



Ratcliff & Associates, P.C.
Certified Public Accountants

February 3, 2016

Board of Directors
Grand Prairie ISD Education Foundation
2602 Belt Line Road
Grand Prairie, TX 75052

We are pleased to confirm our understanding of the services we are to provide for Grand Prairie ISD Education Foundation (the "Foundation") for the year ended December 31, 2015.

Audit Services

We will audit the financial statements of the Foundation, which comprise the statement of financial position as of December 31, 2015, the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Other Services

In addition, we will perform the following nonattest services:

- 1) Reconcile certain accounts to the financial statements and to supporting documentation provided by you;
- 2) Convert certain accounts from cash to accrual basis, which may include preparing yearend adjusting entries for the Foundation to review and, if approved by you, to record as of December 31, 2015;
- 3) Prepare the financial statements of the Foundation in conformity with U.S. generally accepted accounting principles based on information provided by you.
- 4) Prepare the Foundation's Form 990 for filing with the IRS.

We will perform these other services in accordance with applicable professional standards, including the Code of Professional Conduct issued by the American Institute of Certified Public Accountants. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Our responsibility for other information included in documents containing the Foundation's audited financial statements and auditor's report does not extend beyond the financial information identified in the report. We have no responsibility for determining whether such other information contained in these documents is properly stated.

Audit Objective

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. We will issue a written report upon completion of our audit of the Foundation's financial statements.

Our report will be addressed to the Board of Directors or a committee of Grand Prairie ISD Education Foundation. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or withdraw from this engagement.

Audit Procedures

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories and other assets, as applicable, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We may also request written representations from the Foundation's attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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 will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from: 1) errors, 2) fraudulent financial reporting, 3) misappropriation of assets, or 4) violations of laws or governmental regulations that are attributable to the Foundation or to acts by management or employees acting on behalf of the Foundation.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our audit will include obtaining an understanding of the Foundation and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

Management Responsibilities

You agree to assume all management decisions and responsibilities for the other services performed by us that include: 1) reconciliations, 2) cash-to-accrual conversions, and 3) financial statement preparation services, and any other nonattest services we provide as described in the Other Services section on page one. You agree to oversee these nonattest services by designating an individual, preferably from senior management, with suitable skill, knowledge, and experience; evaluate the adequacy and results of the services; and accept responsibility for them.

You are responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles.

You are also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with: 1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, 2) additional information that we may request for the purpose of the audit, and 3) unrestricted access to persons within the Foundation from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Foundation involving: 1) management, 2) employees who have significant roles in internal control, and 3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Foundation received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring the Foundation complies with applicable laws and regulations.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Certain communications involving tax advice are privileged and not subject to disclosure to the IRS. By disclosing the contents of those communications to anyone, or by turning over information about those communications to the government, you, your employees, or agents may be waiving this privilege. To protect this right to privileged communication, please consult with us or your attorney prior to disclosing any information about our tax advice. Should you decide that it is appropriate for us to disclose any potentially privileged communication, you agree to provide us with written, advance authority to make that disclosure.

Engagement Administration, Fees, and Other

We will schedule the engagement based in part on deadlines, the length and timing of fieldwork, and the availability of your key personnel. We will plan the engagement based on the assumption that your personnel will cooperate and provide assistance by performing tasks such as preparing requested schedules, retrieving supporting documents, and preparing confirmations. To assist in these efforts, we will send you the Engagement Request List. We prefer you provide the requested materials in electronic form (e.g., Excel and Word) as soon as you have them available in order that we may process them and perform advanced work. If, for whatever reason, your personnel are unavailable to provide the requested items or other necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement within the established timeframe. Furthermore, it may result in an increase in fees over our original estimate.

John Ratliff is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. In addition, Alyse Goldsmith will be responsible for the fieldwork and day-to-day progress. We are ready to begin our audit any time after February 8, 2016 and to issue our report no later than three weeks after our field work.

Our fees for the audit and other services will be at the previously contracted rate of \$7,500 for the audit and \$1,500 for the Form 990 preparation. You will also be billed for travel and other out-of-pocket costs such as report production, word processing, postage, etc. Additional expenses are estimated to be \$100. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will discuss it with you and

Grand Prairie ISD Education Foundation
February 3, 2016
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arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered each week as work progresses and are payable on presentation.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign below and return a copy of this letter to us.

Very truly yours,

Ratliff & Associates, P.C.

Ratliff & Associates, P.C.

RESPONSE:

This letter correctly sets forth the understanding of Grand Prairie ISD Education Foundation.

Signature: _____

Title: _____

Date: _____

Grand Prairie ISD Foundation
2602 Belt Line Road
Grand Prairie, TX 75052

May 11, 2016

Ratliff & Associates, P.C.
3221 Collinsworth Street
Fort Worth, Texas 76107

This representation letter is provided in connection with your audits of the financial statements of Grand Prairie ISD Foundation (the "Organization"), which comprise the statements of financial position as of August 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States ("U.S. GAAP").

