

**Clark County Public Education Foundation, Inc.**

**Years Ended September 30, 2011 and 2010**

**CLARK COUNTY PUBLIC EDUCATION FOUNDATION, INC.**  
**YEARS ENDED SEPTEMBER 30, 2011 AND 2010**

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### Independent Auditors' Report

Board of Directors  
Clark County Public Education Foundation, Inc.  
Las Vegas, Nevada

We have audited the accompanying statements of financial position of Clark County Public Education Foundation, Inc. (a nonprofit organization) as of September 30, 2011 and 2010, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Clark County Public Education Foundation, Inc. as of September 30, 2011 and 2010, and the changes in its net assets, its cash flows and functional expenses for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Layton Layton - Tobler LLP*

February 15, 2012

**CLARK COUNTY PUBLIC EDUCATION FOUNDATION, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**SEPTEMBER 30 , 2011 AND 2010**

**ASSETS**

	<b>2011</b>	<b>2010</b>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 2,407,319	\$ 2,765,298
Current portion of grants and contributions receivable	647,380	753,592
Inventory	689,241	961,108
Prepaid expenses	200	200
Accrued income	5,700	5,413
Investments	5,780,001	5,966,434
<b>Total current assets</b>	<b>9,529,841</b>	<b>10,452,045</b>
<b>Other assets:</b>		
Portable buildings, furniture and equipment	240,430	237,744
Less accumulated depreciation	(218,637)	(197,501)
Net portable buildings, furniture and equipment	21,793	40,243
Grants and contributions receivable, less current portion	253,891	150,391
Charitable FLP investments	1,026,802	1,515,671
<b>Total other assets</b>	<b>1,302,486</b>	<b>1,706,305</b>
<b>Total assets</b>	<b>\$ 10,832,327</b>	<b>\$ 12,158,350</b>

**LIABILITIES AND NET ASSETS**

<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 74,553	\$ 149,252
Agency liability	15,723	14,552
Current portion notes payable		4,857
<b>Total current liabilities</b>	<b>90,276</b>	<b>168,661</b>
<b>Net assets:</b>		
Unrestricted	2,095,218	2,731,203
Temporarily restricted	8,646,833	9,258,486
<b>Total net assets</b>	<b>10,742,051</b>	<b>11,989,689</b>
<b>Total liabilities and net assets</b>	<b>\$ 10,832,327</b>	<b>\$ 12,158,350</b>

The accompanying notes are an integral part of these financial statements

**CLARK COUNTY PUBLIC EDUCATION FOUNDATION, INC.**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED SEPTEMBER 30, 2011**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>Revenue and support:</b>			
Contributions and grants	\$ 2,345,601	\$ 2,217,640	\$ 4,563,241
Special events	791,510		791,510
Direct special event costs	(202,747)		(202,747)
Investment gain (loss), net	(351,081)	256	(350,825)
Net revenues	2,583,283	2,217,896	4,801,179
<b>Expenses:</b>			
Program activities:	4,743,479		4,743,479
Supporting activities:			
Fundraising	564,118		564,118
General and administration	741,220		741,220
Total expenses	6,048,817		6,048,817
<b>Excess of revenues over (under) expenses</b>	(3,465,534)	2,217,896	(1,247,638)
<b>Net assets released from restrictions:</b>			
Satisfaction of restrictions	2,829,549	(2,829,549)	
<b>Increase (decrease) in net assets</b>	(635,985)	(611,653)	(1,247,638)
<b>Net assets, beginning of year</b>	2,731,203	9,258,486	11,989,689
<b>Net assets, end of year</b>	\$ 2,095,218	\$ 8,646,833	\$ 10,742,051

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part of these financial statements

