

SPRINGS PRESERVE FOUNDATION

FINANCIAL STATEMENTS

JUNE 30, 2022

**SPRINGS PRESERVE FOUNDATION
FINANCIAL STATEMENTS
JUNE 30, 2022**

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Independent Auditor's Report

To the Board of Directors
Springs Preserve Foundation

Opinion

We have audited the accompanying financial statements of Springs Preserve Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Springs Preserve Foundation (the "Foundation") as of June 30, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate where there are conditions or events, considered in aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Ellsworth & Stout, LLC

Las Vegas, Nevada
September 9, 2022

**SPRINGS PRESERVE FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022**

ASSETS

Current Assets:

Cash and cash equivalents	\$	4,088,163
Investments		1,993,353
Other receivables, net		4,884
Prepaid expenses		2,280
Unconditional promises to give, net		<u>152,276</u>
Total Assets	\$	<u><u>6,240,956</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$	1,665
Deferred revenue		72,910
Grant advance		<u>2,000,000</u>
Total current liabilities		<u>2,074,575</u>

Net Assets:

Without donor restrictions		4,005,025
With donor restrictions		<u>161,356</u>
Total net assets		<u>4,166,381</u>
Total Liabilities and Net Assets	\$	<u><u>6,240,956</u></u>

See accompanying notes to the financial statements.

**SPRINGS PRESERVE FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

Net Assets without Donor Restrictions

Revenue and other support:

Grant income	\$ 874,650
Contributions	96,157
In-kind donations	13,339
Investment income, net of expenses of \$15,339	124,783
Net assets released from restrictions	322,411
	<u>1,431,340</u>

Expenses:

Program services	<u>1,197,058</u>
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Supporting services:

Management and general:

Insurance	3,471
Other administrative and general	150
Professional fees	13,841
Salaries and benefits	13,189
	<u>30,651</u>

1,227,709

Other income (expense):

Net realized and unrealized loss on investments	<u>(506,675)</u>
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1,734,384

Decrease in net assets without donor restrictions	<u>(303,044)</u>
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Net Assets with Donor Restrictions

Contributions	186,060
Net assets released from restrictions	<u>(322,411)</u>
Decrease in net assets with donor restrictions	<u>(136,351)</u>

Decrease in Net Assets (439,395)

Net Assets, Beginning of Year 4,605,776

Net Assets, End of Year \$ 4,166,381

See accompanying notes to the financial statements.

**SPRINGS PRESERVE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022**

Cash Flows from Operating Activities

Decrease in net assets	\$ (439,395)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:	
Net realized and unrealized loss on investments	506,675
Changes in operating assets and liabilities:	
(Increase) decrease in other receivables	42,755
Increase (decrease) in accounts payable	(13,269)
Increase (decrease) in deferred revenue	50,610
Increase (decrease) in grant advance	1,125,350
Net cash provided by operating activities	<u>1,273,709</u>

Cash Flows from Investing Activities

Proceeds from sale of investments	436,746
Purchase of investments	<u>(530,684)</u>
Net cash used in investing activities	<u>(93,938)</u>

Net Change in Cash and Cash Equivalents 1,179,771

Cash and Cash Equivalents, Beginning of Year 2,908,392

Cash and Cash Equivalents, End of Year \$ 4,088,163

See accompanying notes to the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Springs Preserve Foundation (the “Foundation”) is presented to assist in understanding the Foundation’s financial statements. The financial statements and notes are representations of the Foundation’s management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of the Organization

The Foundation is a non-profit organization established to further the cultural, historical, biological and educational programs of the Las Vegas Springs Preserve through fundraising efforts. The Las Vegas Springs Preserve is a 180-acre national historic site located on the Las Vegas Valley Water District’s (LVVWD) property. The Foundation’s support comes primarily from state grants, corporate, and public donations.

Basis of Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. The Foundation presents a classified statement of financial position with additional qualitative information about the availability of resources and liquidity in Note 2.

The accompanying financial statements have been presented in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to not-for-profit organizations, principally Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under ASC 958 (as amended by Accounting Standards Update (ASU) 2016-14), the Foundation is required to report information regarding its financial position and changes in financial position according to two classes of net assets; net assets without donor restrictions and net assets with donor restrictions. The classification of net assets is based on the existence or absence of donor-imposed restrictions. Net assets are released from donor restriction by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other event specified by donors.

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 judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Foundation considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

At various times throughout the year, the Foundation maintained deposits in financial institutions which exceeded federally insured amounts. The Foundation has not experienced any losses in these accounts.

SPRINGS PRESERVE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

The Foundations' investments are reported at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

Other Receivables

Receivables are stated net of an allowance for doubtful accounts. The allowance is based on an analysis of specific donors, taking into consideration the age of past due amounts and an assessment of the donor's ability to pay. As of June 30, 2022, no allowance to receivables for uncollectible amounts was deemed necessary.

