

Midwest City - Del City Public Schools

**Financial Statements
And
Independent Auditors' Report**

For the Period Ending June 30, 2016

with comparative totals for June 30, 2015



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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Midwest City-Del City Public Schools Foundation, Inc.

We have audited the accompanying statement of financial position of Midwest City - Del City Public Schools Foundation, Inc. (an Oklahoma not-for-profit corporation) as of June 30, 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 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 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 Midwest City-Del City Public Schools Foundation, Inc. as of June 30, 2016 and 2015, and the changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

James Dee Johnson & Company
Oklahoma City, Oklahoma
January 22, 2017

Midwest City - Del City Public Schools Foundation, Inc.
Statement of Financial Position
As of June 30, 2016
with comparative totals for 2015

	June 30, 2016	June 30, 2015
Assets		
Assets		
Cash	\$ 131,104	\$ 114,975
Accrued Income	27,395	19,866
Investments:		
Cash equivalent funds	62,171	62,079
Certificates of Deposit	101,880	101,623
Beneficial Interest in OK City Community Foundation Endowment Fund	317,500	317,500
Fixed Assets:		
Equipment (net of depreciation)	405	482
Total Assets	<u>\$ 640,455</u>	<u>\$ 616,525</u>

Liabilities and Net Assets

Liabilities		
Accounts Payable	\$ 467	\$ 262
Total Liabilities	<u>467</u>	<u>262</u>
Net Assets		
Unrestricted	313,075	289,556
Temporarily restricted	9,413	9,207
Permanently restricted	317,500	317,500
Total Net Assets	<u>639,988</u>	<u>616,263</u>
Total Liabilities and Net Assets	<u>\$ 640,455</u>	<u>\$ 616,525</u>

See Auditors' Report and Notes to Financial Statements

Midwest City - Del City Public Schools Foundation, Inc.
Statement of Activities
As of June 30, 2016
with comparative totals for 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	1 Year Ended June 30, 2016	1 Year Ended June 30, 2015
Revenues					
Regular	\$ 63,069	\$ 2,550		\$ 65,619	\$ 78,945
Endowment Grant	20,395			20,395	19,866
Grants	7,000			7,000	0
Interest Income	469			469	579
Total Revenues	<u>90,933</u>	<u>2,550</u>		<u>93,483</u>	<u>99,390</u>
Expenditures					
Employee Expenses	24,243			24,243	25,833
Program Grants	23,603	2,344		25,947	33,754
Office Expense	6,096			6,096	6,673
Banquet Expenses	9,634			9,634	11,442
Accounting Fees	3,300			3,300	3,200
Depreciation	77			77	98
Miscellaneous	461			461	323
Total Expenditures	<u>67,414</u>	<u>2,344</u>		<u>69,758</u>	<u>81,323</u>
Change in Net Assets	23,519	206		23,725	18,068
Net Assets, Beginning of Year	<u>289,556</u>	<u>9,207</u>	<u>317,500</u>	<u>616,263</u>	<u>598,195</u>
Net Assets, End of Year	<u>\$ 313,075</u>	<u>\$ 9,413</u>	<u>\$ 317,500</u>	<u>\$ 639,988</u>	<u>\$ 616,263</u>

See Auditors' Report and Notes to Financial Statements

Midwest City - Del City Public Schools Foundation, Inc.
Statement of Cash Flows
For the 1 Year Ended June 30, 2016
with comparative totals for 2015

	1 Year Ended June 30, 2016	1 Year Ended June 30, 2015
Operating Activities		
Change in Net Assets	\$ 23,725	\$ 18,068
Adjustments to reconcile to net cash used in operating activities:		
Depreciation and Amortization	77	98
(Increase) Decrease in Accounts Receivable	(7,529)	(1,218)
Increase (Decrease) in Accounts Payable	206	(249)
Net Cash Provided by (Used In) Operating Activities	<u>16,479</u>	<u>16,699</u>
Investing Activities		
Investment in Endowment Fund	<u>0</u>	<u>0</u>
Net Cash Used in Investing Activities	<u>0</u>	<u>0</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>16,479</u>	<u>16,699</u>
Beginning Cash and Cash Equivalents	<u>278,676</u>	<u>261,977</u>
Ending Cash and Cash Equivalents	<u>\$ 295,155</u>	<u>\$ 278,676</u>

