

**EDUCATION COLLABORATIVE
OF WASHOE COUNTY, INC.**

JUNE 30, 2007

**EDUCATION COLLABORATIVE OF WASHOE COUNTY, INC.
JUNE 30, 2007**

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KAFOURY, ARMSTRONG & CO.
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of financial position of the Education Collaborative of Washoe County, Inc. (a nonprofit organization) as of June 30, 2007, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the management of the Education Collaborative of Washoe County, Inc. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2006 financial statements, and in our report dated September 29, 2006, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 audit provides 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 Education Collaborative of Washoe County, Inc. as of June 30, 2007, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Kafoury, Armstrong & Co.

Reno, Nevada
December 24, 2007

EDUCATION COLLABORATIVE OF WASHOE COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2007
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2006)

ASSETS		<u>2007</u>	<u>2006</u>
ASSETS			
Cash	\$	239,510	\$ 208,032
Federal grant receivable		48,931	55,428
Inventory		94,856	64,430
Equipment, net of accumulated depreciation of \$7,594 in 2007		<u>800</u>	<u>1,999</u>
Total Assets	\$	<u>384,097</u>	\$ <u>329,889</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable	\$	25,039	\$ 32,281
Accrued liabilities		<u>19,807</u>	<u>3,314</u>
Total Liabilities		<u>44,846</u>	<u>35,595</u>
NET ASSETS			
Unrestricted		91,324	72,961
Temporarily restricted		<u>247,927</u>	<u>221,333</u>
Total Net Assets		<u>339,251</u>	<u>294,294</u>
Total Liabilities and Net Assets	\$	<u>384,097</u>	\$ <u>329,889</u>

See accompanying notes.

EDUCATION COLLABORATIVE OF WASHOE COUNTY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2006)

	Unrestricted	Temporarily Restricted
REVENUES AND OTHER SUPPORT		
Cash contributions	\$ 48,676	\$ 137,278
Grant revenue, Federal	-	347,244
Grant revenue, State	-	31,303
Contributions from Washoe County School District	-	367,223
Noncash contributions	-	414,672
Miscellaneous revenue	25,898	-
	74,574	1,297,720
NET ASSETS RELEASED FROM RESTRICTIONS	1,271,126	(1,271,126)
Total Revenues and Other Support	1,345,700	26,594
EXPENSES		
Functional Expenses:		
Program Service Expense:		
Partners in Education	107,061	-
Crayons to Computers	386,063	-
Miscellaneous programs	-	-
Special Education, Gift	-	-
School-to-Careers	67,999	-
Run for Education:		
Meridian Kids	32,474	-
Kids in Motion/Passport Program	113,760	-
Administrative Fee	9,138	-
Baldrige Literacy	-	-
Parent Involvement Summit	374	-
United Way	683	-
P-16 Advocacy	35,822	-
Parental Information and Resource Centers	372,285	-
	1,125,659	-
Total Program Service Expense		
Supporting Services Expense:		
Administration and General		
Funded by Washoe County School District:		
Salaries and related expenses	23,292	-
Information Technology Advisory Group	22,887	-
Community Education Outreach	12,153	-
Other expenses	64,514	-
Other expenses	9,473	-
Depreciation	1,199	-
	133,518	-
Total Administration and General		
Fundraising - special events	68,160	-
	201,678	-
Total Supporting Services Expense		
Total Functional Expenses	1,327,337	-
CHANGE IN NET ASSETS	18,363	26,594
NET ASSETS, Beginning of Year	72,961	221,333
NET ASSETS, End of Year	\$ 91,324	\$ 247,927

Totals	
2007	2006
\$ 185,954	\$ 182,418
347,244	263,028
31,303	19,037
367,223	359,070
414,672	385,850
25,898	26,116
1,372,294	1,235,519
-	-
1,372,294	1,235,519
107,061	76,730
386,063	498,962
-	3,895
-	5,922
67,999	10,365
32,474	14,000
113,760	38,500
9,138	-
-	1,931
374	-
683	-
35,822	7,816
372,285	318,823
1,125,659	976,944
23,292	81,821
22,887	-
12,153	-
64,514	11,540
9,473	84,402
1,199	1,199
133,518	178,962
68,160	46,048
201,678	225,010
1,327,337	1,201,954
44,957	33,565
294,294	260,729
\$ 339,251	\$ 294,294

See accompanying notes.

