

**PUTNAM CITY PUBLIC SCHOOLS  
FOUNDATION, INC.**

**Audited Financial Statements  
June 30, 2018 and 2017**

**PUTNAM CITY PUBLIC SCHOOLS  
FOUNDATION, INC.**

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June 30, 2018**

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Putnam City Public Schools Foundation, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, net assets and cash flows for the years then ended, and the related notes to the financial statements. The financial statements of Putnam City Public Schools Foundation, Inc. as of June 30, 2017, were audit by other auditors whose report dated December 11, 2017, expressed an unqualified opinion on those 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 the 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 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 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.

### **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statements of functional expenses on page 15 and 16 are presented for purposes of additional analysis and are not a required part of the financial statements.

The statements of functional expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information contained in the statements of functional expenses is fairly stated in all material respects in relation to the financial statements as a whole.

### **Auditor's 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, 2018, and the results of its operations and changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Hyde & Company CPAs*

Hyde & Company CPAs, PC  
Oklahoma City, Oklahoma  
February 5, 2019

**PUTNAM CITY PUBLIC SCHOOLS FOUNDATION, INC.**  
**Statement of Financial Position**  
**June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 90,345	\$ 97,119
Grant receivable - Oklahoma City Community Foundation	25,105	25,011
Certificates of deposit (Note 3)	51,030	50,868
Total Current Assets	<u>166,480</u>	<u>172,998</u>
<u>Fixed Assets</u> (Note 5)		
Office furniture and equipment	9,699	9,699
Less: Accumulated depreciation	<u>(9,699)</u>	<u>(9,699)</u>
Total Fixed Assets	<u>-</u>	<u>-</u>
<u>Other Assets</u>		
Investments (Note 3)	451,034	434,387
Beneficial interest in assets held by others (Notes 3 & 8)	265,982	260,230
Other assets	2,313	2,313
Total Other Assets	<u>719,329</u>	<u>696,930</u>
Total Assets	<u>\$ 885,809</u>	<u>\$ 869,928</u>
<b>LIABILITIES AND NET ASSETS</b>		
<u>Current Liabilities</u>		
Accrued expenses	\$ -	\$ 3,759
Total Current Liabilities	<u>-</u>	<u>3,759</u>
<u>Net Assets</u> (Note 4)		
Unrestricted	350,345	354,391
Temporarily restricted	195,029	176,133
Permanently restricted	340,435	335,645
Total Net Assets	<u>885,809</u>	<u>866,169</u>
Total Liabilities and Net Assets	<u>\$ 885,809</u>	<u>\$ 869,928</u>

**PUTNAM CITY PUBLIC SCHOOLS FOUNDATION, INC.**  
**Statement of Activities and Net Assets**  
**For the Year Ended June 30, 2018**

	For the Year Ended June 30, 2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES, GAINS, AND SUPPORT</b>				
Contributions	\$ 143.135	15.000	\$ -	\$ 158.135
Special Events	71.461	-	-	71.461
Less: direct costs	(31.354)	-	-	(31.354)
Net revenue from special events	40.107	-	-	40.107
Grant - Oklahoma City Community Foundation	25.105	-	-	25.105
Interest and investment income	21.297	6.325	4.854	32.476
Gifts in kind	-	-	-	-
Other miscellaneous income	-	-	-	-
Net assets released from restrictions, satisfaction of expenditure requirements	6.862	(6.862)	-	-
Total Revenue and other Support	236.506	14.463	4.854	255.823
<b>EXPENSES</b>				
Program services:				
Program Services	212.471	-	-	212.471
Management and general	25.485	-	-	25.485
Fundraising	18.260	-	-	18.260
Total program services	256.216	-	-	256.216
Change in net assets from operations	(19.710)	14.463	4.854	(393)
Increase (decrease) in market value of investments	5.482	2.464	10.772	18.718
Change in net assets	(14.228)	16.927	15.626	18.325
Effect of prior period adjustment	10.182	1.969	(10.836)	1.315
Net Assets at Beginning of the Year	354.391	176.133	335.645	\$ 866.169
Net Assets at the End of the Year	\$ 350.345	\$ 195.029	\$ 340.435	\$ 885.809