See Auditors' Report and Notes to Financial Statements

Midwest City – Del City Public Schools Foundation, Inc.
Notes to Financial Statements
For the year ended June 30, 2016
with comparative totals for 2015

The Midwest City – Del City Public Schools Foundation, Inc. (the "Foundation") is a not-for-profit corporation, incorporated on April 12, 1989. The purpose of the Foundation is to assist and support the public educational school system in Midwest City and Del City, Oklahoma. They accomplish this by receiving and administering funds for scientific, educational and charitable purposes while fostering educational opportunities for students of the Midwest City and Del City schools. The Foundation obtains and administers programs in pursuit of excellence in education.

Summary of Significant Accounting Policies

The following represent the more significant accounting and reporting policies and practices of the Foundation:

- a. Basis of Accounting: The financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other assets and liabilities.
- b. Cash and Cash Equivalents: For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less, except for investments purchased with endowment or restricted assets, which are classified as long-term investments.
- c. Revenue Recognition: Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. The foundation did not have any unconditional promises to give outstanding at June 30, 2015.
- d. Recognition of Donor Restrictions: Contributions are reported as increases in the appropriate category of net assets. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law, except for changes in fair value for assets held in trust, which are recorded as changes in permanently restricted net assets. Expirations of temporary restrictions recognized on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. Temporary restrictions on gifts to acquire long-lived assets are considered met in the period in which the assets are acquired or placed in service

Midwest City – Del City Public Schools Foundation, Inc.
Notes to Financial Statements
For the year ended June 30, 2016
with comparative totals for 2015

- e. Net Assets: The Foundation's net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation are classified and reported as follows:
- a. *Permanently restricted* - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. The donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.
 - b. *Temporarily restricted* - Net assets subject to donor-imposed stipulations that can be met either by actions of the Foundation and/or the passage of time.
 - c. *Unrestricted* - Net assets for which the donor has not imposed a restriction that the assets be used for a specific purpose or held for a certain period of time.
- f. Beneficial Interest held by Community Foundation: FASB ASC 958, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others* requires the Foundation to account for assets that are contributed by a not-for-profit organization for the benefit of that not-for-profit organization or one of its affiliated organizations as an asset on its statement of Financial Position. The asset has been recorded at the original amount transferred to the Community Foundation.
- g. Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and revenues, gains, other support and expenses recognized during the reporting period. Actual results could differ from those estimates.
- h. Concentration of Credit Risk: The Foundation maintains cash in various bank accounts and certificates of deposits. The Foundation's policy is not to exceed federally insured limits for each individual bank. The Foundation has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk on cash or cash equivalents.
- i. Grants: Grants represent amounts awarded to various schools and organizations in the Mid-Del Public School District to assist with funding of special programs and school program needs. The requesting entity submits details regarding the fund request and the allocation's committee

Midwest City – Del City Public Schools Foundation, Inc.
Notes to Financial Statements
For the year ended June 30, 2016
with comparative totals for 2015

reviews all applications and selects those which best promote academic excellence.

This year the Foundation has continued to support the Bot-Ball Program, a hands-on robotics program where students design, build and program robots and then use them in competitions. The program has expanded to and now includes every elementary, middle and high school in the district. Competitions are held within the district and outside the district.

The program of "Homeless Student Education Fund" was continued and funds were awarded to cover education-related expenses for students impacted by homelessness.

Grants payable consist of unconditional amounts awarded, but not paid. Grants to be paid after one year are discounted to net present value. Grants dependent on the occurrence of a specified and uncertain event are not recognized until the conditions on which they depend are substantially met.

