
**GRAND PRAIRIE INDEPENDENT SCHOOL
DISTRICT EDUCATION FOUNDATION**

Grand Prairie, Texas

Financial Statements

December 31, 2016 and 2015

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
EDUCATION FOUNDATION
Financial Statements
December 31, 2016 and 2015

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Ratcliff & Associates, P.C.

Certified Public Accountants
Independent Auditor's Report

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

We have audited the accompanying financial statements of Grand Prairie Independent School District Education Foundation (a Texas nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, and cash flows for the years 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 fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 misstatement of the financial statements, whether due to fraud or error. 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 Grand Prairie Independent School District Education Foundation as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Ratcliff & Associates, P.C.

March 20, 2017

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
EDUCATION FOUNDATION
 Statements of Financial Position
 December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	\$ 114,758	\$ 78,614
Prepaid expense	275	259
Investments	<u>599,923</u>	<u>591,685</u>
Total Assets	<u>\$ 714,956</u>	<u>\$ 670,558</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	<u>\$ -</u>	<u>\$ 5,083</u>
Total liabilities	<u>-</u>	<u>5,083</u>
Net assets		
Unrestricted	594,509	545,715
Temporarily restricted	17,451	16,764
Permanently restricted	<u>102,996</u>	<u>102,996</u>
Total net assets	<u>714,956</u>	<u>665,475</u>
Total Liabilities and Net Assets	<u>\$ 714,956</u>	<u>\$ 670,558</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, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Changes in Net Assets				
Revenues				
Contributions	\$ 110,483	\$ 2,731	\$ -	\$ 113,214
Fundraising activities	77,069	-	-	77,069
Other income	7,814	-	-	7,814
Investment income	17,333	2,556	-	19,889
Net assets released from restriction	<u>4,600</u>	<u>(4,600)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>217,299</u>	<u>687</u>	<u>-</u>	<u>217,986</u>
Program expenses				
Grants	96,697	-	-	96,697
Scholarships	12,150	-	-	12,150
Field trips	500	-	-	500
Awards and other	9,813	-	-	9,813
Supporting expenses				
General and administrative	28,185	-	-	28,185
Fundraising	<u>21,160</u>	<u>-</u>	<u>-</u>	<u>21,160</u>
Total expenses	<u>168,505</u>	<u>-</u>	<u>-</u>	<u>168,505</u>
Increase in Net Assets	48,794	687	-	49,481
Net Assets at Beginning of Year	<u>545,715</u>	<u>16,764</u>	<u>102,996</u>	<u>665,475</u>
Net Assets at End of Year	<u>\$ 594,509</u>	<u>\$ 17,451</u>	<u>\$ 102,996</u>	<u>\$ 714,956</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

	<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**

Statements of Cash Flows
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities		
Contributions received	\$ 136,516	\$ 171,069
Fundraising and other revenues	84,883	44,510
Cash paid for grants	(96,697)	(82,364)
Cash paid for scholarships	(12,150)	(21,836)
Cash paid for other program expenses	(10,313)	(54,037)
Cash paid for administrative and other expenses	<u>(54,444)</u>	<u>(45,224)</u>
Net Cash Provided by Operating Activities	<u>47,795</u>	<u>12,118</u>
Cash Flows from Investing Activities		
Proceeds from sale of investments	-	594,693
Purchase of investments	<u>(11,651)</u>	<u>(590,796)</u>
Net Cash Provided (Utilized) by Investing Activities	<u>(11,651)</u>	<u>3,897</u>
Net Increase in Cash and Cash Equivalents	36,144	16,015
Cash and cash equivalents at beginning of year	<u>78,614</u>	<u>62,599</u>
Cash and cash equivalents at end of year	<u>\$ 114,758</u>	<u>\$ 78,614</u>

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

Increase in Net Assets	<u>\$ 49,481</u>	<u>\$ 31,139</u>
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Unrealized and realized gains on investments	(11,093)	(8,377)
Dividends and interest on investments	14,506	4,173
Decrease (increase) in prepaid expense	(16)	5,066
Decrease in accounts payable	<u>(5,083)</u>	<u>(19,883)</u>
Total adjustments	<u>(1,686)</u>	<u>(19,021)</u>
Net Cash Provided by Operating Activities	<u>\$ 47,795</u>	<u>\$ 12,118</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, 2016 and 2015

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, 2016 and 2015

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, 2016 and 2015, 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 2013, 2014 and 2015 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, 2016 and 2015, respectively, the Foundation contributed \$96,697 and \$82,364 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 which are based upon quoted prices in active markets for identical assets.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
EDUCATION FOUNDATION**

Notes to Financial Statements
December 31, 2016 and 2015

5 - Investments

Investments at December 31, 2016 are composed of the following:

	<u>Input Level</u>	<u>Dickey Trust</u>	<u>Education Fund</u>	<u>Total</u>
Cash		\$ 7,657	\$ 56,670	\$ 64,327
Equities	1	33,745	120,685	154,430
Open end mutual funds	1	<u>21,316</u>	<u>359,850</u>	<u>381,166</u>
		<u>\$ 62,718</u>	<u>\$ 537,205</u>	<u>\$ 599,923</u>

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

	<u>Input Level</u>	<u>Dickey Trust</u>	<u>Education Fund</u>	<u>Total</u>
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>

6 - Net Assets

Temporarily restricted net assets are as follows:

	<u>2016</u>	<u>2015</u>
Firefighters fund	\$ 2,933	\$ 2,848
Horton fund	4,181	4,546
Retired Coaches fund	1,817	1,531
Texas Trust	2,564	2,005
Endowment earnings	2,539	575
Westfall fund	<u>3,417</u>	<u>5,259</u>
Balance, end of year	<u>\$ 17,451</u>	<u>\$ 16,764</u>

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
EDUCATION FOUNDATION**

Notes to Financial Statements
December 31, 2016 and 2015

6 - Net Assets (continued)

Permanently restricted net assets are as follows:	<u>2016</u>	<u>2015</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, 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	471,925	16,764	102,996	591,685
Total investment return	3,341	2,556	-	5,897
Contributions - direct	-	2,731	-	2,731
Transfer	4,600	(4,600)	-	-
Disbursements	<u>(390)</u>	<u>-</u>	<u>-</u>	<u>(390)</u>
Endowment assets, December 31, 2016	<u>\$ 479,476</u>	<u>\$ 17,451</u>	<u>\$ 102,996</u>	<u>\$ 599,923</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, 2016 and 2015

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.