**PUTNAM CITY PUBLIC SCHOOLS FOUNDATION, INC.**  
**Statement of Activities and Net Assets**  
**For the Year Ended June 30, 2017**

	For the Year Ended June 30, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES, GAINS, AND SUPPORT</b>				
Contributions	\$ 207,249	\$ 10,317	\$ -	\$ 217,566
Special Events	71,550	-	-	71,550
Less: direct costs	(21,693)	-	-	(21,693)
Net revenue from special events	49,857	-	-	49,857
Grant - Oklahoma City Community Foundation	25,011	-	-	25,011
Interest and investment income	4,962	2,015	1,286	8,263
Gifts in kind	-	-	-	-
Other miscellaneous income	-	-	-	-
Net assets released from restrictions. satisfaction of expenditure requirements	7,000	(7,000)	-	-
Total Revenue and other Support	294,079	5,332	1,286	300,697
<b>EXPENSES</b>				
Program services:				
Program Services	199,395	-	-	199,395
Management and general	22,960	-	-	22,960
Fundraising	19,910	-	-	19,910
Total program services	242,265	-	-	242,265
Change in net assets from operations	51,814	5,332	1,286	58,432
Increase (decrease) in market value of investments	21,722	9,321	18,535	49,578
Transfers	(880)	880	-	-
Change in net assets	72,656	15,533	19,821	108,010
Net Assets at Beginning of the Year	281,735	160,600	315,824	\$ 758,159
Net Assets at the End of the Year	\$ 354,391	\$ 176,133	\$ 335,645	\$ 866,169

# PUTNAM CITY PUBLIC SCHOOLS FOUNDATION, INC.

## Statements of Cash Flows

For the years ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 18,325	\$ 58,432
Net effect of prior period adjustment	1,315	-
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Realized gain (loss) on disposition of investments	(18,005)	(2,080)
(Increase) decrease in operating assets:		
Grants receivable	(94)	4
Certificates of deposit	(162)	-
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	(3,759)	(3,459)
Net Cash Provided (Used) by Operating Activities	<u>(2,380)</u>	<u>52,897</u>
Cash Flows from Investing Activities:		
Reinvested net earnings	(11,714)	(6,049)
Transfers to investments	(2,995)	(10,316)
Withdrawals from investments	10,315	4,250
Net Cash Provided (Used) by Investing Activities	<u>(4,394)</u>	<u>(12,115)</u>
Net Increase (Decrease) to Cash and Cash Equivalents	<u>(6,774)</u>	<u>40,782</u>
Cash and Cash Equivalents at Beginning of Year	<u>97,119</u>	<u>56,337</u>
Cash and Cash Equivalents at End of Year	<u>\$ 90,345</u>	<u>\$ 97,119</u>
Interest paid in cash	<u>\$ 9</u>	<u>\$ -</u>



# **PUTNAM CITY PUBLIC SCHOOLS FOUNDATION, INC.**

## **Notes to Financial Statements**

**June 30, 2018**

### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ***Nature of Organization***

Putnam City Public Schools Foundation (the Foundation) operates as a not-for-profit organization 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 the Putnam City Schools and their students. The Foundation was incorporated in 1987 as a not-for-profit organization. The Foundation's funding sources are from the private sector and include individuals, corporations, foundations, religious, and other organizations.

#### ***Basis of Accounting***

The financial statements of the Foundation have been prepared utilizing the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America, and, accordingly, reflect all significant receivables, payables, and other liabilities. Revenues and expenses are recognized and recorded when earned or incurred.

#### ***Basis of Presentation***

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification 958 (FASB ASC 958), *Not-for-Profit Entities*. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets:

##### **(a) Unrestricted net assets –**

Net assets that are not subject to donor imposed stipulations. These funds represent resources over which the Board of Directors has discretionary control and are used to carry out the operations of the Foundation in accordance with its by-laws.

