

**NEVADA HUMANITIES, INC.**

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**Audited Financial Statements**

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**October 31, 2008**

NEVADA HUMANITIES, INC.

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October 31, 2008

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Nevada Humanities, Inc.

We have audited the accompanying statement of financial position of Nevada Humanities, Inc. (a nonprofit corporation), as of October 31, 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative data has been derived from the organization's October 31, 2007, financial statements. We expressed an unqualified opinion on those financial statements in our report dated February 12, 2008.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 Nevada Humanities, Inc., as of October 31, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated February 21, 2009, on our consideration of Nevada Humanities, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Nevada Humanities, Inc., taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

PANGBORN & CO., LTD.

Reno, Nevada  
February 21, 2009

924 South Virginia Street

Reno, Nevada 89502

(775) 328-1040

FAX (775) 328-1099

E-mail: pangborn@nvbell.net

website: www.pangborncpa.com

**NEVADA HUMANITIES, INC.**  
 Statements of Financial Position  
 October 31, 2008  
 (With Comparative Totals for the Year Ended October 31, 2007)

	2008			2007
	Unrestricted	Temporarily Restricted	Total	Total (Memorandum Only)
	<b>ASSETS</b>			
<b>Current Assets:</b>				
Cash	\$ 212,028	\$ 1,420	\$ 213,448	\$ 125,080
Accounts receivable	4,410	-	4,410	2,735
Grants receivable:				
Federal	26,345	-	26,345	55,176
Prepaid expense	-	-	-	-
Inventory	29,814	-	29,814	35,030
<b>Total Current Assets</b>	<b>272,597</b>	<b>1,420</b>	<b>274,017</b>	<b>218,021</b>
<b>Other Assets:</b>				
Investments	233,708	-	233,708	250,001
<b>Total Other Assets</b>	<b>233,708</b>	<b>-</b>	<b>233,708</b>	<b>250,001</b>
<b>Total Assets</b>	<b>\$ 506,305</b>	<b>\$ 1,420</b>	<b>\$ 507,725</b>	<b>\$ 468,022</b>

<b>LIABILITIES AND NET ASSETS</b>				
<b>Current Liabilities:</b>				
Accounts payable	\$ 8,095	\$ -	\$ 8,095	\$ 16,604
Accrued wages and employee benefits	27,095	-	27,095	25,297
Re-grants payable	39,135	-	39,135	67,470
Deferred revenue	68,773	-	68,773	11,238
<b>Total Current Liabilities</b>	<b>143,098</b>	<b>-</b>	<b>143,098</b>	<b>120,609</b>
<b>Net Assets:</b>				
Unrestricted	363,207	-	363,207	344,040
Temporarily restricted	-	1,420	1,420	3,373
<b>Total Net Assets</b>	<b>363,207</b>	<b>1,420</b>	<b>364,627</b>	<b>347,413</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 506,305</b>	<b>\$ 1,420</b>	<b>\$ 507,725</b>	<b>\$ 468,022</b>

The attached auditor's report and notes should be read with the financial statements.

**NEVADA HUMANITIES, INC.**  
 Statements of Activities  
 For the Year Ended October 31, 2008  
 (With Comparative Totals for the Year Ended October 31, 2007)

