

**GRAND PRAIRIE INDEPENDENT SCHOOL
DISTRICT EDUCATION FOUNDATION**

Grand Prairie, Texas

Financial Statements

December 31, 2012

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
EDUCATION FOUNDATION**

Financial Statements
December 31, 2012

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Ratcliff & Associates, P.C.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Grand Prairie Independent School District Education Foundation

We have audited the accompanying financial statements of the Grand Prairie Independent School District Education Foundation (the "Foundation") (a Texas nonprofit organization) which comprise the statement of financial position as of December 31, 2012 and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2012, 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.

Ratcliff & Associates, P.C.

April 5, 2013

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT FOUNDATION, INC.Statement of Financial Position
December 31, 2012**ASSETS**

Cash and cash equivalents	\$ 14,917
Investments	
Developing Markets Fund	51,535
Equity Investors Fund	85,427
Global Strategic Income Fund A	187,663
International Diversified A Fund	83,668
Real Estate Fund	4,321
Senior Floating Rate Fund	<u>111,962</u>
Total Assets	<u>\$ 539,493</u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable	<u>\$ 2,500</u>
Total Liabilities	
Net Assets	
Unrestricted	\$ 415,904
Temporarily restricted	12,172
Permanently restricted	<u>108,917</u>
Total Net Assets	<u>536,993</u>
Total Liabilities and Net Assets	<u>\$ 539,493</u>

The accompanying notes are an integral part of these financial statements.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT FOUNDATION, INC.

Statement of Activities
For the Year Ended December 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Changes in Net Assets:				
Revenues:				
Contributions	\$ 98,263	\$ -	\$ -	\$ 98,263
Fund raising activities	67,077	-	-	67,077
Investment income	56,742	1,444	12,921	71,107
Net assets released from restriction	<u>7,000</u>	<u>-</u>	<u>(7,000)</u>	<u>-</u>
Total Revenues	<u>229,082</u>	<u>1,444</u>	<u>5,921</u>	<u>236,447</u>
Program Expenses:				
Grants	104,072	-	-	104,072
Scholarships	19,000	-	-	19,000
Schools	13,923	-	-	13,923
Field trips	10,791	-	-	10,791
Supporting expenses				
General and administrative	10,480	-	-	10,480
Fund raising	<u>13,439</u>	<u>-</u>	<u>-</u>	<u>13,439</u>
Total Expenses	<u>171,705</u>	<u>-</u>	<u>-</u>	<u>171,705</u>
Increase in Net Assets	57,377	1,444	5,921	64,742
Net Assets at Beginning of Year	<u>358,527</u>	<u>10,728</u>	<u>102,996</u>	<u>472,251</u>
Net Assets at End of Year	<u>\$ 415,904</u>	<u>\$ 12,172</u>	<u>\$ 108,917</u>	<u>\$ 536,993</u>

The accompanying notes are an integral part of these financial statements.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT FOUNDATION, INC.

Statement of Cash Flows
For the Year Ended December 31, 2012

Cash Flows from Operating Activities

Contributions received	\$ 98,263
Fund raising revenues	67,077
Cash paid for grants	(104,072)
Cash paid for scholarships	(19,000)
Cash paid for other program expenses	(24,714)
Cash paid for administrative and other expenses	(23,920)

Net Cash Utilized by Operating Activities (6,366)

Cash Flows from Investing Activities

Proceeds from sale of investments	99,000
Proceeds from funds received in error	2,500
Purchase of investments	(90,000)

Net Cash Provided by Investing Activities 11,500

Net increase in cash and cash equivalents 5,134

Cash and cash equivalents at beginning of year 9,783

Cash and cash equivalents at end of year \$ 14,917

Reconciliation of Increase in Net Assets to Net Cash Provided by Operating Activities

Increase in Net Assets \$ 64,742

Adjustments to reconcile increase in net assets
to net cash provided by operating activities:

Unrealized and realized (gains) losses on investments	(51,290)
Dividends and interest on investments	(19,818)
Total adjustments	(71,108)

Net Cash Provided by Operating Activities \$ (6,366)

The accompanying notes are an integral part of these financial statements.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
EDUCATION FOUNDATION**

Notes to Financial Statements
December 31, 2012

1 - Description of Organization

Grand Prairie Independent School District Education Foundation, (the "Foundation") located in Grand Prairie, Texas, is organized exclusively for charitable, religious or educational purposes as defined in Section 501(c)(3) of the Internal Revenue Code, and in Section 11.18(f) of the Texas Tax Code, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Code.

