

December 2, 2014

Required Communication

To the Board of Directors  
Weatherford ISD Education Foundation, Inc.

Professional auditing standards require that auditors communicate certain matters to those charged with governance. Those charged with governance include those responsible for overseeing the strategic direction of the entity and obligations related to the accountability of the entity, including the oversight of the financial reporting process. In some cases, those charged with governance are responsible for approving the entity's financial statements. In other cases, management has this responsibility. For entities with a Board of Directors, this term encompasses the term Board of Directors or Audit Committee used elsewhere in generally accepted auditing standards.

The following comments regarding the scope and results of our audit of the Foundation for the year ended December 31, 2013, will assist you in overseeing the financial reporting and disclosure process for which management is responsible.

**Our Responsibility Under Generally Accepted Auditing Standards**

Our responsibility is to express an opinion about whether the financial statements, that have been prepared by management with the oversight of those charged with governance, are presented fairly, in all material respects, in conformity with generally accepted accounting principles. This audit is to be conducted in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk of material misstatement, whether due to fraud or error.

Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities. These responsibilities were previously provided to management and those charged with governance in our formal audit engagement letter.

An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting.

We are responsible for communicating significant matters related to the financial statement audit that are, in our professional judgment, relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Generally accepted auditing

standards do not require the auditor to design procedures for the purpose of identifying other matters to communicate with those charged with governance.

When applicable, we are also responsible for communicating particular matters required by laws or regulations, by agreement with the entity or by additional requirements applicable to the engagement. We are also required to communicate with those charged with governance an overview of the planning and timing of the audit, as deemed appropriate. This information was previously provided in the formal engagement letter.

## **Significant Findings From the Audit**

### **Accounting Policies**

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Foundation are described in the audit report footnotes. We noted no changes in significant accounting policies during the year. In addition, we noted no transactions entered into by the Foundation during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

### **Accounting Estimates**

The Foundation's financial statements may include accounting estimates. Accounting estimates can be an integral part of the financial statements prepared by management and are based on management's current judgments. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from management's current judgments.

### **Audit Adjustments**

All audit adjustments which arose from the audit that either individually or in the aggregate had a significant effect on the Foundation's financial statements were recorded as part of the audit. Uncorrected misstatements, if any, aggregated by us during the current year audit that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole, are summarized in the accompanying schedule.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report, including management's judgments about accounting estimates. No such disagreements arose during the course of our audit.

### **Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other public accounting firms about auditing and accounting matters. To our knowledge, there were no such consultations with other firms or accountants.

### **Issues Discussed Prior to Retention of Independent Auditors**

There were no issues discussed with management that were a condition to our retention.

### **Difficulties Encountered in Performing the Audit**

We encountered no difficulties in dealing with management in performing our audit.

**Other Findings or Issues**

We encountered no other findings or issues arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process.

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This report is intended solely for the information and use of the Board of Directors, the finance or audit committee, management, and others within the Foundation and is not intended to be and should not be used by anyone other than the specified parties.

*Wood, Stephens & O'Neil, L.L.P.*

WEATHERFORD ISD  
EDUCATION FOUNDATION, INC.

Financial Statements &  
Independent Auditor's Report  
Year Ended December 31, 2013

Wood, Stephens & O'Neil, L.L.P.  
Certified Public Accountants

November 14, 2014

Independent Auditor's Report

To the Management and Board of Directors  
Weatherford ISD Education Foundation, Inc.

We have audited the accompanying financial statements of the Weatherford ISD Education Foundation, Inc., a not-for-profit organization, which comprise the statement of financial position as of December 31, 2013 and 2012, 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 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 from 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 the Foundation as of December 31, 2013 and 2012, 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.