Revenue Recognition

All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions.

Contributions may be considered conditional or non-conditional. A conditional contribution exists if a) one or more barrier exists and b) the right to receive or retain payment or delivery of the promised asset depends on meeting those barriers. In cases of ambiguous donor stipulations or stipulations that are not clearly unconditional are presumed to be conditional. Conditional contributions are recognized when conditions have been substantially met or waived by the donor. Non-conditional contributions are recognized when received or right to receive is obtained through documentation.

Grant revenue may be considered a contribution, entirely an exchange transaction, or a combination of the two. If a grant is considered a contribution, it is recognized as described in the above paragraph. If a grant is considered an exchange transaction, it falls under the guidance of Topic 606 and additional steps are taken to ensure correct recording of revenue. The performance obligation is satisfied when the services outlined in the grant contract are rendered. For the year ending June 30, 2022, all exchange grant revenue was recognized at a point in time when services were performed.

Income Taxes

In April 2000, the Foundation received notification from the Internal Revenue Service that the Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been classified as a public charity under Sections 509(a)(1) and 170(b)(1)(A)(vi). Therefore, no provision for income taxes is made in the accompanying financial statements.

Management has evaluated the tax positions taken within their tax returns and does not believe there are any significant uncertain positions taken on the returns.

As of June 30, 2022, the tax years that remain subject to potential examination by taxing authorities begin with 2019.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

Advertising costs are expensed as incurred.

Allocation Methodology

The statement of activities presents expenditures by both their nature and their function. All expenses are considered direct expenses and therefore no allocation of expenditures has been performed.

NOTE 2 – LIQUIDITY AND AVAILABILITY

The Foundation has \$3,852,134 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of \$2,015,253, of cash and cash equivalents, \$1,831,997 of investments, and \$4,884 of other receivables. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. As part of the Foundation's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 3 – FAIR VALUE MEASUREMENTS

The Foundation measures certain financial assets and liabilities at fair value on a recurring basis, and certain non-financial assets and liabilities on a nonrecurring basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. Fair value disclosures are reflected in a three-level hierarchy, maximizing the use of observable inputs and minimizing the use of unobservable inputs.

The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels are defined as follows:

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for an identical asset or liability in an active market.

Level 2 – inputs to the valuation methodology include quoted prices for a similar asset or liability in an active market or model-derived valuations in which all significant inputs are observable for substantially the full term of the asset or liability.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement of the asset or liability.

SPRINGS PRESERVE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

As of June 30, 2022, assets measured at fair value consisted of the following:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Recurring fair value measurements:				
Mutual funds	\$ 1,416,106	\$ 1,416,106	\$ -	\$ -
Stocks, options and EFTs	577,247	577,247	-	-
	<u>\$ 1,993,353</u>	<u>\$ 1,993,353</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors. Net assets with donor restrictions were restricted for the purpose of capital projects. As of June 30, 2022, net assets with donor restrictions consisted of \$161,356, and are included in investments.

NOTE 5 – UNCONDITIONAL PROMISES TO GIVE

Certain Nevada businesses and individuals have made pledges in support of the Foundation. In accordance with ASC 958, *Not-for-Profit Entities*, the promises to give are recorded at their present value. Unconditional promises to give are all presented as current assets since the time frame set for the donors to meet the obligations has passed. As of June 30, 2022, it was management’s opinion that these amounts are fully collectible.

NOTE 6 – GRANT ADVANCE

In July 2021, the Foundation received a grant advance of \$2,000,000 for the design and construction of an ethnobotanical garden. The funds had not been used as of June 30, 2022. If the funds are not used by September 15, 2023, then they are required to be returned.

NOTE 7 – RELATED PARTIES

The Foundation is comprised of community and business leaders who volunteer their time to oversee fundraising activities. The Foundation is guided by a Board of Directors who meet approximately six times a year, most of whom have made or pledged contributions to the Foundation. The Foundation Board shares common board members with the Las Vegas Springs Preserve, an affiliate of the Foundation. The LVVWD, another affiliate of the Foundation, also shares common board members with the Las Vegas Springs Preserve, but they are different than those members shared with the Foundation.

**SPRINGS PRESERVE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022**

NOTE 7 – RELATED PARTIES (Continued)

The Foundation does not have employees. The LVVWD provides office and general managerial support to the Las Vegas Springs Preserve and the Foundation. As the Foundation's purpose is to raise funds on behalf of the Las Vegas Springs Preserve, grants were made payable to the LVVWD, who is responsible for the Las Vegas Springs Preserve capital projects and special events. During the year ended June 30, 2022, the Foundation recognized revenue and related expense of \$13,189 for contributed services received from LVVWD based on the fair value of comparable services provided by third parties.

NOTE 8 – SUBSEQUENT EVENTS

Management of the Foundation has evaluated subsequent events through September 9, 2022, which is the date the financial statements were available to be issued.