The Foundation's primary function is to conduct and fund educational programs and projects that are aligned with the educational philosophy of the Grand Prairie Independent School District, a Texas non-profit organization (the "School"). Its purpose is to make distributions for and limited to educational purposes for students, faculty, administrative staff and graduates of the Grand Prairie Independent School District.

The Foundation's primary source of revenue is free-will donations from teachers and supporters of the School and Foundation, and income from investments. A significant portion of its revenues is tied to the general economy and publicly traded stock market fluctuations.

2 - Summary of Significant Accounting Policies

Basis of Accounting - The accompanying financial statements are presented on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recorded when incurred.

Net Asset Accounting - The accounts of the Foundation are maintained in accordance with the principles of net asset accounting. Under net asset accounting, resources are classified into categories of unrestricted, temporarily restricted, or permanently restricted net assets, according to funding source restrictions as to timing and purpose of resources.

Restricted Contributions - The Foundation reports gifts of cash and other assets as restricted support if they are received with donor restrictions that limit the use of the donated assets. Gifts of cash and other assets, and earnings from permanent endowments in which the donor has stipulated a time or purpose restriction are reported as Temporarily Restricted Net Assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as unrestricted revenues (Net Assets Released from Restriction).

The Foundation reports gifts of cash and other assets as Permanently Restricted Net Assets if they are received with donor stipulations that resources be maintained permanently but permits the Foundation to use part or all of the income derived from the donated asset for general or restricted purposes.

Estimates - Management utilizes estimates in order to record certain transactions in accordance with accounting principles generally accepted in the United States of America. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents - The Foundation defines cash and cash equivalents to be all highly liquid investments with an original maturity of three months or less.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
EDUCATION FOUNDATION**

Notes to Financial Statements
December 31, 2012

5 - Permanently Restricted Investments

Investment net assets are summarized as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 12,172	\$ 108,917	\$ 121,089
Board-designated endowment funds	<u>403,487</u>	<u>-</u>	<u>-</u>	<u>403,487</u>
Total endowment investments	<u>\$ 403,487</u>	<u>\$ 12,172</u>	<u>\$ 108,917</u>	<u>\$ 524,576</u>

Return Objectives and Risk Parameters - The Board of Directors of the Foundation acknowledges that its conduct is governed by Chapter 163 of the Texas Property Code, the "Texas Uniform Management of Institutional Funds Act." In the administration of the powers to appropriate appreciation, to make and retain investments, to develop and apply investment and spending policies, and to delegate investment management of institutional funds, the Board of Directors and those to whom it delegates authority shall exercise ordinary business care and prudence under the facts and circumstances prevailing at the time of the action or decision. They shall consider both the long-term and short-term needs of the Foundation in carrying out its educational or charitable purposes, its present and anticipated financial requirements, the expected return on its investments, price level trends, and general economic conditions.

Strategies Employed for Achieving Objectives - The Foundation holds assets of various types and for various purposes. This Investment Policy Statement is intended to apply to certain of the Foundation's assets consisting primarily of marketable securities and deposits held for investment purposes. The following restrictions have been adopted for the Foundation's investment strategy:

Spending Policy and How the Investment Objectives Relate to the Spending Policy - The Foundation is expected to exist in perpetuity, making distributions and expenditures on an annual or more frequent basis to carry out its educational or charitable purposes. The primary investment objective of the Foundation is to increase the real value of the Foundation's assets in perpetuity, while allowing for expenses and appropriate distributions and expenditures. Accordingly, the Foundation's investments should be directed toward: (i) generating income to provide for current needs; (ii) providing principal growth to allow needs to be met in perpetuity; (iii) providing for possible special needs; and (iv) protecting principal. The Directors believe that over the long term the risks associated with equity investments should be rewarded with a somewhat greater return than that available from fixed income investments. Nevertheless, the Foundation's investments should avoid large risks and volatility that might result in large downward fluctuations in account balances. Risk should also be reduced by diversification within each asset class and category. The overall risk posture should be moderate, with the goal of providing a more stable positive return.

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6 - Financial Instruments

Fair value hierarchy is used to disclose the inputs to fair value measurement. This hierarchy prioritizes the inputs into three broad levels. A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. Investments are detailed on the Statement of Assets, Liabilities and Net Assets - modified cash basis. Investments are classified as Level 1 inputs, except for the Real Estate Fund which is Level 2 inputs.

7 - Subsequent Events

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