

PUTNAM CITY PUBLIC SCHOOLS FOUNDATION, INC.

AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDING
JUNE 30, 2013 and 2012

BELL & RHODES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
EDMOND, OKLAHOMA

INDEPENDENT AUDITORS REPORT

Board of Directors
Putnam City Public Schools Foundation, Inc.
Oklahoma City, Oklahoma

We have audited the accompanying financial statements of Putnam City Public Schools Foundation, Inc. (the "Organization"), (a nonprofit organization) which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses, 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 fraud or error.

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 of 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 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 Putnam City Public Schools Foundation, Inc. as of June 30, 2013 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.

Other Matter-June 30, 2012 Financial Statements

The financial statements of Putnam City Public Schools Foundation, Inc. as of and for the year ended June 30, 2012 were audited by other auditors whose report thereon, dated February 13, 2013 expressed an unqualified opinion.

Bell & Howbe, P.C.

November 20, 2013

Putnam City Public Schools Foudation, Inc.
Statements of Financial Position
June 30, 2013 and 2012

	2013	2012
Assets		
Current Assets		
Cash & cash equivalents	\$ 44,580	\$ 14,904
Certificates of deposit	50,246	50,296
Prepaid expenses	1,445	2,520
Inventory	313	313
Total Current Assets	96,584	68,033
Fixed Assets		
	-	-
Investments		
	384,724	387,831
Oklahoma City Community Foundation	253,658	241,824
Other assets	2,000	2,000
Total Assets	\$ 736,966	\$ 699,688
Liabilities		
Current Liabilities		
Accounts payable and accrued expenses	\$ 7,980	\$ 3,403
Total Current Liabilities	7,980	3,403
Net Assets		
Unrestricted	275,779	269,237
Temporarily restricted	200,510	182,017
Permanently restricted	252,697	245,031
Total Net Assets	728,986	696,285
Total Liabilities and Net Assets	\$ 736,966	\$ 699,688

See accompanying notes to financial statements

Putnam City Public Schools Foundation, Inc.
Statements of Activity and Changes in Net Assets
For the years ended June 30, 2013 and 2012

	2013				2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Other Support								
Contributions	\$ 130,410	\$ 14,930	\$ 2,080	\$ 147,420	\$ 89,461	\$ 206,732	\$ 3,332	\$ 299,525
Special Events	90,807	-	-	90,807	76,166	-	-	76,166
Less: direct costs	(31,904)	-	-	(31,904)	(27,525)	-	-	(27,525)
Net revenue from special events	58,903	-	-	58,903	48,641	-	-	48,641
Oklahoma City Community Foundation	10,514	-	-	10,514	10,156	-	-	10,156
Investment income	32,326	6,699	5,529	44,554	20,525	4,995	2,539	28,059
Other income	798	-	-	798	-	-	-	-
Net assets released from restrictions	26,327	(26,327)	-	-	212,497	(211,997)	(500)	-
Total Revenue and other Support	259,278	(4,698)	7,609	262,189	381,280	(270)	5,371	386,381
Expenses								
Program services:								
Program services	201,716	-	-	201,716	365,597	-	-	365,597
Management & General	25,290	-	-	25,290	29,452	-	-	29,452
Fundraising	24,453	-	-	24,453	29,538	-	-	29,538
Total program services	251,459	-	-	251,459	424,587	-	-	424,587
Change in net assets from operations	7,819	(4,698)	7,609	10,730	(43,307)	(270)	5,371	(38,206)
Increase (decrease) in market value of mutual funds	(1,277)	23,191	57	21,971	(14,385)	(3,902)	(2,179)	(20,466)
Change in net assets	6,542	18,493	7,666	32,701	(57,692)	(4,172)	3,192	(58,672)
Net assets at beginning of year	269,237	182,017	245,031	696,285	326,929	186,189	241,839	754,957
Net assets at end of year	<u>\$ 275,779</u>	<u>\$ 200,510</u>	<u>\$ 252,697</u>	<u>\$ 728,986</u>	<u>\$ 269,237</u>	<u>\$ 182,017</u>	<u>\$ 245,031</u>	<u>\$ 696,285</u>

See accompanying notes to financial statements

Putnam City Public Schools Foundation, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2013 and 2012

Cash Flows from Operating Activities	2013	2012
Change in net assets from operations	\$ 10,730	\$ (38,206)
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	-	179
Gain on sale of investments	(39,016)	(22,645)
Change in:		
Prepaid expenses	1,075	-
Other assets	-	9,569
Accounts payable	4,577	(1,000)
Net cash applied to operating activities	(22,634)	(52,103)
 Cash Flows from Investing Activities		
Proceeds from sale of investments net of purchased investments	11,495	11,613
Reinvested net earnings	(5,685)	(5,414)
Withdrawals from investments	46,500	45,000
Net cash provided by investing activities	52,310	51,199
Net increase (decrease) in cash	29,676	(904)
Cash at beginning of year	14,904	15,808
Cash at end of year	\$ 44,580	\$ 14,904

