



**SNOW GARRETT WILLIAMS**  
CERTIFIED PUBLIC ACCOUNTANTS

January 25, 2013

To the Board of Directors of  
Weatherford College  
Foundation, Inc.

We have audited the financial statements of Weatherford College Foundation, Inc. for the year ended August 31, 2012, and have issued our report thereon dated January 25, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated June 27, 2012. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Foundation are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2012. We noted no transactions entered into by the Foundation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. 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 those expected.

The financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

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

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We noted no misstatements related to the financial statements as a result of audit procedures.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated January 25, 2013.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Foundation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Foundation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of Weatherford College Foundation, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Snow Garrett Williams*

Snow Garrett Williams

**WEATHERFORD COLLEGE  
FOUNDATION, INC.**  
**A Component Unit of Weatherford College**

**Annual Financial Report For  
The Years Ended August 31, 2012 and 2011**

**WEATHERFORD COLLEGE  
FOUNDATION, INC.  
A Component Unit of Weatherford College  
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**Financial Section**



**SNOW GARRETT WILLIAMS**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Weatherford College  
Foundation, Inc.

We have audited the accompanying statements of financial position of Weatherford College Foundation, Inc. (a nonprofit organization and a component unit of Weatherford College) as of August 31, 2012 and 2011, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Weatherford College Foundation, Inc. as of August 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Snow Garrett Williams*

Snow Garrett Williams  
January 25, 2013

**WEATHERFORD COLLEGE  
FOUNDATION, INC.**  
**A Component Unit of Weatherford College**  
**Statements of Financial Position**  
**August 31, 2012 and 2011**

	2012	2011
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 180,524	\$ 182,965
Investments	108,538	122,808
Interest receivable	1,609	1,761
Unconditional promises to give, less allowance for uncollectible promises of \$1,000		
Restricted for scholarships	69,454	2,400
Restricted for baseball	-	15,000
Restricted for capital campaign	131,741	-
Total Unconditional Promises to Give	201,195	17,400
Total Current Assets	491,866	324,934
Long-Term Unconditional Promises to Give		
Restricted for scholarships	105,246	29,100
Restricted for capital campaign	78,200	-
Total Long-Term Unconditional Promises to Give	183,446	29,100
Restricted Assets		
Financial assets restricted for:		
Scholarships	4,517,698	3,998,485
Other	1,614,219	1,341,865
Total Restricted Assets	6,131,917	5,340,350
Property and Equipment		
Land	140,000	140,000
Personal property	77,958	77,958
Less accumulated depreciation	(77,958)	(77,958)
Total Property and Equipment (net)	140,000	140,000
Total Assets	\$ 6,947,229	\$ 5,834,384
<b>Liabilities and Net Assets</b>		
Current Liabilities		
Accounts payable	\$ 3,619	\$ 800
Total Current Liabilities	3,619	800
Net Assets:		
Unrestricted	427,052	446,734
Temporarily restricted	1,672,293	961,353
Permanently restricted	4,844,265	4,425,497
Total Net Assets	6,943,610	5,833,584
Total Liabilities and Net Assets	\$ 6,947,229	\$ 5,834,384

**WEATHERFORD COLLEGE  
FOUNDATION, INC.**  
A Component Unit of Weatherford College  
Statements of Activities  
For the Years Ended August 31, 2012 and 2011