	2008			2007
	Unrestricted	Temporarily Restricted	Total	Total (Memorandum Only)
<b>Revenues and Gains:</b>				
Grant revenue from National Endowment for the Humanities	\$ 487,898	\$ 80,260	\$ 568,158	\$ 520,610
Grant revenue, other federal		53,757	53,757	160,743
Grant revenue, State of Nevada		155,839	155,839	322,122
Grant revenue, other nonfederal		17,000	17,000	21,421
Book sales	15,635		15,635	8,666
Investment income	(9,422)		(9,422)	26,839
Contributions	80,361	16,510	96,871	104,835
Program income	31,521		31,521	52,556
Fundraising		51,057	51,057	41,412
<b>Total Revenues and Gains</b>	<b>605,993</b>	<b>374,423</b>	<b>980,416</b>	<b>1,259,204</b>
Net assets released from restrictions	376,376	(376,376)	-	-
<b>Total Revenues, Gains and Other Support</b>	<b>982,369</b>	<b>(1,953)</b>	<b>980,416</b>	<b>1,259,204</b>
<b>Expenses:</b>				
<b>Program Services:</b>				
Public humanities programs	396,639		396,639	774,458
Grant program	119,796		119,796	160,823
Program development	149,287		149,287	74,345
Communication and outreach	82,441		82,441	52,277
<b>Total Program Services</b>	<b>748,163</b>	<b>-</b>	<b>748,163</b>	<b>1,061,903</b>
<b>Supporting Services:</b>				
Management and general	207,632		207,632	187,069
Resource development	7,407		7,407	12,522
<b>Total Supporting Services</b>	<b>215,039</b>	<b>-</b>	<b>215,039</b>	<b>199,591</b>
Gift to Endowment Fund	-		-	195
<b>Total Expenses</b>	<b>963,202</b>	<b>-</b>	<b>963,202</b>	<b>1,261,689</b>
Increase (Decrease) in Net Assets	19,167	(1,953)	17,214	(2,485)
Net Assets, Beginning of Year	344,040	3,373	347,413	349,898
<b>Net Assets, End of Year</b>	<b>\$ 363,207</b>	<b>\$ 1,420</b>	<b>\$ 364,627</b>	<b>\$ 347,413</b>

The attached auditor's report and notes should be read with the financial statements.

NEVADA HUMANITIES, INC.

Statements of Functional Expenses

For the Year Ended October 31, 2008

(With Comparative Totals for the Year Ended October 31, 2007)

	2008										2007
	Program Services					Supporting Services					Total (Memorandum Only)
	Public Humanities Program	Grant Program	Program Development	Communication and Outreach	Total Program Services	Management and General	Resource Development	Supporting Services	Total Expenses		
Salaries	\$ 105,094	\$ 3,980	\$ 102,814	\$ 27,296	\$ 239,184	\$ 124,216	\$ 5,564	\$ 129,780	\$ 368,964	\$ 331,337	
Employee benefits	27,545	1,062	24,330	7,160	60,097	28,617	1,063	29,680	89,777	78,539	
Total Salaries and Related Expenses	132,639	5,042	127,144	34,456	299,281	152,833	6,627	159,460	458,741	409,876	
Advertising	26,496	-	-	-	26,496	248	-	248	26,744	34,251	
Catering	21,508	-	-	591	22,099	1,208	-	1,208	23,307	25,057	
Community relations	-	-	31	-	31	-	-	-	31	-	
Contract services	32,261	-	-	16,150	48,411	-	-	-	48,411	-	
Cost of books sold	11,320	-	-	-	11,320	-	-	-	11,320	6,620	
Equipment rental	510	-	-	-	510	-	-	-	510	21,611	
Financial service fees	214	-	-	-	214	-	-	-	214	4,310	
Insurance	3,995	-	-	-	3,995	-	3	4,486	4,700	2,702	
Janitorial services	383	18	237	25	663	430	13	443	3,995	1,092	
Mail service	1,536	-	-	-	1,536	-	-	-	1,536	3,709	
Media	14,960	-	-	-	14,960	-	-	-	14,960	28,300	
Memberships and dues	185	-	-	75	260	12,039	-	12,039	12,299	11,002	
Miscellaneous	884	-	-	-	884	25	-	25	909	1,077	
Office equipment	1,259	25	2,129	34	3,447	588	17	605	4,052	10,387	
Office supplies	7,688	52	2,194	69	10,003	1,230	36	1,266	11,269	9,492	
Photocopying and printing	15,383	82	1,140	112	16,717	1,963	392	2,355	19,072	26,984	
Postage	3,357	22	453	858	4,690	632	113	745	5,435	8,074	
Professional fees	65,322	-	1,500	2,568	69,390	14,000	-	14,000	83,390	332,096	
Publication selling expenses	3,353	-	-	-	3,353	-	-	-	3,353	3,452	
Recruitment costs	-	-	-	-	-	2,462	-	2,462	2,462	-	
Registration fees	90	-	-	-	90	25	-	25	115	1,235	
Regrant expense	-	114,255	-	-	114,255	-	-	-	114,255	145,946	
Rent	13,032	208	7,154	6,011	26,405	4,904	143	5,047	31,452	31,850	
Software development	23,691	-	-	-	23,691	-	-	-	23,691	82,485	
Subscriptions	-	-	-	350	350	60	-	60	410	-	
Telephone	612	29	890	182	1,713	688	20	708	2,421	1,851	
Technical services	1,601	-	-	-	1,601	-	-	-	1,601	9,357	
Travel	12,154	-	5,443	-	17,597	8,338	-	8,338	25,935	43,031	
Utilities	1,314	63	812	84	2,273	1,476	43	1,519	3,792	3,809	
Web and internet	892	-	160	20,876	21,928	-	-	-	21,928	1,838	
Total Expenses	\$ 396,639	\$ 119,796	\$ 149,287	\$ 82,441	\$ 748,163	\$ 207,632	\$ 7,407	\$ 215,039	\$ 963,202	\$ 1,261,494	