Putnam City Public Schools Foundation, Inc.
Statement of Functional Expenses
For the Years Ended June 30, 2013 and 2012

Year Ended June 30, 2013

	Program Services	Management and General	Fund Raising	Total
Salaries, payroll taxes and benefits	\$ 88,445	\$ 17,689	\$ 11,793	\$ 117,927
School district & students activities support	105,931	-	-	105,931
Special events	-	-	7,124	7,124
Education & training	3,675	48	651	4,374
Professional fees	-	3,213	-	3,213
Bank & admin fees	-	1,245	-	1,245
Dues and subscriptions	-	65	1,855	1,920
Insurance	552	1,019	-	1,571
Technology expense	1,159	232	154	1,545
Travel	218	700	373	1,291
Supplies	557	184	500	1,241
Telephone	804	161	107	1,072
Meals & entertainment	-	320	495	815
Printing & reproduction	375	218	57	650
Postage and delivery	-	-	648	648
Conferences & conventions	-	196	446	642
Advertising	-	-	250	250
	<u>\$ 201,716</u>	<u>\$ 25,290</u>	<u>\$ 24,453</u>	<u>\$ 251,459</u>

Putnam City Public Schools Foundation, Inc.
Statement of Functional Expenses
For the Years Ended June 30, 2013 and 2012

Year Ended June 30, 2012

	Program Services	Management and General	Fund Raising	Total
Salaries, payroll taxes and benefits	\$ 101,913	\$ 20,383	\$ 13,588	\$ 135,884
School district & students activities support	258,392	-	66	258,458
Special events	-	-	5,704	5,704
Education & training	3,540	121	1,214	4,875
Professional fees	-	4,665	-	4,665
Bank & admin fees	236	349	39	624
Insurance	-	1,462	-	1,462
Technology expense	-	35	3,173	3,208
Travel	1,124	139	630	1,893
Supplies	53	1,600	3,533	5,186
Meals & entertainment	160	698	1,112	1,970
Advertising	-	-	479	479
Depreciation expense	179	-	-	179
	<u>\$ 365,597</u>	<u>\$ 29,452</u>	<u>\$ 29,538</u>	<u>\$ 424,587</u>

Putnam City Public Schools Foundation, Inc.
Notes to Financial Statements
Years Ended June 30, 2013 and 2012

A. Organization and Summary of Accounting Policies

Putnam City Public Schools Foundation, Inc., (the Foundation) is a not-for-profit corporation formed under the laws of the state of Oklahoma. The Foundation was organized for the purpose of receiving and administering gifts for the ultimate benefit of Putnam City Schools and its students.

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Basis of Presentation

The accompanying financial statements present all the assets and transactions of The Foundation. The Foundation reports information regarding its financial position and activities according to the three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Temporarily restricted net assets consist of net assets restricted for subsequent period use in specific programs relating to Putnam City Schools. They also include undistributed earnings from the Oklahoma City Community Foundation.

Permanently restricted assets consist of funds placed at the Oklahoma City Community Foundation by reciprocal transfers for the benefit of Putnam City Public Schools Foundation, Inc. They also include endowed funds donated to the Legacy Fund and the Roberta Lowe Fund.

2. Contributions and Support

The Foundation reports grants and gifts of cash and other assets and unconditional promises to give as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received for restricted purposes for which the restriction was satisfied in the year the contribution was granted are not reported as restricted contributions.

3. Donated Services

The Foundation uses, to varying degrees, the services of unpaid volunteers in conducting its production, administrative, and fund-raising activities. No amounts have been reflected in the accompanying financial statements for such donated services because they do not meet the criteria for recognition.

Putnam City Public Schools Foundation, Inc.
Notes to Financial Statements
Years Ended June 30, 2013 and 2012

A. Organization and Summary of Accounting Policies-continued

4. Fixed Assets

Additions to property and equipment are capitalized at cost or donated value and are depreciated over their estimated useful lives ranging from three to thirty nine years using the straight-line method. Items costing or having a donated value of less than \$500 are expensed.

5. Cash and Cash Equivalents

The Foundation considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents. There were no cash equivalents at June 30, 2013 and 2012.

6. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

B. Fair value measurements

The Foundation reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

Level 1. Quoted prices for identical assets or liabilities in active markets to which the organization has access at the measurement date.

Level 2. Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include

- a. quoted prices for similar assets or liabilities in active markets;
- b. quoted prices for identical or similar assets in markets that are not active
- c. observable inputs other than quoted prices for the assets or liability (for example, interest rates and yield curves); and
- d. inputs derived principally from, or corroborated by, observable market data by correlation or other means

Level 3. Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

The investments account is valued with level 1 inputs while the assets held at the Oklahoma City Community Foundation are valued using level 2 inputs.