- j. Income taxes - The foundation is exempt from federal income taxes under Section 501(c)3 of the Internal Revenue Code but is required to file an informational Form 990.

Equipment

The investment in equipment as of June 30, 2016, was \$1,148 less accumulated depreciation was \$743 for a net value of \$405. Depreciation expense for year end June 30, 2016 was \$77.

Beneficial Interest in the Oklahoma Community Foundation

During 2001 the Foundation established the Mid-Del Public Schools Foundation's Designated Endowment Fund (the "Endowment Fund") with the Oklahoma City Community Foundation. The Foundation can continue to make annual contributions to the Endowment Fund, and annually will receive distributions of income from the Endowment Fund at a rate established by the Oklahoma City Community Foundation based on the average market value and return on investments inside the funds

Midwest City – Del City Public Schools Foundation, Inc.
Notes to Financial Statements
For the year ended June 30, 2016
with comparative totals for 2015

Under the agreement with the Oklahoma City Community Foundation the foundation will continue to receive its distributions in perpetuity. However, as a community foundation, in accordance with United States Treasury Regulations, the Oklahoma City Community Foundation possesses variance power. Variance power is the unilateral right to remove donor-imposed restrictions upon a gift in response to changed circumstances.

The Oklahoma City Community Foundation interprets its variance power to apply to time restrictions and endowment restrictions as well as purpose restrictions. This power is exercisable only in narrowly defined circumstances. This power is incorporated by reference in the gift instruments for all of the donor-restricted endowment fund gifts received by the Oklahoma City Community Foundation.

Should the Foundation ever decide to liquidate its assets or fundamentally change its purpose, or lose its tax-exempt status, the Oklahoma City Community Foundation has the right to terminate the distributions to the Foundation and use the endowment funds for other purposes under its guidelines.

The fair market value of the full fund balance at June 30, 2016 as noted by the Oklahoma City Community Foundation, including Third-Party Funds not held by the Foundation is \$342,405. Five percent of the annual average of this balance is used to calculate the annual distributions to the Foundation.

The Reciprocal Transfer Funds held as of December 31,

	Initial Amounts Contributed Recorded on the Books	Fair Market Value As reported by Oklahoma City Community Foundation
2016	\$317,500	\$342,405
2015	\$317,500	\$358,387
2014	\$317,500	\$358,477
2013	\$312,500	\$329,256

During the fiscal year ended June 30, 2016 the Foundation received a \$19,866 distribution representing its distribution allocation for 2015 and recorded a distribution receivable of \$20,395 which was received in fiscal year 2017.

Contributions Received Under Temporary Restrictions

Temporary Restricted funds had a beginning balance of \$9,207. During the FY2016, \$2,550 of temporary restricted funds were collected and \$2344 were disbursed. This makes the Temporary Restricted balance \$9,413.20.

Midwest City – Del City Public Schools Foundation, Inc.
Notes to Financial Statements
For the year ended June 30, 2016
with comparative totals for 2015

Contributed Services

The Foundation has a part-time Director to manage the Foundation's day-to-day administrative operations. A portion of the Foundation's activities are performed by volunteers. This includes soliciting, reviewing, and awarding grants. It is estimated that a total of 1,325 hours was donated to the Foundation. The Foundation does not record these contributed services as revenue as it is unable to place a value upon them.

Board of Trustees

The Board of Trustees consists of twelve (12) voting members who are representatives of the community and four (4) ex-officio members. The officers are elected at the annual meeting held on the first Wednesday of May. Special meetings may be called by the president after receiving a written request by a minimum of seven (7) members.

Ex-officio members consist of representatives from the Board of Education, Administration and Faculty but did not constitute a majority of the members of the Board of Trustees of the Foundation.

Subsequent Events

The Foundation has evaluated subsequent events through January 22, 2017 the date which the financial statements were available to be issued. There are no subsequent events to report.