The attached auditor's report and notes should be read with the financial statements.

**NEVADA HUMANITIES, INC.**  
 Statements of Cash Flows  
 For the Year Ending October 31, 2008  
 (With Comparative Totals for the Year Ended October 31, 2007)

	2008	2007
	Total	Total (Memorandum Only)
Cash Flows from Operating Activities:		
Increase (Decrease) in net assets	\$ 17,214	\$ (2,483)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Unrealized (gain) loss on investments	22,698	(19,920)
(Increase) decrease in operating assets:		
Accounts receivable	(1,675)	11,024
Grants receivable, federal	28,830	21,180
Inventory	5,216	6,620
Increase (decrease) in operating liabilities:		
Accounts payable	(8,509)	(36,074)
Accrued wages and employee benefits	1,798	(11,923)
Re-grants payable	(28,335)	(17,930)
Deferred revenue	57,535	(234,712)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>94,772</b>	<b>(280,368)</b>
Cash Flows from Investing Activities:		
Purchase of investments	(9,014)	-
Proceeds from sale of investments	2,610	-
<b>Net Cash Used in Investing Activities</b>	<b>(6,404)</b>	<b>-</b>
Net Increase (Decrease) in cash	88,368	(280,368)
Cash, Beginning of Year	125,080	405,448
<b>Cash, End of Year</b>	<b>\$ 213,448</b>	<b>\$ 125,080</b>

The attached auditor's report and notes should be read with the financial statements.

**NEVADA HUMANITIES, INC.**

October 31, 2008

Notes to Financial Statements

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization** - Nevada Humanities, Inc. (the corporation) is a Nevada non-profit corporation and is a publicly supported foundation funded principally by grants from the National Endowment for the Humanities. The corporation is responsible for administering grants awarded to re-grantees (subrecipients) for cultural and educational purposes, and to foster an environment in which the humanities can thrive.

Each year Nevada Humanities, Inc., carries out programs that promote the humanities. The following are the main events and programs which the corporation sponsored in 2008:

- Nevada Humanities Chautauqua
- Young Chautauqua Program
- Online Nevada Encyclopedia Project
- Publications
- Speakers' Bureau
- Vegas Valley Book Festival
- Food For Thought

**Financial Statement Presentation** - Nevada Humanities, Inc., presents its financial statements in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the corporation is required to report information regarding its financial position and activities according to three classes of net assets:

*Unrestricted net assets:* Net assets that are not subject to donor-imposed stipulations.

*Temporarily restricted net assets:* Net assets subject to donor-imposed stipulations that will be met either by actions of the corporation and/or the passage of time.

*Permanently restricted net assets:* Net assets subject to donor-imposed stipulations that they be maintained permanently. Presently the corporation does not have any permanently restricted net assets.

**Income Taxes** - Nevada Humanities, Inc., is a tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Code. It is not a private foundation.

**Investments** - Investments in pooled investment funds are stated at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets.

**Inventory** - Inventory consists of books held for sale and is stated at cost determined on the first-in, first-out (FIFO) method.

