

PUTNAM CITY PUBLIC SCHOOLS FOUNDATION, INC.

**AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDING
JUNE 30, 2016 and 2015**

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



BELL & RHODES, P.C.

Certified Public Accountants

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"), which comprise the statements of financial position as of June 30, 2016 and 2015, 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, 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.

Bell & Howie, P.C.

November 15, 2016

Putnam City Public Schools Foudation, Inc.
Statements of Financial Position
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Current Assets		
Cash & cash equivalents	\$ 56,337	\$ 27,909
Pledges receivable	-	10,000
Grant receivable-Oklahoma City Community Foundation	25,015	24,597
Certificates of deposit	50,648	50,493
Prepaid expenses	-	500
Total Current Assets	<u>132,000</u>	<u>113,499</u>
Fixed Assets	-	-
Investments	383,328	436,862
Oklahoma City Community Foundation	247,737	259,382
Other assets	<u>2,313</u>	<u>2,313</u>
Total Assets	<u>\$ 765,378</u>	<u>\$ 812,056</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued expenses	<u>\$ 7,219</u>	<u>\$ 2,021</u>
Total Current Liabilities	7,219	2,021
Net Assets		
Unrestricted	281,735	308,895
Temporarily restricted	160,600	173,880
Permanently restricted	<u>315,824</u>	<u>327,260</u>
Total Net Assets	<u>758,159</u>	<u>810,035</u>
Total Liabilities and Net Assets	<u>\$ 765,378</u>	<u>\$ 812,056</u>

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, 2016 and 2015

	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Other Support								
Contributions	\$ 170,399	\$ -	\$ -	\$ 170,399	\$ 162,807	\$ 10,000	\$ -	\$ 172,807
Special Events	71,328	-	-	71,328	65,620	-	-	65,620
Less: direct costs	(25,635)	-	-	(25,635)	(29,977)	-	-	(29,977)
Net revenue from special events	45,693	-	-	45,693	35,643	-	-	35,643
Grant-Oklahoma City Community Foundation	25,015	-	-	25,015	24,597	-	-	24,597
Investment income	21,001	7,154	4,656	32,811	25,875	8,376	5,528	39,779
Other income	622	-	-	622	135	-	-	135
Net assets released from restrictions	13,750	(13,750)	-	-	2,000	(1,500)	(500)	-
Total Revenue and other Support	276,480	(6,596)	4,656	274,540	251,057	16,876	5,028	272,961
Expenses								
Program services:								
Program services	234,261	-	-	234,261	206,936	-	-	206,936
Management & General	31,897	-	-	31,897	24,378	-	-	24,378
Fundraising	17,526	-	-	17,526	20,581	-	-	20,581
Total program services	283,684	-	-	283,684	251,895	-	-	251,895
Change in net assets from operations	(7,204)	(6,596)	4,656	(9,144)	(838)	16,876	5,028	21,066
Increase (decrease) in market value of mutual funds	(19,956)	(6,684)	(16,092)	(42,732)	(18,784)	(6,347)	(8,010)	(33,141)
Change in net assets	(27,160)	(13,280)	(11,436)	(51,876)	(19,622)	10,529	(2,982)	(12,075)
Net assets at beginning of year	308,895	173,880	327,260	810,035	328,517	163,351	330,242	822,110
Net assets at end of year	\$ 281,735	\$ 160,600	\$ 315,824	\$ 758,159	\$ 308,895	\$ 173,880	\$ 327,260	\$ 810,035

See accompanying notes to financial statements

Putnam City Public Schools Foundation, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2016 and 2015

Cash Flows from Operating Activities	<u>2016</u>	<u>2015</u>
Change in net assets from operations	\$ (9,144)	\$ 21,066
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Gain on sale of investments	(26,118)	(33,218)
Change in:		
Pledges receivable	10,000	(10,000)
Grant receivable-Oklahoma City Community Foundation	(419)	(1,096)
Prepaid expenses	500	-
Accounts payable and accrued liabilities	5,198	(5,610)
Net cash applied to operating activities	<u>(19,983)</u>	<u>(28,858)</u>
 Cash Flows from Investing Activities		
Reinvested net earnings	(6,589)	(6,463)
Withdrawals from investments	55,000	25,000
Net cash provided by investing activities	<u>48,411</u>	<u>18,537</u>
Net increase (decrease) in cash	28,428	(10,321)
Cash at beginning of year	27,909	38,230
Cash at end of year	<u>\$ 56,337</u>	<u>\$ 27,909</u>

Putnam City Public Schools Foundation, Inc.
Statement of Functional Expenses
For the Years Ended June 30, 2016 and 2015

Year Ended June 30, 2016

	Program Services	Management and General	Fund Raising	Total
Salaries, payroll taxes and benefits	\$ 91,443	\$ 18,288	\$ 12,192	\$ 121,923
School district & students activities support	135,701	-	-	135,701
Special events	-	-	4,192	4,192
Education & training	1,840	-	-	1,840
Professional fees	-	5,697	-	5,697
Bank & admin fees	-	543	-	543
Dues and subscriptions	-	1,995	-	1,995
Insurance	-	1,471	-	1,471
Technology expense	2,333	467	311	3,111
Travel	931	-	-	931
Supplies	888	178	118	1,184
Telephone	838	168	112	1,118
Meals & entertainment	-	1,193	-	1,193
Printing & reproduction	287	-	-	287
Postage and delivery	-	-	601	601
Conferences and conventions	-	1,897	-	1,897
	<u>\$ 234,261</u>	<u>\$ 31,897</u>	<u>\$ 17,526</u>	<u>\$ 283,684</u>

