

**GRAND PRAIRIE INDEPENDENT SCHOOL
DISTRICT EDUCATION FOUNDATION**

Grand Prairie, Texas

Financial Statements

December 31, 2014 and 2013

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
EDUCATION FOUNDATION**

Financial Statements
December 31, 2014 and 2013

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Ratcliff & Associates, P.C.
Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying statements of financial position of Grand Prairie Independent School District Education Foundation (the "Foundation"), a Texas nonprofit organization, as of December 31, 2014 and 2013, and the related statements of activities and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Foundation's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Ratcliff & Associates, P.C.

October 7, 2015

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
EDUCATION FOUNDATION
 Statements of Financial Position
 December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and cash equivalents	\$ 62,599	\$ 22,113
Prepaid expense	5,325	-
Investments		
Developing Markets Fund	53,157	55,841
Equity Investors Fund	111,505	109,419
Global Strategic Income Fund A	203,639	184,093
International Diversified A Fund	97,589	104,102
Real Estate Fund	5,839	4,444
Senior Floating Rate Fund	<u>119,649</u>	<u>119,143</u>
Total investments	<u>591,378</u>	<u>577,042</u>
Total Assets	<u>\$ 659,302</u>	<u>\$ 599,155</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	<u>\$ 24,966</u>	<u>\$ -</u>
Total liabilities	<u>24,966</u>	<u>-</u>
Net assets		
Unrestricted	504,476	469,921
Temporarily restricted	26,864	26,238
Permanently restricted	<u>102,996</u>	<u>102,996</u>
Total net assets	<u>634,336</u>	<u>599,155</u>
Total Liabilities and Net Assets	<u>\$ 659,302</u>	<u>\$ 599,155</u>

See the accompanying notes and independent accountant's review report.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
EDUCATION FOUNDATION**

Statement of Activities
For The Year Ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Changes in Net Assets				
Revenues				
Contributions	\$ 113,997	\$ 10,547	\$ -	\$ 124,544
Fund raising activities	93,142	-	-	93,142
Investment income (loss)	(582)	(121)	-	(703)
Net assets released from restriction	<u>9,800</u>	<u>(9,800)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>216,357</u>	<u>626</u>	<u>-</u>	<u>216,983</u>
Program expenses				
Grants	96,934	-	-	96,934
Scholarships	13,800	-	-	13,800
Schools	8,073	-	-	8,073
Field trips	24,282	-	-	24,282
Supporting expenses				
General and administrative	12,518	-	-	12,518
Fundraising	<u>26,195</u>	<u>-</u>	<u>-</u>	<u>26,195</u>
Total expenses	<u>181,802</u>	<u>-</u>	<u>-</u>	<u>181,802</u>
Increase in Net Assets	34,555	626	-	35,181
Net Assets at Beginning of Year	<u>469,921</u>	<u>26,238</u>	<u>102,996</u>	<u>599,155</u>
Net Assets at End of Year	<u>\$ 504,476</u>	<u>\$ 26,864</u>	<u>\$ 102,996</u>	<u>\$ 634,336</u>

See the accompanying notes and independent accountant's review report.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
EDUCATION FOUNDATION**

Statement of Activities
For The Year Ended December 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Changes in Net Assets				
Revenues				
Contributions	\$ 84,393	\$ -	\$ -	\$ 84,393
Fund raising activities	91,361	-	-	91,361
Investment income	41,831	11,011	-	52,842
Net assets released from restriction	<u>2,866</u>	<u>(2,866)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>220,451</u>	<u>8,145</u>	<u>-</u>	<u>228,596</u>
Program expenses				
Grants	81,644	-	-	81,644
Scholarships	15,229	-	-	15,229
Schools	16,011	-	-	16,011
Field trips	12,207	-	-	12,207
Supporting expenses				
General and administrative	22,903	-	-	22,903
Fundraising	<u>18,440</u>	<u>-</u>	<u>-</u>	<u>18,440</u>
Total expenses	<u>166,434</u>	<u>-</u>	<u>-</u>	<u>166,434</u>
Increase in Net Assets	54,017	8,145	-	62,162
Net Assets at Beginning of Year	<u>415,904</u>	<u>18,093</u>	<u>102,996</u>	<u>536,993</u>
Net Assets at End of Year	<u>\$ 469,921</u>	<u>\$ 26,238</u>	<u>\$ 102,996</u>	<u>\$ 599,155</u>

See the accompanying notes and independent accountant's review report.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
EDUCATION FOUNDATION**

Statements of Cash Flows
December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities		
Contributions received	\$ 124,544	\$ 84,393
Fund raising revenues	92,797	91,361
Cash paid for grants	(96,934)	(81,644)
Cash paid for scholarships	(13,800)	(15,229)
Cash paid for other program expenses	(101,576)	(30,718)
Cash paid for administrative and other expenses	<u>(38,713)</u>	<u>(40,467)</u>
Net Cash Provided by Operating Activities	<u>(33,682)</u>	<u>7,696</u>
Cash Flows from Investing Activities		
Proceeds from sale of investments	61,097	97,000
Purchase of investments	<u>(75,800)</u>	<u>(97,500)</u>
Net Cash Utilized by Investing Activities	<u>(14,703)</u>	<u>(500)</u>
Net Increase in Cash and Cash Equivalents	(48,385)	7,196
Cash and cash equivalents at beginning of year	<u>22,113</u>	<u>14,917</u>
Cash and cash equivalents at end of year	<u>\$ (26,272)</u>	<u>\$ 22,113</u>