##### **(b) Temporarily restricted assets –**

Net assets that are subject to donor imposed stipulations for specific operating purposes, those with time restrictions, or those not currently available for use until commitments regarding their use have been fulfilled or lifetime beneficiary interests have ceased. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Net Assets as net assets released from restriction.

##### **(c) Permanently restricted net assets –**

Net assets that are contributed subject to donor restrictions that require they be held in perpetuity. The Foundation had permanently restricted assets totaling \$340,435 and \$335,645 at June 30, 2018 and 2017, respectively.

#### ***Policy of Cash Equivalents***

For purposes of the Statement of Cash Flows, cash equivalents include time deposits and all highly liquid debt instruments with original maturities of three months or less. At times during the fiscal year, the Foundation's cash in bank accounts may temporarily exceed the federally insured limits.

# **PUTNAM CITY PUBLIC SCHOOLS FOUNDATION, INC.**

## **Notes to Financial Statements**

**June 30, 2018**

### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### ***Property and Equipment***

Equipment is stated at cost or estimated fair market value at the date of acquisition. Depreciation is provided using the straight line method over the estimated useful lives of the asset, ranging from three to five years for furniture, equipment computers and software. Items costing or having a donated value of less than \$500 are expensed. At June 30, 2018 and 2017, all property and equipment was fully depreciated.

#### ***Support Recognition***

Contributions of cash from donors are recognized as support when received. All contributions are available for unrestricted use unless specifically restricted by the donor. If a contribution stipulates its use, it is recorded as a restricted support. When the donor restriction expires, 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 same year as the contribution was received are not reported as restricted contributions.

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 are either immaterial, or do not meet the criteria for recognition.

#### ***Functional Expenses***

The Foundation allocates its expenses on a functional basis amount to its programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Foundation policy is to allocate the administrative expenses of the program services based on the various direct costs related to each program. The joint costs of informational materials and activities that include a fund raising appeal are allocated between the program expenses, general and administrative, and fund raising expenses based upon the programs and supporting services benefitted.

#### ***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.

#### ***Investments***

Investments in equity securities with readily determinable fair values and all investments in debt securities are valued at their fair market values in the Statement of Financial Position. Unrealized gains and losses are reflected in the Statement of Activities and Net Assets. Investment income and gains and losses are reported as unrestricted unless a specific restriction applies.

# PUTNAM CITY PUBLIC SCHOOLS FOUNDATION, INC.

## Notes to Financial Statements

June 30, 2018

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Recent Accounting Pronouncements*

In January 2016, the FASB issued a new accounting pronouncement regarding the recognition and measurement of financial assets and financial liabilities, which makes improvements in the recognition, measurement, presentation, and disclosure of financial instruments. For nonpublic entities, including most nonprofit organizations, the new pronouncement is effective for fiscal years beginning after December 15, 2018, with early adoption optional for fiscal years beginning after December 15, 2017.

On August 26, 2016, the Financial Accounting Standards Boards (FASB) issued Accounting Standards Update (ASU) No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. The amendments in this update provide cash flow statement classification guidance for the following eight categories: (1) debt prepayment or debt extinguishment costs; (2) settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing; (3) contingent consideration payments made after a business combination; (4) proceeds from the settlement of insurance claims; (5) proceeds from the settlement of corporate-owned life insurance policies, including bank-owned life insurance policies; (6) distributions received from equity method investees; (7) beneficial interests in securitization transactions; and (8) separately identifiable cash flows and application of the predominance principle. ASU No. 2016-15 is effective for the Foundation's year ending June 30, 2021. Earlier application is permitted.

On February 25, 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The FASB is issuing this update to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. To meet that objective, the FASB is amending the FASB Accounting Standards Codification (ASC) and creating Topic 842, Leases. This update is the result of the FASB's and the International Accounting Standards Board's (IASB's) efforts to meet that objective and improve financial reporting. This pronouncement is effective for nonpublic business entities' fiscal years beginning after December 15, 2019. Early adoption is permitted.

