

BELL & RHODES, P.C.

Certified Public Accountants
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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 statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, functional expenses, 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 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, 2014 and 2013 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.

Bell & Howbe, P.C.

October 29, 2014

Putnam City Public Schools Foudation, Inc.
Statements of Financial Position
June 30, 2014 and 2013

	2014	2013
Assets		
Current Assets		
Cash & cash equivalents	\$ 38,230	\$ 44,580
Certificates of deposit	50,391	50,246
Prepaid expenses	500	1,445
Inventory	313	313
Total Current Assets	89,434	96,584
Fixed Assets		
	-	-
Investments		
	451,604	384,724
Oklahoma City Community Foundation	275,374	253,658
Other assets	2,000	2,000
Total Assets	\$ 818,412	\$ 736,966
Liabilities		
Current Liabilities		
Accounts payable and accrued expenses	\$ 7,631	\$ 7,980
Total Current Liabilities	7,631	7,980
Net Assets		
Unrestricted	305,016	275,779
Temporarily restricted	243,003	200,510
Permanently restricted	262,762	252,697
Total Net Assets	810,781	728,986
Total Liabilities and Net Assets	\$ 818,412	\$ 736,966

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, 2014 and 2013

	2014				2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Other Support								
Contributions	\$ 104,880	\$ 15,150	\$ 1,667	\$ 121,697	\$ 130,410	\$ 14,930	\$ 2,080	\$ 147,420
Special Events	87,217	-	-	87,217	90,807	-	-	90,807
Less: direct costs	(30,849)	-	-	(30,849)	(31,904)	-	-	(31,904)
Net revenue from special events	56,368	-	-	56,368	58,903	-	-	58,903
Oklahoma City Community Foundation	10,910	-	-	10,910	10,514	-	-	10,514
Investment income	15,302	5,037	3,196	23,535	32,326	6,699	5,529	44,554
Other income	1,736	-	-	1,736	798	-	-	798
Net assets released from restrictions	19,333	(19,333)	-	-	26,327	(26,327)	-	-
Total Revenue and other Support	208,529	854	4,863	214,246	259,278	(4,698)	7,609	262,189
Expenses								
Program services:								
Program services	152,090	-	-	152,090	201,716	-	-	201,716
Management & General	27,884	-	-	27,884	25,290	-	-	25,290
Fundraising	23,728	-	-	23,728	24,453	-	-	24,453
Total program services	203,702	-	-	203,702	251,459	-	-	251,459
Change in net assets from operations	4,827	854	4,863	10,544	7,819	(4,698)	7,609	10,730
Increase (decrease) in market value of mutual funds	24,410	41,639	5,202	71,251	(1,277)	23,191	57	21,971
Change in net assets	29,237	42,493	10,065	81,795	6,542	18,493	7,666	32,701
Net assets at beginning of year	275,779	200,510	252,697	728,986	269,237	182,017	245,031	696,285
Net assets at end of year	<u>\$ 305,016</u>	<u>\$ 243,003</u>	<u>\$ 262,762</u>	<u>\$ 810,781</u>	<u>\$ 275,779</u>	<u>\$ 200,510</u>	<u>\$ 252,697</u>	<u>\$ 728,986</u>

See accompanying notes to financial statements

Putnam City Public Schools Foundation, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2014 and 2013

Cash Flows from Operating Activities	2014	2013
Change in net assets from operations	\$ 10,544	\$ 10,730
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Gain on sale of investments	(18,593)	(39,016)
Change in:		
Prepaid expenses	945	1,075
Accounts payable	(349)	4,577
Net cash applied to operating activities	(7,453)	(22,634)
 Cash Flows from Investing Activities		
Proceeds from sale of investments net of purchased investments	-	11,495
Reinvested net earnings	(10,619)	(5,685)
Withdrawals from investments	11,722	46,500
Net cash provided by investing activities	1,103	52,310
Net increase (decrease) in cash	(6,350)	29,676
Cash at beginning of year	44,580	14,904
Cash at end of year	\$ 38,230	\$ 44,580

Putnam City Public Schools Foundation, Inc.
Statement of Functional Expenses
For the Years Ended June 30, 2014 and 2013

Year Ended June 30, 2014

	Program Services	Management and General	Fund Raising	Total
Salaries, payroll taxes and benefits	\$ 79,706	\$ 15,941	\$ 10,627	\$ 106,274
School district & students activities support	68,318	-	-	68,318
Special events	-	-	4,839	4,839
Education & training	2	2,790	1,932	4,724
Professional fees	-	5,146	-	5,146
Bank & admin fees	-	414	-	414
Dues and subscriptions	-	145	1,540	1,685
Insurance	-	1,896	-	1,896
Technology expense	2,996	599	400	3,995
Travel	-	12	809	821
Supplies	54	743	330	1,127
Telephone	799	160	107	1,066
Meals & entertainment	73	38	261	372
Printing & reproduction	142	-	1,998	2,140
Postage and delivery	-	-	731	731
Conferences and conventions	-	-	154	154
Depreciation expense	-	-	-	-
	<u>\$ 152,090</u>	<u>\$ 27,884</u>	<u>\$ 23,728</u>	<u>\$ 203,702</u>

Putnam City Public Schools Foundation, Inc.
Statement of Functional Expenses
For the Years Ended June 30, 2014 and 2013

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.
Notes to Financial Statements
Years Ended June 30, 2014 and 2013

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, 2014 and 2013

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, 2014 and 2013.

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, 2014 and 2013

C. Investments

Investment income for the years ending June 30, 2014 and 2013 is detailed below:

Description	Year Ended June 30, 2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest & dividend income	\$ 4,893	\$ 1,566	\$ 994	\$ 7,453
Realized gains (losses)	12,034	4,013	2,546	18,593
Less: broker fees	(1,625)	(542)	(344)	(2,511)
	\$ 15,302	\$ 5,037	\$ 3,196	\$ 23,535

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

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		\$ 14,125	\$ -	\$ 2,258
Carol Casey Memorial Fund	8,649	300	1,866	-	10,815
Clay Culver Fund	9,482	-	1,595	500	10,577
Thomas Glenn Scholarship Fund	26,807	-	4,445	-	31,252
Dorothy Nixon Scholarship Fund	1,670	1,200	-	-	2,870
Community Fund	15,878	-	3,074	-	18,952
Care Share Fund	65,962	6,645	-	6,861	65,746
Extended Learning	-	5,543	-	-	5,543
Early Birds	-	1,462	-	-	1,462
OKC Community Foundation	57,937	-	33,438	11,722	79,653
	\$ 200,510	\$ 15,150	\$ 46,676	\$ 19,333	\$ 243,003

Putnam City Public Schools Foundation, Inc.
Notes to Financial Statements
Years Ended June 30, 2014 and 2013

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	\$ 16,478	\$ -	\$ 2,704	\$ 19,182
Legacy Fund	40,497	1,667	5,694	47,858
OKC Community Foundation	195,722	-	-	195,722
	<u>\$ 252,697</u>	<u>\$ 1,667</u>	<u>\$ 8,398</u>	<u>\$ 262,762</u>

The funds on deposit at the Oklahoma City Community Foundation 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, 2011, 2012 2013 and 2014 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, 2014 and 2013

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 \$245,000 and \$225,000 at June 30, 2014 and 2013 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 October 29, 2014, the date which the financial statements were available to be issued.