**CLARK COUNTY PUBLIC EDUCATION FOUNDATION, INC.**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED SEPTEMBER 30, 2010**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>Revenue and support:</b>			
Contributions and grants	\$ 3,459,272	\$ 2,017,921	\$ 5,477,193
Special events	1,340,177		1,340,177
Direct special event costs	(171,730)		(171,730)
Investment gain (loss), net	517,907	(11,051)	506,856
Net revenues	5,145,626	2,006,870	7,152,496
<b>Expenses:</b>			
Program activities:	5,247,631		5,247,631
Supporting activities:			
Fundraising	883,149		883,149
General and administration	760,462		760,462
Total expenses	6,891,242		6,891,242
<b>Excess of revenues over (under) expenses</b>	(1,745,616)	2,006,870	261,254
<b>Net assets released from restrictions:</b>			
Satisfaction of restrictions	2,094,790	(2,094,790)	
<b>Increase (decrease) in net assets</b>	349,174	(87,920)	261,254
<b>Net assets, beginning of year</b>	2,382,029	9,346,406	11,728,435
<b>Net assets, end of year</b>	\$ 2,731,203	\$ 9,258,486	\$ 11,989,689

The accompanying notes are an integral  
part of these financial statements

**CLARK COUNTY PUBLIC EDUCATION FOUNDATION, INC.**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED SEPTEMBER 30, 2011 AND 2010**

	<b>2011</b>	<b>2010</b>
<b>Cash flows from operating activities:</b>		
Contributions	\$ 3,164,807	\$ 3,584,182
Return on investments	124,190	124,170
Change in agency liability	1,171	(13,001)
Interest paid	47	(1,027)
Grants and allocations paid	(1,734,777)	(1,639,176)
Cash paid to suppliers and employees	(2,105,874)	(1,971,072)
Net cash flow provided by operating activities	(550,436)	84,076
<b>Cash flows from investing activities</b>		
Proceeds from redemption and sale of investments	6,870,332	1,815,544
Purchase of investments	(6,670,332)	(1,906,665)
Purchase of equipment and licenses	(2,686)	(1,399)
Net cash flow provided by (used in) investing activities	197,314	(92,520)
<b>Cash flows from financing activities</b>		
Repayment on notes payable	(4,857)	(19,426)
Net cash flow provided by financing activities	(4,857)	(19,426)
Net increase (decrease) in cash and cash equivalents	(357,979)	(27,870)
<b>Cash and cash equivalents, beginning of year</b>	2,765,298	2,793,168
<b>Cash and cash equivalents, end of year</b>	\$ 2,407,319	\$ 2,765,298

The accompanying notes are an integral  
part of these financial statements

CLARK COUNTY PUBLIC EDUCATION FOUNDATION, INC.

STATEMENTS OF CASH FLOWS, CONTINUED

YEARS ENDED SEPTEMBER 30, 2011 AND 2010

Reconciliation of increase in net assets  
to net cash flow from operating activities

	<u>2011</u>	<u>2010</u>
<b>Increase (decrease) in net assets</b>	<b>\$ (1,247,638)</b>	<b>\$ 261,254</b>
<b>Adjustments to reconcile excess support and revenue over expenses:</b>		
Depreciation	21,136	23,626
Net realized and unrealized (gain) loss on investments	475,301	(383,232)
Noncash donations	(2,192,657)	(3,743,794)
Noncash donated expenses	2,464,525	3,370,801
<b>(Increase) decrease in:</b>		
Receivables	2,712	510,606
Accrued income	(287)	545
<b>Increase (decrease) in:</b>		
Accounts payable and accrued expenses	(74,699)	57,271
Agency liability	<u>1,171</u>	<u>(13,001)</u>
Total adjustments	<u>697,202</u>	<u>(177,178)</u>
<b>Net cash provided by operating activities</b>	<b><u><u>\$ (550,436)</u></u></b>	<b><u><u>\$ 84,076</u></u></b>

The accompanying notes are an integral  
part of these financial statements



CLARK COUNTY PUBLIC EDUCATION FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2011