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audits.

Financial Statements

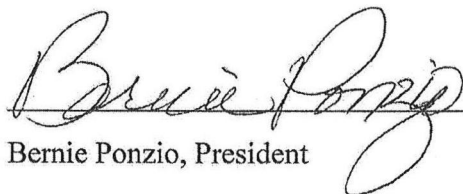
- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 3, 2016, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 8) We are in agreement with the yearend closing entries and reclass journal entries, if any, you have recommended as part of your nonattest accounting services, and we have approved and recorded them to the Organization's accounts.
- 9) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 10) Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- 11) Guarantees, whether written or oral, under which the Organization is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

Information Provided

- 1) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audits.
 - c) Unrestricted access to persons within the Organization from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 2) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 3) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 4) We have no knowledge of any fraud or suspected fraud that affects the Organization and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.

- 5) We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements communicated by employees, former employees, grantors, regulators, or others.
- 6) We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- 7) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 8) We have disclosed to you the identity of the Organization's related parties and all the related party relationships and transactions of which we are aware.
- 9) The organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 10) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 11) The Organization is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
- 12) This is to affirm that the severe speech and Cochlear implant programs are basic programs of the Foundation for which contributions to these programs are unrestricted.



Bernie Ponzio, President

**GRAND PRAIRIE INDEPENDENT SCHOOL
DISTRICT EDUCATION FOUNDATION**

Grand Prairie, Texas

Financial Statements

December 31, 2015 (Audited) and 2014 (Reviewed)

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
EDUCATION FOUNDATION**

Financial Statements
December 31, 2015 (Audited) and 2014 (Reviewed)

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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, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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, 2015, 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.

Prior Period Financial Statements

The 2014 financial statements were reviewed by us, and our report thereon, dated October 7, 2015, stated we were not aware of any material modifications that should be made to those financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements.

Ratcliff & Associates, P.C.

May 10, 2016

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
EDUCATION FOUNDATION
 Statements of Financial Position
 December 31, 2015 (Audited) and 2014 (Reviewed)

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 78,614	\$ 62,599
Prepaid expense	259	5,325
Investments	<u>591,685</u>	<u>591,378</u>
Total Assets	<u>\$ 670,558</u>	<u>\$ 659,302</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	<u>\$ 5,083</u>	<u>\$ 24,966</u>
Total liabilities	<u>5,083</u>	<u>24,966</u>
Net assets		
Unrestricted	545,715	504,476
Temporarily restricted	16,764	26,864
Permanently restricted	<u>102,996</u>	<u>102,996</u>
Total net assets	<u>665,475</u>	<u>634,336</u>
Total Liabilities and Net Assets	<u>\$ 670,558</u>	<u>\$ 659,302</u>

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

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
EDUCATION FOUNDATION**

Statement of Activities
For The Year Ended December 31, 2015 (Audited)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Changes in Net Assets				
Revenues				
Contributions	\$ 161,957	\$ 1,975	\$ -	\$ 163,932
Fundraising activities	44,510	-	-	44,510
Other income	7,137	-	-	7,137
Investment income	3,409	795	-	4,204
Net assets released from restriction	<u>12,870</u>	<u>(12,870)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>229,883</u>	<u>(10,100)</u>	<u>-</u>	<u>219,783</u>
Program expenses				
Grants	82,364	-	-	82,364
Scholarships	21,836	-	-	21,836
Field trips	30,720	-	-	30,720
Awards and other	8,500	-	-	8,500
Supporting expenses				
General and administrative	20,803	-	-	20,803
Fundraising	<u>24,421</u>	<u>-</u>	<u>-</u>	<u>24,421</u>
Total expenses	<u>188,644</u>	<u>-</u>	<u>-</u>	<u>188,644</u>
Increase (Decrease) in Net Assets	41,239	(10,100)	-	31,139
Net Assets at Beginning of Year	<u>504,476</u>	<u>26,864</u>	<u>102,996</u>	<u>634,336</u>
Net Assets at End of Year	<u>\$ 545,715</u>	<u>\$ 16,764</u>	<u>\$ 102,996</u>	<u>\$ 665,475</u>

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

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
EDUCATION FOUNDATION**

Statement of Activities
For The Year Ended December 31, 2014 (Reviewed)

	<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
Fundraising activities	93,142	-	-	93,142
Investment 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>

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

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
EDUCATION FOUNDATION**

Statements of Cash Flows
December 31, 2015 (Audited) and 2014 (Reviewed)