*Wood, Stephens & O'Neil, L.L.P.*

# WEATHERFORD ISD EDUCATION FOUNDATION, INC.

## STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2013 AND 2012

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	<u>2013</u>	<u>2012</u>
<b><u>ASSETS:</u></b>		
Cash and cash equivalents	\$ 756,375	\$ 764,624
Contributions receivable	21,560	43,259
Prepaid expenses	-	4,500
<b>TOTAL ASSETS</b>	<b><u>\$ 777,935</u></b>	<b><u>\$ 812,383</u></b>
<b><u>LIABILITIES:</u></b>		
Accounts payable and accrued liabilities	15,315	11,640
Grants payable	9,816	76,768
<b>TOTAL LIABILITIES</b>	<b><u>25,131</u></b>	<b><u>88,408</u></b>
<b><u>NET ASSETS:</u></b>		
Unrestricted	702,804	673,975
Board designated endowment fund	50,000	50,000
Temporarily restricted	-	-
Permanently restricted	-	-
<b>TOTAL NET ASSETS</b>	<b><u>752,804</u></b>	<b><u>723,975</u></b>
 <b>TOTAL LIABILITIES &amp; NET ASSETS</b>	 <b><u>\$ 777,935</u></b>	 <b><u>\$ 812,383</u></b>

The accompanying notes are an integral part of these financial statements.

# WEATHERFORD ISD EDUCATION FOUNDATION, INC.

## STATEMENT OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

<b><u>CHANGES IN UNRESTRICTED NET ASSETS:</u></b>	<u>2013</u>	<u>2012</u>
<b><i>Revenues:</i></b>		
Contributions - unrestricted	\$ 62,601	\$ 61,514
Golf tournament, "net" of direct expenses (\$1,104 - 2013, \$3,845 - 2012)	12,846	10,940
Foundation Ball, "net" of direct expenses (\$44,717 - 2013, \$48,129 - 2012)	31,317	55,661
Interest income	1,665	3,192
Net assets released from restrictions	-	-
<b>TOTAL UNRESTRICTED REVENUES</b>	<u>108,429</u>	<u>131,307</u>
<b><i>Expenses:</i></b>		
Program	59,606	88,870
General and Administrative	19,994	21,770
Fundraising and Development	-	-
<b>TOTAL EXPENSES</b>	<u>79,600</u>	<u>110,640</u>
<b><u>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</u></b>	<u>28,829</u>	<u>20,667</u>
<b><u>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</u></b>		
Contributions - temporarily restricted	-	-
Net assets released from restrictions	-	-
<b><u>INCREASE (DECREASE) IN TEMP. RESTRICTED NET ASSETS</u></b>	<u>-</u>	<u>-</u>
<b><u>CHANGES IN PERMANENTLY RESTRICTED NET ASSETS</u></b>		
	-	-
<b>INCREASE (DECREASE) IN NET ASSETS</b>	28,829	20,667
<b>NET ASSETS, at beginning of year</b>	723,975	703,308
<b>NET ASSETS, at end of year</b>	<u>\$ 752,804</u>	<u>\$ 723,975</u>

The accompanying notes are an integral part of these financial statements.

# WEATHERFORD ISD EDUCATION FOUNDATION, INC.

## STATEMENT OF FUNCTIONAL EXPENSES YEARS ENDED DECEMBER 31, 2013 AND 2012

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	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising and Development</u>	<u>2013 Totals</u>	<u>2012 Totals</u>
Audit and accounting expense	\$ -	\$ -	\$ -	\$ -	\$ 4,000
Advertising expense	-	1,300	-	1,300	1,800
Bank and credit card fees	-	1,111	-	1,111	1,462
Contracted services	12,718	12,718	-	25,436	16,610
Grant expenditures	32,821	-	-	32,821	65,971
Insurance expense	-	1,907	-	1,907	1,749
Miscellaneous expenses	-	2,958	-	2,958	4,454
Scholarships	1,000	-	-	1,000	2,000
School supplies expense	7,448	-	-	7,448	7,589
Teacher of the year banquet expenses	5,619	-	-	5,619	5,005
Total Expenses	<u>\$ 59,606</u>	<u>\$ 19,994</u>	<u>\$ -</u>	<u>\$ 79,600</u>	<u>\$ 110,640</u>

The accompanying notes are an integral part of these financial statements.