	Program Services				Supporting Activities		Total
	Projects & Services	Initiatives Technology	Initiatives Literacy	Initiatives Education Leadership	G&A	Fundraising	
Direct services	\$ 1,248,515	\$	\$ 203,953	\$ 282,308	\$	\$ 18,360	\$ 1,753,136
Depreciation and amortization					21,136		21,136
In-kind	307,981	20,836	210,531	1,342,010	259,634	381,831	2,522,823
Insurance	10,556				19,515	375	30,446
Meals and banquets	79,104		1,641	3,218	1,262	906	86,131
Miscellaneous	14,406	30	2,112	11,803	21,569	10,581	60,501
Occupancy	6,275		6,275	6,275	45,900	15,300	80,025
Printing and postage	6,798		2,580	1,969	3,371	63,052	77,770
Professional fees	107,560	22,243	81,176	154,661	46,409	3,500	415,549
Salaries and benefits	108,178	73,909	95,926	277,346	320,236	70,059	945,654
Software licenses					522		522
Training, travel and conferences	8,236		13,084	31,984	1,666	154	55,124
<b>Total expenses</b>	<b>\$ 1,897,609</b>	<b>\$ 117,018</b>	<b>\$ 617,278</b>	<b>\$ 2,111,574</b>	<b>\$ 741,220</b>	<b>\$ 564,118</b>	<b>\$ 6,048,817</b>
Total program services				<u>\$4,743,479</u>			

The accompanying notes are an integral part of these financial statements

**CLARK COUNTY PUBLIC EDUCATION FOUNDATION, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED SEPTEMBER 30, 2010**

	Program Services				Supporting Activities			Total
	Projects & Services	Initiatives Technology	Initiatives Literacy	Initiatives Education Leadership	G&A	Fundraising		
Direct services	\$ 1,161,101	\$	\$ 179,471	\$ 298,603	\$	\$ 500	\$ 1,639,675	
Depreciation and amortization					23,626		23,626	
In-kind	546,656	21,264	369,655	1,541,683	269,920	723,946	3,473,124	
Insurance	10,556			2,406		470	27,487	
Meals and banquets	86,684	114	236	8,135	1,297	13,197	109,663	
Miscellaneous	17,213	57	4,581	42,684	30,345	9,051	103,931	
Occupancy	6,380		6,380	7,110	51,561	17,187	88,618	
Printing and postage	7,658	10	2,862	9,932	13,151	52,480	86,093	
Professional fees	88,788		126,436	135,492	62,250	3,250	416,216	
Salaries and benefits	73,038	67,768	59,162	292,374	279,889	62,943	835,174	
Software licenses	22			15,255	8,909		24,186	
Training, travel and conferences	20,028	232	12,572	25,033	5,459	125	63,449	
<b>Total expenses</b>	<b>\$ 2,018,124</b>	<b>\$ 89,445</b>	<b>\$ 761,355</b>	<b>\$ 2,378,707</b>	<b>\$ 760,462</b>	<b>\$ 883,149</b>	<b>\$ 6,891,242</b>	
Total program services				<u>\$5,247,631</u>				

The accompanying notes are an integral part of these financial statements

# CLARK COUNTY PUBLIC EDUCATION FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011 AND 2010

### 1. Nature of activities and significant accounting policies:

#### Organization:

The Clark County Public Education Foundation, dba The Public Education Foundation (Foundation), is a nonprofit Nevada corporation established in 1991 to mobilize global and community resources to support public education in Clark County, Nevada. The Foundation works collaboratively with educators in the Clark County School District to impact public education through initiatives, programs and promising practices designed to improve student performance and advance quality educational opportunities for all children.

