	\$ 1,267
Accrued wages and benefits	14,181	-	14,181	13,205
Deferred revenue	83,410	-	83,410	-
Total current liabilities	167,583	-	167,583	14,472
Paycheck Protection Program (PPP)	20,588	-	20,588	-
Total liabilities	188,171	-	188,171	14,472
Net Assets				
Without donor restrictions				
Designated				
Endowments	1,665,747	-	1,665,747	1,694,804
Capital campaign	-	-	-	29,486
Undesignated	289,432	-	289,432	194,120
	1,955,179	-	1,955,179	1,918,410
With donor restrictions				
Purpose restrictions	-	397,392	397,392	335,866
Total net assets	1,955,179	397,392	2,352,571	2,254,276
Total Liabilities and Net Assets	<u>\$ 2,143,350</u>	<u>\$ 397,392</u>	<u>\$ 2,540,742</u>	<u>\$ 2,268,748</u>

See Notes to Financial Statements

Reno Rodeo Foundation
Statement of Activities
Year Ended July 31, 2021
(With Comparative Totals for the Year Ended July 31, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total (Memorandum Only)
Support, Revenue and Reclassifications				
Contributions and fundraising	\$ 36,547	\$ 190,181	\$ 226,728	\$ 556,553
License plate income	78,972	-	78,972	69,482
Donated merchandise and clothing	-	126,757	126,757	126,211
Net assets released from restrictions satisfaction of donor restrictions	<u>255,412</u>	<u>(255,412)</u>	<u>-</u>	<u>-</u>
Total support, revenue and reclassifications	370,931	61,526	432,457	752,246
Expenses				
Program services	487,235	-	487,235	628,846
Supporting services				
Fundraising	42,582	-	42,582	31,512
General and administrative	<u>48,122</u>	<u>-</u>	<u>48,122</u>	<u>55,439</u>
	<u>90,704</u>	<u>-</u>	<u>90,704</u>	<u>86,951</u>
Total expenses	<u>577,939</u>	<u>-</u>	<u>577,939</u>	<u>715,797</u>
Other Gains and Losses				
Investment income	224,412	-	224,412	77,299
PPP loan forgiven	<u>19,365</u>	<u>-</u>	<u>19,365</u>	<u>-</u>
Total other gains and losses	<u>243,777</u>	<u>-</u>	<u>243,777</u>	<u>77,299</u>
Change in Net Assets	36,769	61,526	98,295	113,748
Net Assets, Beginning of Year	<u>1,918,410</u>	<u>335,866</u>	<u>2,254,276</u>	<u>2,140,528</u>
Net Assets, End of Year	<u>\$ 1,955,179</u>	<u>\$ 397,392</u>	<u>\$ 2,352,571</u>	<u>\$ 2,254,276</u>

Reno Rodeo Foundation
Statement of Functional Expenses
Year Ended July 31, 2021

(With Comparative Totals for the Year Ended July 31, 2020)

	2021				2020
	Program Services	Fundraising	General and Administrative	Total	Total (Memorandum Only)
Accounting	\$ -	\$ -	\$ 10,000	\$ 10,000	\$ 11,000
Advertising and marketing	26,249	11,995	-	38,244	30,966
Bank and credit card fees	-	363	508	871	523
Community acknowledgements	-	1,507	-	1,507	5,626
Denim Drive and teddy bears	56,322	-	-	56,322	63,182
Depreciation	757	-	1,312	2,069	2,070
Distributed donated merchandise and clothing	126,757	-	-	126,757	125,936
Donations, scholarships, and grants	151,529	-	-	151,529	260,170
Food, travel and entertainment	1,335	-	3,051	4,386	4,068
Fundraising	-	17,131	-	17,131	8,983
Horseman's Park expenses	10	-	-	10	10
Insurance	558	-	4,177	4,735	5,091
Reno Rodeo Western Heritage Museum	36	-	-	36	-
Legal fees	-	-	1,704	1,704	1,656
Office expenses	-	-	1,012	1,012	5,571
Payroll taxes and benefits	13,320	1,325	1,599	16,244	21,129
Postage and delivery	-	-	1,993	1,993	2,479
Printing and flyers	19,060	-	-	19,060	10,525
Professional fees	5,111	-	1,789	6,900	10,804
Reading room expenses	1,074	-	-	1,074	13,246
Rent	-	-	9,000	9,000	18,692
Salaries	84,136	10,261	8,208	102,605	107,912
Telephone	-	-	3,769	3,769	3,839
Volunteer activities	981	-	-	981	2,319
Total expenses	\$ 487,235	\$ 42,582	\$ 48,122	\$ 577,939	\$ 715,797