**Contributions** - In accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

**NEVADA HUMANITIES, INC.**

October 31, 2008

Notes to Financial Statements

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Grant Awards** - During the fiscal year ended October 31, 2008, Nevada Humanities, Inc., administered the following federal grants:

- Two grants through the *National Endowment for the Humanities, Promotion of the Humanities, Federal/State Partnership*, Grants No. SO-50090-05 and No. SO-50261-08;
- One grant through the *National Endowment for the Humanities, Promotion of the Humanities, We the People*, Grant No. BC-50395-07;
- One grant through the *Department of Education, Fund for the Improvement of Education*, Grant No. U215K050048.

**Recognition of Donor-Restricted Contributions** - Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily-restricted net assets. When a restriction expires, temporarily-restricted net assets are reclassified to unrestricted net assets and are reported in the Statement of Activities as net assets released from restriction.

**Matching Funds** - The National Endowment for the Humanities requires that all expenditures of its grant funds by Nevada Humanities, Inc., be matched in-kind or with cash contributions. Consequently, the organization requires that all of its subrecipients match all awards on the same basis.

In-kind contributions for matching purposes are the fair value of salaries, administrative assistance, equipment, travel, etc., which are essential to the completion of funded programs donated by sponsors or other supporters. The organization reported \$942,199 in matching funds for the year ended October 31, 2008. In accordance with SFAS No. 116, the in-kind contributions are not reflected in the financial statements.

**Contributions** - Nevada Humanities, Inc., receives a substantial portion of its unrestricted revenues from federal grants.

**Contributed Facilities and Services** - Contributions to the organization consist primarily of cash, professional services, and use of facilities. Use of facilities is recorded based on the current fair value of the space being used. Contributed services are recognized as revenue if the services create or enhance nonfinancial assets or require specialized skills, or are provided by individuals possessing these skills and typically need to be purchased if not provided by donation. Contributed services are recorded at the fair value of the service provided. Contributed services that do not meet the above criteria are not recognized as revenues and are not reported in the accompanying financial statements.

However, many individuals volunteer their time and perform a variety of tasks that assist the organization with specific programs, resource development activities, and other activities. For the year ended October 31, 2008, approximately 1,415 hours were donated to the organization. No amounts have been reflected in the financial statements for these volunteer services.

**Concentration of Credit Risk** - The corporation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At October 31, 2008, the organization had approximately \$9,993 in excess of FDIC insured limits. The organization has not experienced any losses in such accounts.

**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.

**NEVADA HUMANITIES, INC.**  
October 31, 2008  
Notes to Financial Statements

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Allowance for Loss** - The organization does not anticipate any collection losses with respect to the receivable balances. As a result, a zero allowance for loss has been established at October 31, 2008.

**Combined Statement Total Columns** - The "Total (Memorandum Only)" columns presented in the financial statements are presented only to facilitate financial analysis and do not purport to present financial position, results or operations, or cash flows. Accordingly, such information should be read in conjunction with the organization's audited financial statements for the year ended October 31, 2007, from which the summarized information was derived.

**Reclassifications** - Certain reclassifications have been made to the October 31, 2007, financial statements in order to conform to the October 31, 2008, presentation.

**NOTE 2 - INVESTMENTS IN SECURITIES**

Investments, at estimated fair value, consist of:

	<u>Fair Value</u>
Community Foundation of Western Nevada Endowed Agency Fund	\$ 133,769
Certificates of deposit, long-term	<u>99,939</u>
	<u>\$ 233,708</u>

Net investment income consists of:

Unrealized losses	\$( 22,698)
Interest and dividend income	<u>13,276</u>
	<u>\$( 9,422)</u>

**NOTE 3 - ACCRUED EMPLOYEE BENEFITS**

Nevada Humanities, Inc., recognizes vacation pay that has been earned but remains unpaid as of the fiscal year end in accordance with the provisions of SFAS No. 43, Accounting for Compensated Absences. The amount of vacation pay earned and unpaid as of October 31, 2008, was \$24,870 and is included in accrued wages and employee benefits on the Statement of Financial Position.