# WEATHERFORD ISD EDUCATION FOUNDATION, INC.

## STATEMENT OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

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	<u>2013</u>	<u>2012</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ 28,829	\$ 20,667
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in contributions receivable	21,699	(38,634)
(Increase) decrease in prepaid expenses	4,500	2,493
Increase (decrease) in accounts payable and accrued liabilities	3,675	(41,317)
Increase (decrease) in grants payable	(66,952)	40,125
Net Cash Provided By (Used For) Operating Activities	<u>(8,249)</u>	<u>(16,666)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>	<u>-</u>	<u>-</u>
Net Cash Provided By (Used For) Investing Activities	<u>-</u>	<u>-</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>	<u>-</u>	<u>-</u>
Net Cash Provided By (Used For) Financing Activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(8,249)	(16,666)
Cash and cash equivalents, beginning of year	764,624	781,290
Cash and cash equivalents, end of year	<u>\$ 756,375</u>	<u>\$ 764,624</u>
<b><u>SUPPLEMENTAL DISCLOSURES</u></b>		
None applicable	-	-

The accompanying notes are an integral part of these financial statements.

# WEATHERFORD ISD EDUCATION FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2013 AND 2012

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### **NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

#### **Nature of Activities**

The Weatherford ISD Education Foundation, Inc., (the Foundation), was incorporated in 2000, pursuant to the Texas Non-Profit Corporation Act. The Foundation's mission is to support the development of the Weatherford ISD and its programs, as well as to support, assist, and encourage the students and teachers within the district. The Board of Directors manage the business affairs of the Foundation.

#### **General**

The Foundation's financial statements have been prepared on the accrual basis of accounting. The significant accounting and reporting policies used by the Foundation are described below to enhance the usefulness and understandability of the financial statements.

#### **Financial Statement Presentation**

The Foundation, in accordance with not-for-profit accounting standards, reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. These classes of net assets are based upon the existence or absence of restrictions on use that are placed by its donors.

#### **Donated Equipment and Services**

The Foundation records the value of donated equipment when there is an objective basis available to measure their value. Donated equipment is reflected as contributions in the accompanying statements at their estimated values at the date of receipt. No amounts have been reflected in the statements for donated services as no objective basis is available to measure the value of such services. Nevertheless, numerous volunteers donated significant amounts of time to the Foundation's programs during the year.

#### **Contributions and Recognition of Donor-Imposed Restrictions**

Contributions, including unconditional promises to give, are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as unrestricted. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Donations of property and equipment are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time.

### **Contributions Receivable**

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected within one year are recorded at net realizable value. For these unconditional promises to give the Foundation uses an allowance method to determine the uncollectible portion, based on prior years' experience and management's analysis of the promises made. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

### **Management Estimates and Assumptions**

Management uses estimates and assumptions in preparing statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, the Foundation's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Foundation's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

### **Functional Expenses**

The costs of providing the Foundation's various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain direct and indirect costs have been allocated among the programs and supporting services benefited, based on allocation percentages determined by the Foundation's management.

### **Income Taxes**

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, though it would be subject to tax on income unrelated to its exempt purpose.

### **Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Foundation considers all unrestricted short-term, highly liquid investments with original maturities of three months or less to be cash equivalents.

### **Investments**

Investments are reported at fair value, with any unrealized gains and losses resulting from fluctuations in fair value included in the statement of activities. Unless specifically restricted by the donor, all income, including realized and unrealized gains and losses, from investments is generally included in unrestricted net assets and used for general operating purposes.

### **Fair Value of Financial Instruments**

At December 31, 2013 and 2012, the Foundation's financial instruments consisted of cash and cash investments. The Foundation's cash investments consist of money market accounts and various certificates of deposit. Unless otherwise indicated, the fair value of these financial instruments approximate their recorded values.

**Concentration of Credit and Market Risk**

Financial instruments which potentially subject the Foundation to concentration of credit and market risk consist principally of cash and investments. The Foundation places its cash investments only with high quality financial institutions and limits the amount of credit exposure to any one institution.

**Subsequent Events**

Management has evaluated subsequent events through November 14, 2014, the date the financial statements were available to be issued.

**NOTE 2 - TRANSACTIONS WITH WEATHERFORD ISD**

The Weatherford ISD provides the Foundation with office space, the use of office equipment and certain supplies at no cost. The Weatherford ISD also provides a district employee who manages and administers the Foundation under the direct supervision of the Board of Directors. The Weatherford ISD charges the Foundation a portion of this employee's salary on an annual basis. As in past years, no values for the donated office space, equipment and supplies have been recorded as contributions in the accompanying financial statements.

**NOTE 3 - RESTRICTIONS ON NET ASSETS**

At December 31, 2013 and 2012, there were no assets which were temporarily or permanently restricted.