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities		
Contributions received	\$ 171,069	\$ 124,544
Fundraising revenues	44,510	93,142
Cash paid for grants	(82,364)	(96,934)
Cash paid for scholarships	(21,836)	(13,800)
Cash paid for other program expenses	(54,037)	(19,907)
Cash paid for administrative and other expenses	<u>(45,224)</u>	<u>(31,520)</u>
Net Cash Provided by Operating Activities	<u>12,118</u>	<u>55,525</u>
Cash Flows from Investing Activities		
Proceeds from sale of investments	594,693	47,127
Purchase of investments	<u>(590,796)</u>	<u>(62,166)</u>
Net Cash Provided (Utilized) by Investing Activities	<u>3,897</u>	<u>(15,039)</u>
Net Increase in Cash and Cash Equivalents	16,015	40,486
Cash and cash equivalents at beginning of year	<u>62,599</u>	<u>22,113</u>
Cash and cash equivalents at end of year	<u>\$ 78,614</u>	<u>\$ 62,599</u>

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

Increase in Net Assets	<u>\$ 31,139</u>	<u>\$ 35,181</u>
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Unrealized and realized gains on investments	(8,377)	(16,937)
Dividends and interest on investments	4,173	17,640
Decrease (increase) in prepaid expense	5,066	(5,325)
Increase (decrease) in accounts payable	<u>(19,883)</u>	<u>24,966</u>
Total adjustments	<u>(19,021)</u>	<u>20,344</u>
Net Cash Provided by Operating Activities	<u>\$ 12,118</u>	<u>\$ 55,525</u>

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

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
EDUCATION FOUNDATION**

Notes to Financial Statements
December 31, 2015 (Audited) and 2014 (Reviewed)

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, fundraising activities 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 values of certain investments.

Program Activities - Program activities of the Foundation include grants to the Grand Prairie ISD, scholarships to deserving students of the Grand Prairie ISD, grants for field trips and camps to enrich the learning experience of students.

Supporting Activities - Fundraising activities provide avenues for contribution to the Foundation's cause, and general and administrative activities support the general activities of the Foundation.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
EDUCATION FOUNDATION**

Notes to Financial Statements
December 31, 2015 (Audited) and 2014 (Reviewed)

2 - Summary of Significant Accounting Policies (continued)

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, debt securities and mutual funds are measured at fair market value based upon the exit price model.

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 years ended December 31, 2015 and 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 2012, 2013 and 2014 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, 2015 and 2014, respectively, the Foundation contributed \$82,364 and \$96,934 of grants to the School.

4 - Fair Value Measurement

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 in note 5. Investments are classified as Level 1 inputs, except for the 2014 Real Estate Fund which is valued by significant other observable inputs and classified as a Level 2 input. (See Note 5)

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
EDUCATION FOUNDATION**

Notes to Financial Statements
December 31, 2015 (Audited) and 2014 (Reviewed)

5 - Investments

Investments at December 31, 2015 are composed of the following:

	<u>Input Level</u>	Dickey Trust	Education Fund	Total
Cash		\$ 2,750	\$ 64,387	\$ 67,137
Open end mutual funds	1	<u>52,882</u>	<u>471,666</u>	<u>524,548</u>
		<u>\$ 55,632</u>	<u>\$ 536,053</u>	<u>\$ 591,685</u>

Investments at December 31, 2014 are composed of the following:

	<u>Input Level</u>	
Developing markets	1	\$ 53,157
Equity Investor Fund	1	111,505
Global Strategic Income Fund	1	203,639
International Diversified Fund	1	97,589
Real Estate Fund	2	5,839
Senior Floating Rate Fund	1	<u>119,649</u>
Total		<u>\$ 591,378</u>

6 - Net Assets

Temporarily restricted net assets are as follows:

	<u>2015</u>	<u>2014</u>
Firefighters fund	\$ 2,848	\$ 2,829
Horton fund	4,546	5,016
Retired Coaches fund	1,531	546
Texas Trust	2,005	9,991
Endowment earnings	575	3,258
Westfall fund	<u>5,259</u>	<u>5,224</u>
Balance, end of year	<u>\$ 16,764</u>	<u>\$ 26,864</u>

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6 - Net Assets (continued)

Permanently restricted net assets are as follows:

	<u>2015</u>	<u>2014</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>

7 - 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, 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	461,518	26,864	102,996	591,378
Total investment return	3,409	795	-	4,204
Contributions - direct	-	1,975	-	1,975
Transfer	12,870	(12,870)	-	-
Disbursements	<u>(5,872)</u>	<u>-</u>	<u>-</u>	<u>(5,872)</u>
Endowment assets, December 31, 2015	<u>\$ 471,925</u>	<u>\$ 16,764</u>	<u>\$ 102,996</u>	<u>\$ 591,685</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.

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7 - Endowment Investments (continue)

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.

8 - Subsequent Events

The Foundation has evaluated subsequent events through the date of the independent auditor's report on page one, which is the date the financial statements were available to be issued.