	2012				2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Public Support, Revenues and Reclassifications</b>								
Contributions	\$ 1,160	\$ 664,845	\$ 416,851	\$ 1,082,856	\$ 4,261	\$ 57,629	\$ 151,441	\$ 213,331
Interest and dividends	6,067	115,727	114	121,908	9,078	111,952	626	121,656
Miscellaneous income	-	700	-	700	-	-	-	-
Net assets released from restrictions	253,141	(254,741)	1,600	-	146,254	(146,167)	(87)	-
<b>Total public support, revenues, and reclassifications</b>	<b>260,368</b>	<b>526,531</b>	<b>418,565</b>	<b>1,205,464</b>	<b>159,593</b>	<b>23,414</b>	<b>151,980</b>	<b>334,987</b>
<b>Expenses</b>								
<b>Programs</b>								
Contribution to Weatherford College	17,500			17,500	15,000			15,000
Scholarships	115,545			115,545	116,718			116,718
<b>Total programs</b>	<b>133,045</b>	<b>-</b>	<b>-</b>	<b>133,045</b>	<b>131,718</b>	<b>-</b>	<b>-</b>	<b>131,718</b>
<b>Administration</b>								
Awards	5,781			5,781	7,565			7,565
Bad debt	-			-	-			-
Bank fees and charges	20,929			20,929	21,221			21,221
Contract services	99,705			99,705	26,845			26,845
Legal and professional	15,200			15,200	13,550			13,550
Printing and postage	4,045			4,045	5,607			5,607
Receptions and entertainment	7,902			7,902	4,324			4,324
Supplies and other operating expenses	3,383			3,383	6,241			6,241
<b>Total administration</b>	<b>156,945</b>	<b>-</b>	<b>-</b>	<b>156,945</b>	<b>85,353</b>	<b>-</b>	<b>-</b>	<b>85,353</b>
<b>Total expenses</b>	<b>289,990</b>	<b>-</b>	<b>-</b>	<b>289,990</b>	<b>217,071</b>	<b>-</b>	<b>-</b>	<b>217,071</b>
<b>Net revenues and (expenses) before other changes in net assets</b>	<b>(29,622)</b>	<b>526,531</b>	<b>418,565</b>	<b>915,474</b>	<b>(57,478)</b>	<b>23,414</b>	<b>151,980</b>	<b>117,916</b>
<b>Other Changes in Net Assets</b>								
Realized gain (loss) on investments	8,427	172,441	133	181,001	8,448	74,091	214	82,753
Unrealized gain (loss) on investments	1,513	11,968	70	13,551	16,425	140,754	(1,500)	155,679
<b>Total other changes in net assets</b>	<b>9,940</b>	<b>184,409</b>	<b>203</b>	<b>194,552</b>	<b>24,873</b>	<b>214,845</b>	<b>(1,286)</b>	<b>238,432</b>
<b>Change in net assets</b>	<b>(19,682)</b>	<b>710,940</b>	<b>418,768</b>	<b>1,110,026</b>	<b>(32,605)</b>	<b>238,259</b>	<b>150,694</b>	<b>356,348</b>
<b>Net assets at beginning of year</b>	<b>446,734</b>	<b>961,353</b>	<b>4,425,497</b>	<b>5,833,584</b>	<b>479,339</b>	<b>723,094</b>	<b>4,274,803</b>	<b>5,477,236</b>
<b>Net assets at end of year</b>	<b>\$ 427,052</b>	<b>\$ 1,672,293</b>	<b>\$ 4,844,265</b>	<b>\$ 6,943,610</b>	<b>\$ 446,734</b>	<b>\$ 961,353</b>	<b>\$ 4,425,497</b>	<b>\$ 5,833,584</b>



**WEATHERFORD COLLEGE  
FOUNDATION, INC.**  
**A Component Unit of Weatherford College**  
**Statements of Cash Flows**  
**For the Years Ended August 31, 2012 and 2011**

	2012	2011
<b>Operating activities</b>		
Change in net assets	\$ 1,110,026	\$ 356,348
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized gain on sale of investments	(181,001)	(82,753)
Net unrealized gain on investments	(13,551)	(155,679)
Net decrease in:		
Interest receivable	152	1,297
Unconditional promises to give	(338,141)	15,000
Net increase in payables	2,819	800
Net cash provided by operating activities	580,304	135,013
<b>Investing activities</b>		
Proceeds from redemption of securities	3,360,607	1,658,144
Purchases of certificates of deposits	(600,000)	(150,000)
Proceeds from redemption of certificates of deposits	100,000	275,000
Purchases of securities	(3,443,352)	(1,947,486)
Net cash used in investing activities	(582,745)	(164,342)
Net decrease in cash and cash equivalents	(2,441)	(29,329)
Cash and cash equivalents as of beginning of year	182,965	212,294
Cash and cash equivalents as of end of year	<u>\$ 180,524</u>	<u>\$ 182,965</u>

**WEATHERFORD COLLEGE  
FOUNDATION, INC.**  
**A Component Unit of Weatherford College**  
**Notes to Financial Statements**

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The Weatherford College Foundation, Inc. (the Foundation) is a component unit of Weatherford College (the College). The Foundation is designed for the sole purpose of supporting the educational and other activities of the College. The College is not obligated to pay debt related to the Foundation. The Foundation solicits donations and acts as coordinator of gifts made by other parties.

The Foundation is a nonprofit organization exempt from federal income taxes under Internal Revenue Code Section 501 (c)(3) and has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the code.

Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination of taxing authorities. The Foundation has analyzed tax positions taken for filing with the Internal Revenue Service. The Foundation believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Foundation's financial condition, results of operations or cash flows. Accordingly, the Foundation has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at August 31, 2012.