EDUCATION COLLABORATIVE OF WASHOE COUNTY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2006)

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 44,957	\$ 33,565
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,199	1,199
(Increase) decrease in Federal grant receivable	6,497	(19,395)
Decrease in State grant receivable	-	3,311
(Increase)/decrease in inventory	(30,426)	43,430
(Decrease) in accounts payable	(7,242)	(14,820)
Increase/(decrease) in accrued liabilities	16,493	(1,759)
Net Cash Provided by Operating Activities	31,478	45,531
Net Increase in Cash	31,478	45,531
CASH, Beginning of Year	208,032	162,501
CASH, End of Year	\$ 239,510	\$ 208,032

See accompanying notes.

EDUCATION COLLABORATIVE OF WASHOE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities:

Education Collaborative of Washoe County, Inc., “the Collaborative,” is a Nevada nonprofit corporation and is a publicly supported organization funded principally by contributions from the Washoe County School District, “the District,” and by noncash contributions from individuals and organizations. The Collaborative has the responsibility to promote cooperative partnerships with schools of the District and businesses, institutions and community organizations in or outside of Washoe County. It also has the responsibility to increase the educational opportunities and improve the quality of education for students in the District.

A majority of the Collaborative’s current operations are reliant on financial support from the District. Any events that would cause a significant reduction of that support could have an adverse implication on the Collaborative’s operations.

Each year the Collaborative carries out various programs that promote the District. The *Crayons to Computers* and *Parental Information and Resource Centers* programs generated the largest portion of revenue for the Collaborative.

Contribution Revenue Recognition:

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

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

Conditional promises to give are not included as support until such time as the conditions are substantially met and both the timing and the value of the promise are known with reasonable certainty.

Grant Awards:

During the fiscal year ended June 30, 2007, the Education Collaborative administered a Federal grant awarded through the U.S. Department of Education. *Parental Information and Resource Centers*, Grant No. U310A030036, was the only active Federal grant at June 30, 2007.

EDUCATION COLLABORATIVE OF WASHOE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

Net Assets:

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

- Unrestricted Net Assets – Net assets not subject to donor-imposed stipulations.
- Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained temporarily by the Collaborative. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.
- Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Collaborative.

The Collaborative does not have any permanently restricted net assets at June 30, 2007.

Financial Statement Presentation:

The financial statements of the Collaborative are prepared on the accrual basis of accounting, and are in conformity with the Financial Accounting Standards Board Statement (SFAS) No. 116 *Accounting for Contributions Made and Received* and SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*.

Grants Receivable:

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

Inventory:

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

Property and Equipment:

The Collaborative capitalizes all property and equipment acquisitions in excess of \$5,000. Purchased property and equipment are recorded at cost. Depreciation is computed using the straight-line method based on an estimated useful life of seven years for the equipment, which consists of a copy machine.

EDUCATION COLLABORATIVE OF WASHOE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

Use of Estimates:

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

Federal Income Taxes:

The Collaborative is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements.

Comparative Data:

Comparative data shown for the prior year has been extracted from the June 30, 2006 financial statements. It has been provided to add comparability, but is not considered full disclosure of transactions for 2005-2006. Such information can only be obtained by referring to the audited financial statements for that year.

Reclassification of Prior Year Information:

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Contributed Assets and Services:

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

NOTE 2 – FISCAL SPONSORSHIP AGREEMENT/RELATED PARTY

The Collaborative has entered into an agreement with the District whereby the District acts as the fiscal sponsor of the Collaborative. As fiscal sponsor, the District provided funding in the amount of \$367,223 during the year ended June 30, 2007. This funding consisted of the necessary facilities usage, staffing, and related supplies and overhead as required for the operation of the warehouse facility operated under the *Crayons to Computers* program and other programs.

**EDUCATION COLLABORATIVE OF WASHOE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2007 are available for the following programs:

Baldrige Literacy	\$ 25,861
Crayons to Computers	94,856
Run for Education	107,045
Parent Involvement Summit	1,626
United Way	7,460
School-to-Careers	4,166
Partners in Education	<u>6,913</u>
Total Temporarily Restricted	<u>\$247,927</u>

NOTE 4 – NET ASSETS RELEASED FROM RESTRICTION

Net assets in the amount of \$1,271,126 were released from donor restrictions during the year ended June 30, 2007 by incurring expenses satisfying the restricted purposes specified by the donors.

Purpose restrictions accomplished:

Partners in Education	\$ 107,061
Crayons to Computers	386,063
Parent Involvement Summit	374
United Way	683
Schools-to-Careers	67,999
Run for Education	155,372
P-16 Advocacy	35,822
Parental Information and Resource Centers	372,285
Program Support Washoe County School District	<u>145,467</u>
Total Restrictions Released	<u>\$1,271,126</u>