Sick pay is conditional on future events and, as such, Nevada Humanities, Inc., does not accrue such benefits as a liability. The costs of sick pay are recognized only when actually paid.

**NOTE 4 - RE-GRANTS PAYABLE**

Nevada Humanities, Inc., approved grants payable of \$39,135 to re-grantees for funding as of October 31, 2008, but not disbursed as of that date.

**NOTE 5 - ENDOWMENT FUNDS**

Nevada Humanities, Inc., is the beneficiary of two endowment funds: the Wilbur S. Shepperson Annual Book Award Endowment Fund and the Marilyn R. Melton Endowment Fund for the Humanities. The Shepperson Fund is managed by the University of Nevada, Reno Foundation, and had a fair market value of \$39,041 as of October 31, 2008. The Melton Endowment is managed by the Community Foundation of Western Nevada and had a fair market value of \$155,889 as of September 30, 2008. Interest, dividends, and unrealized/realized capital gains from these endowments support the mission of Nevada Humanities, Inc., and the organization accepts gifts on behalf on these endowments.

**NEVADA HUMANITIES, INC.**  
October 31, 2008  
Notes to Financial Statements

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**NOTE 6 - OPERATING LEASE - OFFICE SPACE**

Since May 1, 1992, Nevada Humanities, Inc., has had a month-to-month lease for the use of office space at 1034 North Sierra Street, Reno, Nevada. Effective July 1, 2006, the University of Nevada is providing this office space at no cost to the organization.

The Las Vegas office is located on the campus of the University of Nevada, Las Vegas, in the Central Desert Complex, Building Number 2. The University of Nevada, Las Vegas, is providing this office space at no cost to the organization.

Nevada Humanities, Inc., recognized revenue and expense during the year ended October 31, 2008, for the following:

Donated office space	\$ 21,871
Donated advertising	19,820
Donated media	11,135
Donated printing	4,225
Donated other	3,693
Donated professional fees	<u>2,685</u>
	<u>\$ 63,429</u>

**NOTE 7 - PENSION PLANS**

Nevada Humanities, Inc., makes contributions to one of two pension plans for eligible employees. The organization matches employee contributions up to ten and one-half percent of eligible salaries. The organization has a contractual arrangement with the University of Nevada, Reno, whereby the employees may participate in either the Public Employees Retirement System of the State of Nevada (PERS) or an Internal Revenue Service Code Section 403 (b) plan.

Employees can also participate in the Teachers' Insurance and Annuity Association and the College Retirement Equities Fund, the American Century Family of Funds, VALIC, and Fidelity Investment, which are defined contribution plans recognized by the Internal Revenue Service under Code Section 403(b). Defined contribution plan contributions for the year ended October 31, 2008, were \$26,946.

PERS is a cost-sharing, multiple employer defined benefit plan administered by the Public Employees' Retirement System of the State of Nevada. It provides retirement benefits, disability benefits, and death benefits, including annual cost-of-living adjustments, to plan members and their beneficiaries. Chapter 286 of the Nevada Revised Statutes establishes the benefit provisions provided to the participants of PERS. These benefit provisions can only be amended through legislation. The Public Employees' Retirement System of the State of Nevada issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report can be obtained by writing to the Public Employees' Retirement System of the State of Nevada, 693 West Nye Lane, Carson City, Nevada, 89703-1599, or by calling 775/687-4200.

Funding Policy: Benefits for plan members are funded by two methods. Under the employer pay contribution plan, the organization is required to contribute all amounts due under the plan. The second funding mechanism for providing benefits is the employer/employee paid contribution plan. Under this method, employees are required to contribute a percentage of their compensation to the plan, and the organization is required to match that contribution. The contribution requirements of plan members and the organization are established by Chapter 286 of the Nevada Revised Statutes. The funding mechanism can only be amended by legislation. The organization's contribution rates, based on employee members covered payroll and amounts contributed (equal to the required contributions) for the last three years are:

**NEVADA HUMANITIES, INC.**

October 31, 2008

Notes to Financial Statements

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**NOTE 7 - PENSION PLANS** (continued)