The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Foundation believes it is no longer subject to income tax examinations for years prior to August 31, 2008.

**Public Support and Revenue**

Contributions are generally available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give are recorded as received, and allowances are provided for promises estimated to be uncollectible. Unconditional promises to give due in the next year are reflected as current promises to give, while promises to give due in subsequent years are reflected as long-term promises to give. The majority of the promises to give are received from Parker County contributors. An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable at year end.

Contributions of cash and other assets are reported as temporarily 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 the purpose of a restriction is accomplished, restricted net assets are reclassified and reported in the statement of activities as net assets released from restrictions.

Endowment contributions and investments are permanently restricted by the donor. Investment earnings on permanently restricted contributions are reported as temporarily restricted.

**WEATHERFORD COLLEGE  
FOUNDATION, INC.**  
**A Component Unit of Weatherford College**  
**Notes to Financial Statements**

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash and Cash Equivalents**

The Foundation considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for the purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents.

**Investments**

Investments are comprised of certificates of deposit as well as investments in mutual funds, government securities and corporate stock.

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

**Property and Equipment**

Donations of property and equipment are recorded as support at their estimated fair value. Such donations 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.

**Financial Statement Presentation**

The Foundation 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. In addition, the Foundation is required to present a statement of cash flows.

**Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

**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.

**Reclassifications**

Certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation.

**WEATHERFORD COLLEGE  
FOUNDATION, INC.**  
A Component Unit of Weatherford College  
Notes to Financial Statements

**NOTE B: DEPOSITS, SECURITIES, AND INVESTMENTS**

The Foundation maintains its cash in bank deposit accounts at high quality financial institutions. On August 31, 2012 and 2011, the Foundation's cash was adequately secured.

The cash deposits held at financial institutions can be categorized according to three levels of risk. These three levels of risk are:

- Category 1 Deposits that are insured or collateralized with securities held by the Foundation or its agent in the Foundation's name.
- Category 2 Deposits that are collateralized with securities held by the pledging financial institution's trust department or agent in the Foundation's name.
- Category 3 Deposits that are not collateralized.

Based on these three levels of risk, all of the Foundation's cash deposits were classified as category 1.

Investments

The Foundation holds an investment account with First Financial Trust and Asset Management. The custodial risk categories for the Foundation's investments are as follows:

- Category 1 Investments that are insured, registered or held by the Foundation or its agent in the Foundation's name.
- Category 2 Investments that are uninsured and unregistered held by the counterparty's trust department or agent in the Foundation's name.
- Category 3 Uninsured or unregistered investments that are held by the counterparty, its trust department or its agent, but not in the Foundation's name.

The cost and fair value of the Foundation's investments at August 31, 2012 and 2011 are shown below. These investments are categorized by the custodial risk categories described above.

	August 31, 2012			Fair Value
	1	2	3	
First Financial Trust and Asset Management	\$3,786,594	\$ -	\$ -	\$3,786,594

	August 31, 2011			Fair Value
	1	2	3	
First Financial Trust and Asset Management	\$3,495,027	\$ -	\$ -	\$3,495,027

**WEATHERFORD COLLEGE  
FOUNDATION, INC.**  
A Component Unit of Weatherford College  
Notes to Financial Statements

**NOTE B: DEPOSITS, SECURITIES, AND INVESTMENTS (Continued)**

The following is a reconciliation of total cash and investments to the amounts reported on the Statements of Financial Position, including the increase or (decrease) in reported amounts from the prior year:

	2012	2011	Increase (Decrease)
Cash and Investments:			
Cash	\$ 180,524	\$ 182,965	\$ (2,441)
Certificates of deposit	2,345,323	1,845,323	500,000
Securities	3,895,132	3,617,835	277,297
Total Cash and Investments	\$ 6,420,979	\$ 5,646,123	\$ 774,856
As reported in the Statements of Financial Position:			
Unrestricted:			
Cash and cash equivalents	\$ 180,524	\$ 182,965	\$ (2,441)
Securities	108,538	122,808	(14,270)
Total Unrestricted	289,062	305,773	(16,711)
Restricted (See ** below):			
Certificates of deposit	2,345,323	1,845,323	500,000
Securities	3,786,594	3,495,027	291,567
Total Restricted	6,131,917	5,340,350	791,567
Total Cash and Investments	\$ 6,420,979	\$ 5,646,123	\$ 774,856

\*\* Note: Assets that are designated or donor-restricted for long-term purposes are required to be segregated from other cash and investments and shown as noncurrent assets on the Statement of Financial Position by generally accepted accounting principles.