Putnam City Public Schools Foundation, Inc.
Statement of Functional Expenses
For the Years Ended June 30, 2016 and 2015

Year Ended June 30, 2015

	Program Services	Management and General	Fund Raising	Total
Salaries, payroll taxes and benefits	\$ 79,139	\$ 15,828	\$ 10,552	\$ 105,519
School district & students activities support	118,636	-	-	118,636
Special events	-	-	8,886	8,886
Education & training	4,512	-	-	4,512
Professional fees	-	4,375	-	4,375
Bank & admin fees	-	352	-	352
Dues and subscriptions	1,325	527	150	2,002
Insurance	-	1,471	-	1,471
Technology expense	1,455	291	194	1,940
Travel	1,070	-	-	1,070
Supplies	23	537	70	630
Telephone	659	131	88	878
Meals & entertainment	-	647	-	647
Printing & reproduction	67	-	72	139
Postage and delivery	-	-	446	446
Miscellaneous	-	219	-	219
Conferences & conventions	-	-	123	123
Advertising	50	-	-	50
	<u>\$ 206,936</u>	<u>\$ 24,378</u>	<u>\$ 20,581</u>	<u>\$ 251,895</u>

Putnam City Public Schools Foundation, Inc.
Notes to Financial Statements
Years Ended June 30, 2016 and 2015

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 program, 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, 2016 and 2015

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, 2016 and 2015.

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, 2016 and 2015

C. Investments

Investments consist of the following at June 30, 2016 and 2015:

2016	Fair Value	Level 1	Level 2
Mutual funds	\$ 383,328	\$ 383,328	\$ -
Certificates of deposit	50,648	-	50,648
Oklahoma City Community Foundation	247,737	-	247,737
Total	<u>\$ 681,713</u>	<u>\$ 383,328</u>	<u>\$ 298,385</u>

2015	Fair Value	Level 1	Level 2
Mutual funds	\$ 436,862	\$ 436,862	\$ -
Certificates of deposit	50,493	-	50,493
Oklahoma City Community Foundation	259,382	-	272,122
Total	<u>\$ 746,737</u>	<u>\$ 436,862</u>	<u>\$ 322,615</u>

Investment income for the years ending June 30, 2016 and 2015 is detailed below:

Year Ended June 30, 2016				
Description	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest & dividend income	\$ 5,878	\$ 2,089	\$ 1,287	\$ 9,254
Realized gains (losses)	16,767	5,616	3,736	26,119
Less: broker fees	(1,644)	(551)	(367)	(2,562)
	<u>\$ 21,001</u>	<u>\$ 7,154</u>	<u>\$ 4,656</u>	<u>\$ 32,811</u>

Year Ended June 30, 2015				
Description	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest & dividend income	\$ 5,953	\$ 1,943	\$ 1,283	\$ 9,179
Realized gains (losses)	21,603	6,996	4,617	33,216
Less: broker fees	(1,681)	(563)	(372)	(2,616)
	<u>\$ 25,875</u>	<u>\$ 8,376</u>	<u>\$ 5,528</u>	<u>\$ 39,779</u>

Putnam City Public Schools Foundation, Inc.
Notes to Financial Statements
Years Ended June 30, 2016 and 2015

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	Transfers	Released from Restrictions	Ending Balance
Roger Barrios Scholarship Fund	\$ 16,488	\$ -	\$ 56		\$ (250)	\$ 16,294
Carol Casey Memorial Fund	11,080	-	-	(11,080)	-	-
Clay Culver Fund	10,310	-	35		(500)	9,845
Thomas Glenn Scholarship Fund	30,939	-	105		(1,000)	30,044
Dorothy Nixon Scholarship Fund	2,870	-	-		(2,000)	870
Community Fund	19,441	-	119	11,080	-	30,640
Care Share Fund	65,746	-	155		-	65,901
Extended Learning	5,543	-	-		-	5,543
Early Birds	1,463	-	-		-	1,463
Pledge receivable	10,000	-	-	-	(10,000)	-
	<u>\$ 173,880</u>	<u>\$ -</u>	<u>\$ 470</u>	<u>\$ -</u>	<u>\$ (13,750)</u>	<u>\$ 160,600</u>

The activity for permanently restricted net assets is shown below:

	Beginning Balance	Donations	Investment Income (loss) and Increase (Decrease in FMV	Released from Restrictions	Ending Balance
Lowe Fund	\$ 19,113	\$ -	\$ 66	\$ -	\$ 19,179
Legacy Fund	48,766	-	143	-	48,909
OKC Community Foundation	259,381	-	(11,645)	-	247,736
	<u>\$ 327,260</u>	<u>\$ -</u>	<u>\$ (11,436)</u>	<u>\$ -</u>	<u>\$ 315,824</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, management considers it permanently restricted.

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, 2013 2014, 2015 and 2016 are subject to examination by the Internal Revenue Service, generally three years after they were filed.

Putnam City Public Schools Foundation, Inc.
Notes to Financial Statements
Years Ended June 30, 2016 and 2015

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 and the accumulated earnings are reflected as permanently restricted net assets. See Note H for further discussion of these net assets.

The endowed funds contributed by third-party donors held by OCCF designated for the benefit of the Foundation were approximately \$231,000 and \$241,000 at June 30, 2016 and 2015 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 15, 2016, the date which the financial statements were available to be issued.