On January 5, 2016, the FASB issued ASU No. 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, the long-awaited final standard on the recognition and measurement of financial instruments. The ASU applies to all entities that hold financial assets or owe financial liabilities and represents the finalization of just one component of the FASB's broader financial instruments project. The ASU becomes effective for the Foundation's year ending June 30, 2021. Early adoption is permitted.

On August 18, 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this update change presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These amendments include qualitative and quantitative requirements in the following areas: (1) net asset classes; (2) investment return; (3) expenses; (4) liquidity and availability of resources; and (5) presentation of operating cash flows. ASU No. 2016-14 is effective for the Foundation's year ending June 30, 2019. Once implemented, net assets will be classified as "With Donor Restrictions", or "Without Donor Restrictions".

The Foundation is currently evaluating the potential impact that the adoption of these standards will have on its financial position, results of operations, and related disclosures.

# **PUTNAM CITY PUBLIC SCHOOLS FOUNDATION, INC.**

## **Notes to Financial Statements**

**June 30, 2018**

### **NOTE 2 – INCOME TAX**

The Foundation has qualified as a tax-exempt, not-for-profit organization under Internal Revenue Code Section 501 (c)(3) under a final ruling by the Internal Revenue Service dated November 1992, and is classified as a publically supported organization within the meaning of Code Section 509 (a) (1).

The Foundation is not classified as a private foundation within the meaning as described in the Internal Revenue Code Sections 509(a)(1) and 170(b)(1)(A)(vi), and qualifies as a “50% limit” organization for charitable contribution deductions for individual donors.

The Foundation evaluates and accounts for its uncertain tax positions in accordance with ASC Topic 740, “Income Taxes”, including the Foundation’s tax position as a not-for-profit entity. Through its evaluation of their uncertain tax positions, management has determined no uncertain tax positions existed as of June 30, 2018, which would require the Foundation to record a liability for the uncertain tax positions in its financial statements.

Interest and penalties, if any, resulting from any uncertain tax position required to be recorded by the Foundation would be presented in the supporting services expense in the statement of activities.

Federal and state income tax statutes dictate that tax returns filed in any of the previous three reporting periods remain open to examination. Currently, the Foundation has no open examinations with either the Internal Revenue Service or the Oklahoma Tax Commission.

### **NOTE 3 - INVESTMENTS**

Effective January 1, 2008, GAAP requires adoption of FASB ASC 820, *Fair Value Measurement and Disclosures*, which, among other things, requires enhanced disclosures about assets and liabilities carried at fair value.

As defined ASC 820, fair value is the price that would be received to sell an asset or pay or transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The standard requires utilization of market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observed, market corroborated, or generally unobservable. The standard primarily applies the “Market and Income Approaches” for recurring fair value measurements and utilizes the best available information. Accordingly, these financial statements utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

These financial statements classify fair value balances based on the ability to observe those inputs. ASC 820 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy defined by ASC 820 are as follows:

# PUTNAM CITY PUBLIC SCHOOLS FOUNDATION, INC.

## Notes to Financial Statements

June 30, 2018

### NOTE 3 – INVESTMENTS (continued)

#### Level 1

Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 primarily consists of financial instruments such as exchange-traded derivatives, listed equities, and U.S. government treasury securities.

#### Level 2

Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data, or are supported by observable levels at which transactions are executed in the market place. Instruments in this category include non-exchange-traded derivatives, such as over-the-counter forwards and options.

#### Level 3

Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in Management's best estimate of fair value. At each financial statement date, an analysis is performed for all instruments subject to ASC 820 and includes in Level 3 all of those whose fair value is based on significant unobservable inputs. As of June 30, 2018 and 2017, the Plan had no Level 3 measurements.

The tables below sets forth by level within the fair value hierarchy the Foundation's investments that were accounted for at fair value on a recurring basis as of June 30, 2018 and 2017. As required by ASC 820, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and their placement within the fair value hierarchy levels.