In partnership and collaboration with local, regional and national businesses, governments and community organizations, the Foundation has developed dozens of innovative initiatives and programs that range from helping educators electronically share ideas to strengthening school leadership and recognizing best practices. Clark County READS, the Foundation's literacy initiative, has distributed more than 1,163,000 books to school libraries, classrooms and families as well as trained nearly 1,780 volunteers to assist struggling readers, since inception in 2001. Clark County READS manages seven literacy programs, including Reading Is Fundamental and Reach Out and Read, all providing quality literacy programs to children and families in Southern Nevada. Every year, the Foundation awards grants to teachers and hundreds of scholarships to graduating seniors. Since establishing the Scholarship Program in 1994, the Foundation has awarded more than 2,800 scholarships totaling more than \$6 million. The Teacher EXCHANGE™ is a re-use and recycling resource center developed by the Foundation to support public school teachers while encouraging our community to protect and sustain the environment. Donations of supplies, surplus materials and office equipment are collected from the community and provided to teachers for use in their classrooms. The Foundation supports and identifies community partners for Empowerment Schools, which are designed to improve learning and student performance through autonomy, accountability, pay-for-performance and collaboration. Project SMILE provides emergency treatment for students who are not eligible for any other dental assistance and have critical dental problems which interfere with learning. We R Community provides service learning to high school students by engaging them in the world of philanthropy and community service. Artists 4 Kidz is an organized effort that connects the creative energy of the Las Vegas community with students in the Clark County School District in order to enrich their exposure to the arts and improve their education experience. On the technology front, the Foundation has created the WorldWide Learning Connection, a cutting-edge online

# CLARK COUNTY PUBLIC EDUCATION FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

SEPTEMBER 30, 2011 AND 2010

### 1. Nature of activities and significant accounting policies, continued:

#### Organization, continued:

learning community currently being developed to promote global understanding and strengthen cultural connections through innovative artistic experiences, collaborations and curriculum. The InterAct™ Online Learning Community was developed in 1992 and now supports more than 43,000 district teachers, students and administrators who share curriculum, exchange ideas, develop projects outside the classroom and correspond via email. The Foundation's newest initiative, The Leadership Institute, will build a talent network of entrepreneurial leaders from Nevada's public schools, business and industry and schools throughout our nation to drive school improvement. The Institute will begin by launching a Statewide Principal Academy designed in collaboration with the Governor's Office, the State of Nevada, the school district and our partners to catalyze significant, systemic improvement in public education.

#### Revenue and support:

The Foundation receives substantially all of its financial support from businesses and residents in the Las Vegas, Nevada area. Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are not intended to be used in the current period or are restricted by the donor are reported as increases in temporarily restricted net assets. When the contribution becomes available or the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Foundation follows the provisions of the Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 958, *Financial Statements of Not-for-Profit Organizations*, which requires a foundation that receives assets for a financially interrelated beneficiary to recognize contribution revenue when the foundation receives assets from donors. Therefore, all contributions are recognized as revenues, even those contributions where the funds are specifically designated by donors for the benefit of Clark County School District programs and the Foundation does not have the discretion to redirect the use of the assets transferred. Consequently, cash or other assets received and transferred are also recognized as program or other expenses.

**CLARK COUNTY PUBLIC EDUCATION FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**SEPTEMBER 30, 2011 AND 2010**

**1. Nature of activities and significant accounting policies, continued:**

**Donated services, use of facilities and equipment:**

Certain contributed services and use of facilities are recorded as support and expenses at fair market value when determinable, otherwise at values indicated by the donor. During the year, the Foundation received contributions of service and use of facilities and equipment from various donors, including Clark County School District, in the amount of \$804,721 in 2011, and \$1,164,816 in 2010. The Foundation also received a substantial amount of volunteer hours donated by individuals to the various programs that are not reflected in the financial statements since their services do not meet the recognition criteria.

**Use of estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

**Cash and cash equivalents:**

For purposes of the statements of financial position and statements of cash flows, the Foundation considers all highly liquid instruments purchased with the maturity of three months or less to be cash equivalents. The cash consists of demand, savings and money market accounts.

**Investments:**

All investments in equity and debt securities have readily determinable fair values and are measured at fair value in the statements of financial position. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statements of activities as increases and decreases in unrestricted net assets unless restricted by the donor.