<u>Fiscal Year</u>	<u>Contribution Rates</u>		<u>Total Contribution</u>
	<u>Employer Pay Regular I</u>	<u>Employer/ Employee Regular</u>	
2007 - 2008	20.50%	10.50%	\$ 17,980
2006 - 2007	19.75%	10.50%	19,839
2005 - 2006	19.75%	10.50%	25,666

**NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS**

At October 31, 2008, temporarily restricted net assets are available for the following purposes:

Online Nevada Encyclopedia	\$ 1,025
Young Chautauqua	<u>395</u>
	<u>\$ 1,420</u>



NEVADA HUMANITIES, INC.  
Schedule of Expenditures of Federal Awards  
For the Year Ended October 31, 2008

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grant Number	Federal Expenditures
<b><u>National Endowment for the Humanities:</u></b>			
<u>Direct:</u>			
Promotion of the Humanities, Federal/State Partnership	45.129	SO-50261-08	\$ 471,015
Promotion of the Humanities, Federal/State Partnership	45.129	SO-50090-05	16,882
Promotion of the Humanities, We the People	45.168	BC-50395-07	<u>80,260</u>
Total National Endowment for the Humanities			<u>568,157</u>
<b><u>Department of Education</u></b>			
<u>Direct:</u>			
Fund for the Improvement of Education On-Line Nevada Encyclopedia Project	84.215K	U215K050048	<u>53,757</u>
Total Department of Education			<u>53,757</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 621,914</u></u>

NOTE: This Schedule of Expenditures of Federal Awards is prepared using the accrual basis of accounting.

**NEVADA HUMANITIES, INC.**  
Note to Schedule of Expenditures of Federal Awards  
For the Year Ended October 31, 2008

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**A. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Nevada Humanities, Inc., and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards

To the Board of Trustees  
Nevada Humanities, Inc.

We have audited the financial statements of Nevada Humanities, Inc. (a nonprofit corporation), as of and for the year ended October 31, 2008, and have issued our report thereon dated February 21, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered Nevada Humanities, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Nevada Humanities, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the financial statements of Nevada Humanities, Inc., are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Board of Trustees, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

PANGBORN & Co., LTD.

Reno, Nevada  
February 21, 2009



Report on Compliance with Requirements Applicable to  
Each Major Program and on Internal Control over  
Compliance in Accordance with OMB Circular A-133

To the Board of Trustees  
Nevada Humanities, Inc.

**Compliance**

We have audited the compliance of Nevada Humanities, Inc. (a nonprofit corporation), with the types of compliance requirements described in *the OMB Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended October 31, 2008. Nevada Humanities, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the management of Nevada Humanities, Inc. Our responsibility is to express an opinion on Nevada Humanities, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Corporations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Nevada Humanities, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Nevada Humanities, Inc.'s compliance with those requirements.

In our opinion, Nevada Humanities, Inc., complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended October 31, 2008.

**Internal Control over Compliance**

The management of Nevada Humanities, Inc., is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Nevada Humanities, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion of the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Nevada Humanities, Inc.'s internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

This report is intended solely for the information and use of the Board of Trustees, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

PANGBORN & Co., LTD.

Reno, Nevada  
February 21, 2009

**NEVADA HUMANITIES, INC.**  
Schedule of Findings and Questioned Costs  
For the Year Ended October 31, 2008

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A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Nevada Humanities, Inc.
2. No reportable conditions were identified during the audit of the financial statements.
3. The audit disclosed no instances of noncompliance material to the financial statements of Nevada Humanities, Inc.
4. No reportable conditions were identified during the audit of the major federal award program.
5. The auditor's report on compliance for the major federal award program for Nevada Humanities, Inc., expresses an unqualified opinion on the major federal program.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The program tested as a major program included:
  - National Endowment for the Humanities
  - Promotion of the Humanities, Federal/State Partnership, CFDA #45.129
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. It was concluded that Nevada Humanities, Inc., was a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

**NEVADA HUMANITIES, INC.**  
Summary Schedule of Prior Audit Findings  
For the Year Ended October 31, 2008

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There were no findings reported for the year ended October 31, 2007.