Investments consist of the following at June 30, 2018 and 2017:

2018

	Fair Value	Level 1	Level 2
Mutual funds	\$ -	\$ 451,034	\$ 451,034
Certificates of deposit	51,030	-	51,030
Oklahoma City Community Foundation	265,982	-	265,982
Total	<u>\$ 317,012</u>	<u>\$ 451,034</u>	<u>\$ 738,046</u>

# PUTNAM CITY PUBLIC SCHOOLS FOUNDATION, INC.

## Notes to Financial Statements

June 30, 2018

### NOTE 3 – INVESTMENTS (continued)

2017

	Fair Value	Level 1	Level 2
Mutual funds	\$ -	\$ 434,387	\$ 434,387
Certificates of deposit	50,868	-	50,868
Oklahoma City Community Foundation	260,230	-	260,230
Total	<u>\$ 311,098</u>	<u>\$ 434,387</u>	<u>\$ 745,475</u>

### NOTE 4 – RESTRICTED ASSETS

The restrictions on net assets relate to funds raised that have not yet been expended for their restrictive purpose, or to assets acquired using grant funds for which the agreement specifically restricts the use of the asset for a specified period of time.

The restrictions at June 30, 2018 and 2017 consist of the following unexpended balances:

	2018	2017
Permanently Restricted:		
Lowe Fund	\$ 23,567	\$ 21,498
Legacy Fund	50,886	53,917
Oklahoma City Community Foundation	265,982	260,230
	<u>340,435</u>	<u>335,645</u>
Temporarily Restricted:		
Roger Barrios Scholarship Fund	19,591	17,481
Clay Culver Fund	11,838	10,510
Thomas Glenn Scholarship Fund	36,108	32,595
Dorothy Nixon Scholarship Fund	1,130	-
Community Fund	42,315	34,805
Kirkland Scholarship Fund	7,795	5,832
Cut Above Scholarship Fund	3,500	2,000
Care Share Fund	65,746	65,901
Extended Learning	5,543	5,543
Early Birds	1,463	1,463
	<u>\$ 195,029</u>	<u>\$ 176,133</u>

The funds on deposit at the Oklahoma City Community Foundation (OCCF) were not restricted by a donor when they were deposited with the OCCF. However, the corpus is not available to the Foundation, and would be transferred to other non-profit organizations if it was terminated. Therefore, management considers it to be permanently restricted.

# PUTNAM CITY PUBLIC SCHOOLS FOUNDATION, INC.

## Notes to Financial Statements

June 30, 2018

### NOTE 5 – PROPERTY, EQUIPMENT AND IMPROVEMENTS

Property, equipment and improvements as of June 30, 2018 and 2017, consist of the following:

	2018	2017
Office furniture and equipment	\$ 9,699	\$ 9,699
Less: accumulated depreciation	(9,699)	(9,699)
	<u>\$ -</u>	<u>\$ -</u>

There was no depreciation expense charged to operations for the years ended June 30, 2018 and 2017.

### NOTE 6 – RELATED PARTY TRANSACTIONS

In accordance with the Foundation's conflict of interest policy, all related party transactions are to be fully disclosed. In the years ended June 30, 2018 and 2017, there were no related party transactions.

### NOTE 7 – CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Foundation to concentrations of credit risk, as defined in Financial Accounting Standards Board Accounting Standards Codification 815 (FASB ASC 815), *Derivative and Hedging*, consist principally of cash funds. As of June 30, 2018 and 2017, the Foundation had no cash funds in excess of federally insured limits.

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

### NOTE 8 – ENDOWED FUNDS

The Foundation participates in an endowment fund through the Oklahoma City Community Foundation (OCCF). The 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 into the endowment fund are permitted by the 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 based on the OCCF's spending policy which is currently 5 percent of the average market value over the previous eight quarters of all assets held for the benefit of the Foundation. The OCCF retains variance power over these assets.

The endowed funds contributed by the Foundation and the earnings thereon, net of distributions received, are reflected as beneficial interest in assets held by others in the amount of \$265,982 and \$260,230 at June 30, 2018 and 2017, respectively. The net increase in endowment funds, net of distributions received, was \$5,752 for the year ended June 30, 2018, and \$12,494 for the year ended June 30, 2017.