The investments in the charitable family limited partnerships (FLP) are valued based upon the Foundation's capital account in the partnerships which are then discounted for the lack of marketability and control over the partnership.

CLARK COUNTY PUBLIC EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

SEPTEMBER 30, 2011 AND 2010

1. Nature of activities and significant accounting policies, continued:

**Property and equipment:**

Expenditures for property and equipment are capitalized at cost when purchased or fair market value when donated. The Foundation's policy is to provide depreciation by use of the straight line method.

**Inventory:**

Inventory consists of donated school supplies, computers, books and various other items used in the Teacher EXCHANGE™ Program. Inventory also includes \$23,979 and \$27,613 in 2011 and 2010, respectively in donated items to be auctioned off at special events. The Foundation values inventory at estimated fair value at the time of contribution.

**Income tax:**

The Foundation has received a letter dated December 19, 1991 exempting it from federal income taxes under Internal Revenue Code section 501(c)(3) and is a publicly supported organization as described in Internal Revenue Code sections 509(a)(1) and 170(b)(1)(A)(vi).

2. Temporarily restricted net assets:

Temporarily restricted net assets are restricted for the following purposes:

	<u>2011</u>	<u>2010</u>
Clark County READS Program	\$ 33,794	\$ 24,184
Charitable FLP Investments	865,483	1,515,671
Nevada PIE	63,898	53,641
Other programs	3,839,785	3,713,676
Reading Is Fundamental	16,652	37,231
Scholarships	918,047	821,716
Smart Start	106,000	149,500
Toyota Grant		97,568
Wiegand restricted investments	2,668,556	2,668,556
William McCool Science Center	<u>134,618</u>	<u>176,743</u>
Total	<u>\$8,646,833</u>	<u>\$9,258,486</u>

**CLARK COUNTY PUBLIC EDUCATION FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**SEPTEMBER 30, 2011 AND 2010**

**3. Promises to give:**

Certain Nevada businesses and individuals have made pledges in support of the Foundation. In accordance with FASB ASC 958 the promises to give are recorded at their present value of \$901,271 at September 30, 2011. Pledges of \$646,844 are scheduled to be received in 2012 with \$150,500 to be received in 2013, and \$141,345 to be received thereafter. A discount is applied to the promises to give that carryover into future years and amounts to \$37,954 as of September 30, 2011. Pledges are included with other receivables valued at \$536. The entire amount is considered collectible.

**4. Investments:**

The Foundation's investments consist of:

	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>	<u>Market Value</u>
<b><u>2011</u></b>			
Corporate marketable securities:			
Equity instruments	\$ 3,419,747	\$ (396,482)	\$ 3,023,265
Debt instruments	1,948,705	75,814	2,024,519
Certificates of deposit	<u>732,217</u>	<u>                    </u>	<u>732,217</u>
Totals	<u>\$ 6,100,669</u>	<u>\$ (320,668)</u>	<u>\$ 5,780,001</u>
	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>	<u>Market Value</u>
<b><u>2010</u></b>			
Corporate marketable securities:			
Equity instruments	\$ 3,201,076	\$ 53,623	\$ 3,254,699
Debt instruments	1,852,769	121,645	1,974,414
Certificates of deposit	<u>737,321</u>	<u>                    </u>	<u>737,321</u>
Totals	<u>\$ 5,791,166</u>	<u>\$ 175,268</u>	<u>\$ 5,966,434</u>

CLARK COUNTY PUBLIC EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

SEPTEMBER 30, 2011 AND 2010

4. **Investments, continued:**

Reported investment return for the years consist of:

	<u>2011</u>	<u>2010</u>
Interest and dividend income	\$ 130,430	\$ 127,385
Charitable FLP investment earnings	(29,087)	50,325
Less investment expenses	<u>(19,344)</u>	<u>(15,726)</u>
	81,999	161,984
Realized gains (losses)	62,824	(30,183)
Net unrealized appreciation (depreciation)	<u>(495,648)</u>	<u>375,055</u>
Total	<u>\$ (350,825)</u>	<u>\$ 506,856</u>