**WEATHERFORD COLLEGE  
FOUNDATION, INC.**  
A Component Unit of Weatherford College  
Notes to Financial Statements

**NOTE B: DEPOSITS, SECURITIES, AND INVESTMENTS (Continued)**

Investments as of August 31, 2012 and 2011 are summarized as follows:

	August 31, 2012		
	Cost	Market Value	Carrying Value
Unrestricted:			
Securities			
Cash Equivalents	\$ 108,538	\$ 108,538	\$ 108,538
Total Unrestricted	108,538	108,538	108,538
Restricted:			
Certificates of Deposit	2,345,323	2,345,323	2,345,323
Securities			
Cash	27,942	27,942	27,942
Government Securities	235,788	236,663	236,663
Municipal Obligations	842,080	870,451	870,451
Corporate Obligations	1,050,117	1,089,839	1,089,839
Equities	888,772	1,094,271	1,094,271
Mutual Funds`	396,463	467,428	467,428
Total Securities	3,441,162	3,786,594	3,786,594
Total Restricted	5,786,485	6,131,917	6,131,917
Total Investments	<u>\$ 5,895,023</u>	<u>\$ 6,240,455</u>	<u>\$ 6,240,455</u>

	August 31, 2011		
	Cost	Market Value	Carrying Value
Unrestricted:			
Securities			
Cash Equivalents	\$ 122,808	\$ 122,808	\$ 122,808
Total Unrestricted	122,808	122,808	122,808
Restricted:			
Certificates of Deposit	1,845,323	1,845,323	1,845,323
Securities			
Cash	78,598	78,598	78,598
Government Securities	218,707	220,863	220,863
Municipal Obligations	451,500	467,369	467,369
Corporate Obligations	879,585	910,700	910,700
Equities	1,058,683	1,260,269	1,260,269
Mutual Funds`	476,067	557,228	557,228
Total Securities	3,163,140	3,495,027	3,495,027
Total Restricted	5,008,463	5,340,350	5,340,350
Total Investments	<u>\$ 5,131,271</u>	<u>\$ 5,463,158</u>	<u>\$ 5,463,158</u>

**WEATHERFORD COLLEGE  
FOUNDATION, INC.**  
A Component Unit of Weatherford College  
Notes to Financial Statements

**NOTE B: DEPOSITS, SECURITIES, AND INVESTMENTS (Continued)**

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended August 31, 2012 and 2011.

August 31, 2012				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	\$ 6,067	\$ 115,727	\$ 114	\$ 121,908
Realized gain (loss)	8,427	172,441	133	181,001
Unrealized gain (loss)	1,513	11,968	70	13,551
Total investment return	\$ 16,007	\$ 300,136	\$ 317	\$ 316,460
August 31, 2011				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	\$ 9,078	\$ 111,952	\$ 626	\$ 121,656
Realized gain (loss)	8,448	74,091	214	82,753
Unrealized gain (loss)	16,425	140,754	(1,500)	155,679
Total investment return	\$ 33,951	\$ 326,797	\$ (660)	\$ 360,088

**NOTE C: UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give consist of the following as of August 31, 2012 and 2011:

	2012	2011
Receivable in less than one year	\$ 201,195	\$ 17,400
Receivable in one to five years	183,446	29,100
Total unconditional promises to give	\$ 384,641	\$ 46,500

Restrictions for unconditional promises to give are as follows as of August 31, 2012 and 2011:

	2012	2011
Restricted for scholarships	\$ 174,700	\$ 31,500
Restricted for baseball park	-	15,000
Restricted for capital campaign	209,941	-
Total unconditional promises to give	\$ 384,641	\$ 46,500

**WEATHERFORD COLLEGE  
FOUNDATION, INC.**  
A Component Unit of Weatherford College  
Notes to Financial Statements

**NOTE D: RESTRICTED ASSETS**

Financial assets restricted for scholarships and other programs are comprised of the following as of August 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Investments		
Certificates of Deposit	\$ 2,345,323	\$ 1,845,323
Securities	<u>3,786,594</u>	<u>3,495,027</u>
Total restricted investments	<u>\$ 6,131,917</u>	<u>\$ 5,340,350</u>