The endowed funds contributed by third-party donors held by OCCF designated for the benefit of the Foundation are approximately \$247,500 and \$242,000 at June 30, 2018 and 2017, respectively, and are not reflected in the Foundation's Statements of Financial Position.

# **PUTNAM CITY PUBLIC SCHOOLS FOUNDATION, INC.**

## **Notes to Financial Statements**

**June 30, 2018**

### **NOTE 9 – ADVERTISING AND COMMUNITY AWARENESS EXPENSES**

Advertising and promotional costs are expenses when incurred. Gross advertising and community awareness expense totaled \$651 and \$1,168 for the years ended June 30, 2018 and 2017, respectively, and are included in the costs of management and general and fund raising.

### **NOTE 10 – OTHER MATTERS**

During the audit, several unrecorded accounting entries were noted that pertained to prior years' audit adjustments. These adjustments are reflected as a correction of an error in a prior period on the Statement of Activities and Net Assets for the year ended June 30, 2018. The effect of the adjustments was to increase net assets for the year ended June 30, 2018 by \$1,315.

### **NOTE 11 – SUBSEQUENT EVENTS**

In preparing these financial statements, the Foundation evaluated events and transactions for potential recognition or disclosure through February 5, 2019, the date the financial statements were available to be issued.



PUTNAM CITY PUBLIC SCHOOLS  
FOUNDATION, INC.

Audited Financial Statements

June 30, 2018

SUPPLEMENTARY INFORMATION

**PUTNAM CITY PUBLIC SCHOOLS FOUNDATION, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2018**

	Program Services	Management and General	Fundraising	Total Expenses
Compensation (salaries, taxes and benefits)	\$ 73,099	\$ 14,620	\$ 9,747	\$ 97,466
School district and students activities support	129,687	-	-	129,687
Special Events	-	-	699	699
Education and training	354	-	-	354
Professional fees	-	7,901	-	7,901
Bank and administrative fees	-	-	2,831	2,831
Dues and subscriptions	-	1,929	-	1,929
Insurance	-	-	1,924	1,924
Technology expense	1,653	330	220	2,203
Travel	3,606	-	-	3,606
Supplies	1,332	27	-	1,359
Telephone	675	135	90	900
Printing and reproduction	2,009	-	-	2,009
Postage and delivery	-	-	2,136	2,136
Miscellaneous	56	11	7	74
Conferences and conventions	-	487	-	487
Advertising	-	45	606	651
Total expenses before depreciation	212,471	25,485	18,260	256,216
Depreciation	-	-	-	-
Total Expenses	<u>\$ 212,471</u>	<u>\$ 25,485</u>	<u>18,260</u>	<u>\$ 256,216</u>

**PUTNAM CITY PUBLIC SCHOOLS FOUNDATION, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2017**

	Program Services	Management and General	Fundraising	Total Expenses
Compensation (salaries, taxes and benefits)	\$ 69,037	\$ 13,807	\$ 9,205	92,049
School district and students activities support	121,704	-	-	121,704
Special Events	-	-	5,277	5,277
Education and training	876	-	-	876
Professional fees	-	5,011	-	5,011
Bank and administrative fees	-	-	1,131	1,131
Dues and subscriptions	-	2,121	-	2,121
Insurance	-	-	1,557	1,557
Technology expense	1,799	360	239	2,398
Travel	2,234	-	-	2,234
Supplies	989	25	-	1,014
Telephone	619	124	82	825
Printing and reproduction	893	-	-	893
Postage and delivery	-	-	1,503	1,503
Miscellaneous	1,244	249	166	1,659
Conferences and conventions	-	845	-	845
Advertising	-	418	750	1,168
Total expenses before depreciation	<u>199,395</u>	<u>22,960</u>	<u>19,910</u>	<u>242,265</u>
Depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenses	<u><u>\$ 199,395</u></u>	<u><u>\$ 22,960</u></u>	<u><u>19,910</u></u>	<u><u>\$ 242,265</u></u>