5. **Charitable family limited partnership (FLP) investments:**

The Foundation was the recipient of a 97% limited partnership interest in two separate charitable family limited partnerships with all the rights, powers and privileges of a limited partner. Per the partnership agreements, each partnership is to operate as investment entities with the Foundation receiving annual distributions throughout the life of the partnerships. Upon the death of the general partner the Foundation will receive a buyout of the Foundation's capital account value at the time of death. The Foundation recorded as a donation at the time of receipt the capital account values of \$551,894 and \$1,210,932 less a 20% discount for the lack of control and marketability of the limited partnership interest. The Foundation adjusts the value of the partnership interests based upon the yearly activity of the partnerships.

In December 2010, one of the Foundation's charitable FLP investments amounting to \$446,879 was written off due to notification from the Trustee that the Trust is no longer receiving money and there is no monetary benefit to the Foundation. This amount is included in the investment loss on the statement of activities.

As of September 30, 2011, the estimated value of the limited partnership interest was \$1,026,802 (partnership's ending capital accounts of \$1,246,802 less discounts of \$220,000).



CLARK COUNTY PUBLIC EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

SEPTEMBER 30, 2011 AND 2010

6. **Fair value measurements:**

FASB ASC 820, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1      Inputs to the valuation methodology are unadjusted quoted prices for identical assets or a liability in active markets the Foundation has the ability to access.
- Level 2      Inputs to the Valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets or liabilities in inactive markets;
  - Inputs other than quoted prices that are observable for the asset or liabilities;
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3      Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to be the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

*Equity and debt instruments:* Valued at the closing price reported on the active markets on which the individual securities are traded.

*Certificates of deposit:* Valued at original cost plus accrued interest.

*Charitable FLP investments:* Valued at the donated value less discount for lack of control and marketability and adjusted for the yearly activity of the partnerships.

**CLARK COUNTY PUBLIC EDUCATION FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**SEPTEMBER 30, 2011 AND 2010**

**6. Fair value measurements, continued:**

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Further, although the Foundation believes its valuation methods are appropriate and consistent with other markets, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Fair values of assets and liabilities measured on a recurring basis at September 30, 2011 and 2010 are as follows:

	<u>Fair value</u>	<u>Quoted Prices In Active Markets For Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>September 30, 2011</u>				
Equity instruments	\$ 3,023,265	\$ 3,023,265	\$	\$
Debt instruments	2,024,519	2,024,519		
Certificates of deposit	732,217		732,217	
Charitable FLP investments	<u>1,026,802</u>			<u>1,026,802</u>
Total assets	<u>\$ 6,806,803</u>	<u>\$ 5,047,784</u>	<u>\$ 732,217</u>	<u>\$ 1,026,802</u>
<u>September 30, 2010</u>				
Equity instruments	\$ 3,254,699	\$ 3,254,699	\$	\$
Debt instruments	1,974,414	1,974,414		
Certificates of deposit	737,321		737,321	
Charitable FLP investments	<u>1,515,671</u>			<u>1,515,671</u>
Total assets	<u>\$ 7,482,105</u>	<u>\$ 5,229,113</u>	<u>\$ 737,321</u>	<u>\$ 1,515,671</u>

**CLARK COUNTY PUBLIC EDUCATION FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**SEPTEMBER 30, 2011 AND 2010**

**6. Fair value measurements, continued:**

*Level 3 Gains and Losses*

The following table sets forth a summary of changes in the fair value of the plan's level 3 asset for the year ended September 30, 2011.