Reno Rodeo Foundation

Statement of Cash Flows

Year Ended July 31, 2021

(With Comparative Totals for the Year Ended July 31, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total (Memorandum Only)
Operating Activities				
Change in net assets	\$ 36,769	\$ 61,526	\$ 98,295	\$ 113,748
Adjustments to reconcile change in net asset to net cash flow from operating activities:				
Depreciation expense	2,069	-	2,069	2,070
Net realized and unrealized (gain) loss on investments	(131,832)	-	(131,832)	(5,794)
PPP loan forgiven	(19,365)	-	(19,365)	-
Changes in certain components of working capital				
Contributions receivable	(46,687)	-	(46,687)	11,148
Prepaid expenses	(112,498)	-	(112,498)	1,500
Accounts payable	68,725	-	68,725	(48,508)
Scholarship funds payable	-	-	-	(15,087)
Accrued wages and benefits	976	-	976	9,869
Deferred revenue	83,410	-	83,410	-
Net Cash Flows from Operating Activities	<u>(118,433)</u>	<u>61,526</u>	<u>(56,907)</u>	<u>68,946</u>
Investing Activities				
Purchase of fixed assets	-	-	-	(6,100)
Net sale (purchase) of investments	158,363	-	158,363	(74,278)
Net Cash Flows from Investing Activities	<u>158,363</u>	<u>-</u>	<u>158,363</u>	<u>(80,378)</u>
Financing Activities				
Receipt of PPP loan funds	39,953	-	39,953	-
Net Change in Cash and and Cash Equivalents	79,883	61,526	141,409	(11,432)
Cash and Cash Equivalents, Beginning of Year	<u>342,861</u>	<u>335,866</u>	<u>678,727</u>	<u>690,159</u>
Cash and Cash Equivalents, End of Year	<u>\$ 422,744</u>	<u>\$ 397,392</u>	<u>\$ 820,136</u>	<u>\$ 678,727</u>

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 District Courts, 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 Financial Information

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, 2020, 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, 2021 and 2020 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, 2021, and 2020.

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 those 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. Gifts of long-lived assets and gifts of cash restricted to the acquisition of long-lived assets are recognized when the assets are placed in service.

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.

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. Otherwise, donated professional services are recorded at the respective fair values of the services received. Contributed goods are recorded at fair value at the date of donation.

Advertising and Marketing Costs

Advertising and marketing costs are expensed as incurred and totaled \$38,244 and \$30,966 during the years ended July 31, 2021, and 2020, respectively.

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 salaries and related 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.

Use of 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, 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

Subsequent events have been evaluated through May 31, 2022, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

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:

Cash and cash equivalents	\$ 710,727	\$ 566,792
Contributions receivable	46,687	-
	\$ 757,414	\$ 566,792

A board-designated endowment of \$1,665,747 is subject to an annual spending policy as described in Note 6. 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.

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.

Reno Rodeo Foundation

Notes to Financial Statements

July 31, 2021

(With Comparative Totals for July 31, 2020)

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
Corporate equities	\$ 596,922		\$ 596,922
Mutual funds	472,192		472,192
Exchange traded/closed-end funds	198,484		198,484
Government securities	196,043		196,043
Fixed income securities	92,697		92,697
	\$ 1,556,338	\$ -	\$ 1,556,338
	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

Note 4 - Refundable Advance – Paycheck Protection Program (PPP) Loan

The Foundation was granted two loans under the PPP administered by a Small Business Administration-approved partner during the fiscal year ended July 31, 2021, for \$19,365 and \$20,588, respectively. The Foundation initially recorded the loans as refundable advances as loan forgiveness was subject to conditions. On June 15, 2021, the first PPP loan balance and all accrued interest was forgiven in full, and the balance is reflected in other income in the statement of activities for the year ended July 31, 2021. Subsequent to year-end, the second PPP loan was forgiven in full.

Note 5 - Volunteer Services

The Foundation's program activities are significantly dependent upon the support provided by volunteers. Such volunteers provided 1,171 (unaudited) and 1,754 (unaudited) hours of direct services during the years ended July 31, 2021 and 2020, respectively. The Foundation has estimated the value of volunteer services to approximate \$28 and \$25 per hour for 2021 and 2020, 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 \$33,000 and \$44,000 for July 31, 2021 and 2020, 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 85% and 89% of total costs for the years ended July 31, 2021, and 2020, respectively.

Note 6 - 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, 2021, and 2020.

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 \$1,665,747 and \$1,694,804 at July 31, 2021, and 2020, 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:

	2021	2020
Endowment net assets, beginning of year	\$ 1,694,804	\$ 1,617,782
Investment income	224,366	77,022
Contributions / transfers in	-	-
Spending appropriations	(253,423)	-
	\$ 1,665,747	\$ 1,694,804

Note 7 - Net Assets with Donor Restrictions

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

	2021	2020
Subject to Expenditure for Specified Purposes:		
Denim Drive	\$ 267,688	\$ 217,353
Scholarships and grants	22,500	12,500
Reno Rodeo Western Heritage Museum	49,257	48,964
Reading rooms	57,947	57,049
	\$ 397,392	\$ 335,866

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the passage of time or other events specified by the donors as follows for the years ended July 31:

	2021	2020
Satisfaction of Purpose Restrictions:		
Denim Drive	\$ 218,257	\$ 184,326
Scholarships and grants	25,494	17,750
Reno Rodeo Wish	5,000	44,170
Reading rooms	6,661	18,313
	\$ 255,412	\$ 264,559

Note 8 - 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, 2021, and 2020, totaled \$2,997 and \$2,599, respectively.

Note 9 - 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. Due to COVID-19, the Reno Rodeo was cancelled in 2020 and the Foundation did not receive a contribution from the Association during the fiscal year ended July 31, 2021. However, the Foundation did receive \$346,500 from the Reno Rodeo Association during the year ended July 31, 2020.

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.

Note 10 - Contingency

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.