**NOTE E: TEMPORARILY RESTRICTED NET ASSETS**

Net assets were temporarily restricted for the following purposes as of August 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Scholarships	\$ 805,511	\$ 557,950
Fine arts program	294,934	251,101
Other	<u>571,848</u>	<u>152,302</u>
Total temporarily restricted net assets	<u>\$ 1,672,293</u>	<u>\$ 961,353</u>

**NOTE F: PERMANENTLY RESTRICTED NET ASSETS**

Net assets were permanently restricted for the following purposes and are restricted to investments in perpetuity, the income of which is expendable to support as of August 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Scholarships	\$ 3,886,887	\$ 3,472,035
Fine arts program	653,120	653,120
Other	<u>304,258</u>	<u>300,342</u>
Total permanently restricted net assets	<u>\$ 4,844,265</u>	<u>\$ 4,425,497</u>

**NOTE G: RELATED PARTY TRANSACTIONS**

The Foundation received \$57,250 and \$51,184 from Weatherford College for the Title III Endowment Scholarship Fund in fiscal years 2012 and 2011, respectively. The Foundation remitted \$109,643 and \$110,413 in scholarships to Weatherford College in fiscal years 2012 and 2011, respectively, and \$17,500 and \$15,000 for other contributions to Weatherford College in fiscal years 2012 and 2011, respectively.

**NOTE H: SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events through January 25, 2013, the date the financial statements were available to be issued, and nothing significant requiring disclosure was noted.





**SNOW GARRETT WILLIAMS**  
CERTIFIED PUBLIC ACCOUNTANTS

**Management Letter**

January 25, 2013

To the Board of Directors of the  
Weatherford College Foundation  
Weatherford, Texas

In connection with our audit of the financial statements of the Weatherford College Foundation for the year ended August 31, 2012, we have made a review of the accounting procedures and internal controls. While the primary objective of such a review is to afford us a basis of determining the scope of our audit procedures, it nevertheless presents us with an opportunity to submit, for management's consideration, suggestions for changes in procedures which, in our opinion, could strengthen internal control or contribute to the improvement of operating efficiency.

The comments in this letter are based upon observations made in the course of such a review. The review was not designed for the purpose of expressing an opinion on internal controls, and it would not necessarily disclose all weaknesses in the system. The matters discussed herein were considered during our audit of the above-mentioned financial statements, and they did not modify the opinion expressed in our report on those financial statements. However, we offer for your review the internal control matters, as noted on the following pages, and our proposed solutions thereto along with some comments regarding efficiency.

We have discussed the following comments in detail with the appropriate representatives of the Foundation to insure understanding of the comments and implementation of recommendations. If you have any questions regarding these or any other matters, please feel free to contact us.

This letter is intended solely for the information and use of the Foundation's Board of Directors, management, and others within the Foundation and is not intended to be and should not be used by anyone other than these specified parties.

Finally, we take this opportunity to thank you for your courtesy and cooperation during our audit. Thank you for your business.

Sincerely,

*Snow Garrett Williams*

Snow Garrett Williams

## CURRENT YEAR COMMENTS

### Investment Strategy

**Comment:** We noted while testing assets, that the allocation of assets between cash, certificates of deposits and securities is not in compliance with the investment strategy established in the Foundation's investment policy.

**Recommendation:** We recommend that the Foundation evaluate its investment strategy to ensure that it still is in accordance with the Foundation's investment goals in the current economy. Depending on the results, we also recommend that the Foundation either revise its investment policy or reallocate its assets between cash, certificates of deposits and securities.

### Credit Risk

**Comment:** During our testing related to cash we noted that at certain times during the year the cash balances exceeded the Federal Deposit Insurance Corporation (FDIC) insurance limits and no additional collateral was held for the bank account. Therefore, the balance that exceeded the FDIC insurance limits was exposed to risk. However, we noted at year end the bank balances were below the FDIC insurance limit.

**Recommendation:** We recommend that the Foundation closely monitor its cash balances to ensure that adequate coverage is maintained at all times throughout the year to mitigate exposure to risk.

## OBJECTIVE OF INTERNAL CONTROL

The objective of internal control is to provide reasonable, but not absolute, assurance that the Foundation's assets will be safeguarded against loss from unauthorized use or disposition, and that the reliability of financial records for preparing financial statements and maintaining accountability for assets will be preserved. The concept of reasonable assurance recognizes that the cost of a system of internal control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

Because of inherent limitations in any internal control, misstatements due to error or fraud may occur and not be detected. Control procedures whose effectiveness depends upon the segregation of duties can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projections of any evaluation of the internal control over financial reporting to future periods are subject to the risk that the internal control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.