	<u><b>Charitable FLP Investments</b></u>
Balance, beginning of the year	\$ 1,515,671
Write off	(446,879)
Distribution	<u>(41,990)</u>
Balance, end of the year	<u><u>\$ 1,026,802</u></u>

**7. Property and equipment:**

The cost, accumulated depreciation, and useful lives by assets classification are as follows:

	<u>Cost</u>	<u>Estimated Accumulated Depreciation</u>	<u>Useful Life</u>
<b><u>2011</u></b>			
Furniture and office equipment	\$ 27,812	\$ 26,053	5 Years
Computer equipment and software	188,914	171,302	5 Years
Building (portables) and improvements	<u>23,704</u>	<u>21,282</u>	15 Years
Total	<u><u>\$ 240,430</u></u>	<u><u>\$ 218,637</u></u>	
<b><u>2010</u></b>			
Furniture and office equipment	\$ 27,812	\$ 25,490	5 Years
Computer equipment and software	186,228	150,824	5 Years
Building (portables) and improvements	<u>23,704</u>	<u>21,187</u>	15 Years
Total	<u><u>\$ 237,744</u></u>	<u><u>\$ 197,501</u></u>	

**CLARK COUNTY PUBLIC EDUCATION FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**SEPTEMBER 30, 2011 AND 2010**

**8. Agency liability:**

Agency liability consists of receipts where either the Foundation acts as a facilitator of the funds received or the receipts are repayable to the resource provider. In 2011, the Foundation had an agency liability of \$15,723 that will be disbursed in behalf of providers. In 2010, the Foundation had an agency liability of \$14,552 that was disbursed in behalf of providers.

**9. Notes payable:**

The Foundation has a note payable due that bears interest at a fixed rate of 5.9% and is payable in monthly installments of \$1,619. As of September 30, 2011, the note was paid in full. As of September 30, 2010, the current portion of the note was \$4,857.

**10. Functional allocation of expenses:**

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

The program services shown on the functional expenses are broken out by projects and services, initiatives technology, initiatives literacy, and initiatives education leadership. Projects and services includes grants, scholarship development, school projects and school services. Initiatives technology includes WorldWide Learning Connection, and InterAct. Initiatives literacy includes Clark County READS, Reach Out and Read, Family Literacy, and Library Enhancement. Initiatives education leadership includes the Teacher EXCHANGE™, Schools of Distinction, Empowerment Program, and Leadership Institute.

The in-kind line item consists of in-kind salaries, rent, equipment, printing, advertising, Teacher EXCHANGE™ donations, and fundraising facilities and auction items.

**11. Operating lease:**

The Foundation leases office facilities under an operating lease that terminates in November 2011 with monthly rent payments of \$6,669.

Rent expense paid totaled \$80,025 for September 30, 2011 and \$88,618 for September 30, 2010. Donated in-kind rent for the office totaled \$89,263 for September 30, 2011 and \$85,358 for September 30, 2010.

CLARK COUNTY PUBLIC EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

SEPTEMBER 30, 2011 AND 2010

**11. Operating lease, continued:**

Minimum rent payments due under the lease are as follows:

Year ending September 30:

2012 \$ 13,338

Total \$ 13,338

The Foundation receives donated in-kind rent for warehouse space for the Teacher EXCHANGE™ that totaled \$48,000 and \$48,000 for September 30, 2011 and 2010, respectively.

**12. Concentration of credit risk and uncertainties:**

The Foundation receives its support from the general public as well as the Clark County School District. Accordingly, future support and activities could be affected by adverse changes in economic and political conditions in the Las Vegas area, including public perception of the needs and performance of the Foundation and the CCSD.

Cash in one bank account exceeded the current FDIC insurance limit by \$859,374 at September 30, 2011 and \$1,353,034 at September 30, 2010.

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities may occur in the near term and that such changes could materially affect the Foundation's balances and the amounts reported in the statement of financial position. Financial instruments that potentially expose the Foundation to concentrations of credit and market risk consist primarily of cash equivalents and investments.

**13. Subsequent events:**

The Foundation has evaluated subsequent events through February 15, 2012, which is the date the financial statements were available to be issued.