Putnam City Public Schools Foundation, Inc.
Notes to Financial Statements
Years Ended June 30, 2013 and 2012

C. Investments

Investment income for the years ending June 30, 2013 and 2012 is detailed below:

Description	Year Ended June 30, 2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest & dividend income	\$ 5,687	\$ 1,270	\$ 1,051	\$ 8,008
Realized gains (losses)	28,277	5,881	4,858	39,016
Less: broker fees	(1,638)	(452)	(380)	(2,470)
	\$ 32,326	\$ 6,699	\$ 5,529	\$ 44,554

Description	Year Ended June 30, 2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest & dividend income	\$ 6,367	\$ 2,108	\$ 900	\$ 9,375
Realized gains (losses)	17,458	3,311	1,876	22,645
Less: broker fees	(3,300)	(424)	(237)	(3,961)
	\$ 20,525	\$ 4,995	\$ 2,539	\$ 28,059

D. Restrictions on Net Assets

The activity for temporarily restricted net assets is detailed below:

	Beginning Balance	Donations	Investment Income (Loss) and Increase (Decrease) in FMV	Released from Restrictions	Ending Balance
Roger Barrios Scholarship Fund	\$ 12,623	\$ -	\$ 1,502	\$ -	\$ 14,125
Carol Casey Memorial Fund	8,908	-	1,241	1,500	8,649
Clay Culver Fund	8,922	-	1,060	500	9,482
Thomas Glenn Scholarship Fund	24,852	-	2,955	1,000	26,807
Dorothy Nixon Scholarship Fund	1,470	1,200	-	1,000	1,670
Community Fund	15,878	-	-	-	15,878
Care Share Fund	63,262	13,730	-	11,030	65,962
OKC Community Foundation	46,102	-	23,131	11,297	57,936
	\$ 182,017	\$ 14,930	\$ 29,890	\$ 26,327	\$ 200,510

Putnam City Public Schools Foundation, Inc.
Notes to Financial Statements
Years Ended June 30, 2013 and 2012

D. Restrictions on Net Assets-continued

The activity for permanently restricted net assets is shown below:

	Beginning Balance	Donations	Investment Income (loss) and Increase (Decrease in FMV)	Ending Balance
Lowe Fund	\$ 14,680	\$ -	\$ 1,798	\$ 16,478
Legacy Fund	34,629	2,080	3,788	40,497
OKC Community Foundation	195,722	-	-	195,722
	<u>\$ 245,031</u>	<u>\$ 2,080</u>	<u>\$ 5,586</u>	<u>\$ 252,697</u>

In prior years, the endowed funds at the Oklahoma City Community Foundation have been presented as unrestricted. These funds were not restricted by a donor when they were deposited with the Oklahoma City Community Foundation. However, the corpus is not available to the Putnam City Public Schools Foundation, and would be transferred to other non-profit organizations if it was terminated. Therefore, reflecting the corpus as permanently restricted and the undistributed earnings as temporarily restricted more accurately reflects the nature of this investment.

E. Income Taxes

The Foundation has received a determination letter from the Internal Revenue Service stating that it is a publicly supported charitable organization pursuant to sections 501 (c) (3) and 509 (a) (2) of the Internal Revenue Code and therefore is not subject to federal or state income taxes on its exempt function income.

The Organization's Forms 990 Return of Organization Exempt from Income Tax for the years ending June 30, 2010, 2011 2012 and 2013 are subject to examination by the Internal Revenue Service, generally three years after they were filed.

F. Endowed Funds Held by Foundations

The Foundation participates in an endowment fund through Oklahoma City Community Foundation (OCCF). OCCF is a not-for-profit entity that provides for endowed contributions to be pooled to maximize return on investments for the benefit of area not-for-profit organizations. Contributions to the endowment fund are permitted by not-for-profit entities as well as individual donors in the community who designate the beneficiary of their contributions. Earnings on these endowed funds are paid annually to the beneficiary organization for unrestricted use. The corpus transferred to the OCCF by The Foundation is reflected as permanently restricted net assets. The earnings retained by the OCCF are reflected as temporarily restricted net assets.

Putnam City Public Schools Foundation, Inc.
Notes to Financial Statements
Years Ended June 30, 2013 and 2012

F. Endowed Funds Held by Foundations-continued

The endowed funds contributed by third-party donors held by OCCF designated for the benefit of the Foundation were approximately \$225,000 and \$215,000 at June 30, 2013 and 2012 respectively. These endowed funds are not reflected in The Foundation's statement of financial position.

G. Concentrations

The majority of The Foundation's donors and patrons are located in central Oklahoma. As a result, support of the Organization is highly dependent upon the general economic conditions in the area.

H. Evaluation of Subsequent Events

The Organization has evaluated subsequent events through November 20, 2013, the date which the financial statements were available to be issued.