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

Increase in Net Assets	\$ <u>35,181</u>	\$ <u>62,162</u>
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Unrealized and realized (gains) losses on investments	18,007	(34,674)
Dividends and interest on investments	(17,640)	(17,292)
Increase in prepaid expense	(5,325)	-
Increase (decrease) in accounts payable	<u>24,966</u>	<u>(2,500)</u>
Total adjustments	<u>20,008</u>	<u>(54,466)</u>
Net Cash Provided by Operating Activities	<u>\$ 55,189</u>	<u>\$ 7,696</u>

See the accompanying notes and independent accountant's review report.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
EDUCATION FOUNDATION**

Notes to Financial Statements
December 31, 2014 and 2013

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"). The Foundation's 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. Significant estimates are the market value of certain investments.

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.

Investments - Investments in equity and debt securities are measured at fair market value based upon the exit price model.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
EDUCATION FOUNDATION**

Notes to Financial Statements
December 31, 2014 and 2013

2 - Summary of Significant Accounting Policies (continued)

Allocation of Earnings and Losses on Investments - The Foundation allocates investment income less management expenses at the end of the year between unrestricted, temporarily restricted and permanently restricted net assets. Net investment income is allocated to individual temporarily restricted and permanently restricted accounts in compliance with gift instruments.

Realized and Unrealized Gains and Losses - Realized gains and losses on investment securities are recorded as the difference between the selling price and the original cost. Unrealized gains and losses are recorded as the changes in the fair values of investments excluding any amounts that have been previously recognized in the Statement of Activities. For investments sold or otherwise disposed of during the year, unrealized gains or losses previously recognized in the Statements of Activities adjust the unrealized gains or losses recognized on investments.

Income Tax Status - The Foundation is a nonprofit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. For the year ended December 31, 2014, the Foundation has not conducted unrelated business activities that are material to the financial statements taken as a whole. Accordingly, no provision for income taxes is included in the financial statements. The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Tax returns of The Foundation for the years 2011, 2012 and 2013 are open to examination by the relevant taxing authorities for a period of three years from the date the returns are filed.

3 - Related Party Transactions

During the years ended December 31, 2014 and 2013, respectively, the Foundation contributed \$96,934 and \$81,644 of grants to the School.

4 - Net Assets

Temporarily restricted net assets are as follows:

	<u>2014</u>	<u>2013</u>
Firefighters fund	\$ 2,829	\$ 2,832
Horton fund	5,015	5,519
Retired Coaches fund	546	-
Texas Trust	9,991	-
Endowment earnings	3,258	12,658
Westfall fund	<u>5,225</u>	<u>5,229</u>
Balance, end of year	<u>\$ 26,864</u>	<u>\$ 26,238</u>

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
EDUCATION FOUNDATION**

Notes to Financial Statements
December 31, 2014 and 2013

4 - Net Assets (continued)

Permanently restricted net assets are as follows:	<u>2014</u>	<u>2013</u>
Dickey endowment	\$ 62,996	\$ 62,996
General endowment	<u>40,000</u>	<u>40,000</u>
Balance, end of year	<u>\$ 102,996</u>	<u>\$ 102,996</u>

5 - Endowment Investments

Endowment investments are summarized as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment assets, December 31, 2012	\$ 403,487	\$ 18,093	\$ 102,996	\$ 524,576
Total investment return	41,831	11,011	-	52,842
Contributions - direct	2,490	-	-	2,490
Disbursements	<u>-</u>	<u>(2,866)</u>	<u>-</u>	<u>(2,866)</u>
Endowment assets, December 31, 2013	447,808	26,238	102,996	577,042
Total investment return	(592)	(121)	-	(713)
Contributions - direct	-	16,547	-	16,547
Transfer	15,800	(15,800)	-	-
Disbursements	<u>(1,498)</u>	<u>-</u>	<u>-</u>	<u>(1,498)</u>
Endowment assets, December 31, 2014	<u>\$ 461,518</u>	<u>\$ 26,864</u>	<u>\$ 102,996</u>	<u>\$ 591,378</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.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
EDUCATION FOUNDATION**

Notes to Financial Statements

December 31, 2014 and 2013

5 - Endowment Investments (continued)

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.

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 Board believes 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.

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 Financial Position. Investments are classified as Level 1 inputs, except for the Real Estate Fund which is classified as a Level 2 input, which is valued by significant other observable inputs.

7 - Prior Period Error Correction

During 2014 Foundation management performed an extensive study of the history of the endowment assets. It was discovered that endowment earnings in prior years had been added to the permanent endowment instead of being available for distribution. Consequently permanently restricted net assets were reduced by \$5,921 and temporarily restricted net assets were increased by \$5,921 at December 31, 2012.

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.