

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

**Annual Financial Report For  
The Years Ended August 31, 2013 and 2012**

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



**SNOWGARRETT WILLIAMS**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of Weatherford College Foundation, Inc. (a nonprofit organization and a component unit of Weatherford College), which comprise the statements of financial position as of August 31, 2013 and 2012, 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 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 Weatherford College Foundation, Inc. as of August 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.

*Snow Garrett Williams*

Snow Garrett Williams  
January 30, 2014

**WEATHERFORD COLLEGE  
FOUNDATION, INC.**  
**A Component Unit of Weatherford College**  
**Statements of Financial Position**  
**August 31, 2013 and 2012**

	2013	2012
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 211,426	\$ 180,524
Investments	65,809	108,538
Interest receivable	1,734	1,609
Unconditional promises to give, less allowance for uncollectible promises of \$1,000		
Restricted for scholarships	21,634	69,454
Restricted for capital campaign	144,776	131,741
Total Unconditional Promises to Give	166,410	201,195
Total Current Assets	445,379	491,866
Long-Term Unconditional Promises to Give		
Restricted for scholarships	71,333	105,246
Restricted for capital campaign	253,974	78,200
Total Long-Term Unconditional Promises to Give	325,307	183,446
Restricted Assets		
Financial assets restricted for:		
Scholarships	5,002,113	4,517,698
Other	1,739,717	1,614,219
Total Restricted Assets	6,741,830	6,131,917
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	\$ 7,652,516	\$ 6,947,229
<b>Liabilities and Net Assets</b>		
Current Liabilities		
Accounts payable	\$ 10,493	\$ 3,619
Total Current Liabilities	10,493	3,619
Net Assets:		
Unrestricted	408,476	427,052
Temporarily restricted	2,142,051	1,672,293
Permanently restricted	5,091,496	4,844,265
Total Net Assets	7,642,023	6,943,610
Total Liabilities and Net Assets	\$ 7,652,516	\$ 6,947,229

See accompanying notes to financial statements.

**WEATHERFORD COLLEGE  
FOUNDATION, INC.**  
A Component Unit of Weatherford College  
Statements of Activities  
For the Years Ended August 31, 2013 and 2012

	2013				2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Public Support, Revenues and Reclassifications</b>								
Contributions	\$ 2,893	\$ 686,603	\$ 266,371	\$ 955,867	\$ 1,160	\$ 664,845	\$ 416,851	\$ 1,082,856
Interest and dividends	5,723	129,874	52	135,649	6,067	115,727	114	121,908
Miscellaneous income	-	-	-	-	-	700	-	700
Net assets released from restrictions	511,098	(491,848)	(19,250)	-	253,141	(254,741)	1,600	-
<b>Total public support, revenues, and reclassifications</b>	<b>519,714</b>	<b>324,629</b>	<b>247,173</b>	<b>1,091,516</b>	<b>260,368</b>	<b>526,531</b>	<b>418,565</b>	<b>1,205,464</b>
<b>Expenses</b>								
<b>Programs</b>								
Contribution to Weatherford College	266,300	-	-	266,300	17,500	-	-	17,500
Scholarships	129,586	-	-	129,586	115,545	-	-	115,545
<b>Total programs</b>	<b>395,886</b>	<b>-</b>	<b>-</b>	<b>395,886</b>	<b>133,045</b>	<b>-</b>	<b>-</b>	<b>133,045</b>
<b>Administration</b>								
Awards	12,837	-	-	12,837	5,781	-	-	5,781
Bad debt	28,250	-	-	28,250	-	-	-	-
Bank fees and charges	19,402	-	-	19,402	17,672	-	-	17,672
Contract services	46,171	-	-	46,171	99,795	-	-	99,795
Legal and professional	13,725	-	-	13,725	15,200	-	-	15,200
Printing and postage	10,865	-	-	10,865	4,045	-	-	4,045
Receptions and entertainment	11,256	-	-	11,256	11,069	-	-	11,069
Supplies and other operating expenses	6,292	-	-	6,292	3,383	-	-	3,383
<b>Total administration</b>	<b>148,798</b>	<b>-</b>	<b>-</b>	<b>148,798</b>	<b>156,945</b>	<b>-</b>	<b>-</b>	<b>156,945</b>
<b>Total expenses</b>	<b>544,684</b>	<b>-</b>	<b>-</b>	<b>544,684</b>	<b>289,990</b>	<b>-</b>	<b>-</b>	<b>289,990</b>
<b>Net revenues and (expenses) before other changes in net assets</b>	<b>(24,970)</b>	<b>324,629</b>	<b>247,173</b>	<b>546,832</b>	<b>(29,622)</b>	<b>526,531</b>	<b>418,565</b>	<b>915,474</b>
<b>Other Changes in Net Assets</b>								
Realized gain (loss) on investments	3,421	77,651	31	81,103	8,427	172,441	133	181,001
Unrealized gain (loss) on investments	2,973	67,478	27	70,478	1,513	11,968	70	13,551
<b>Total other changes in net assets</b>	<b>6,394</b>	<b>145,129</b>	<b>58</b>	<b>151,581</b>	<b>9,940</b>	<b>184,409</b>	<b>203</b>	<b>194,552</b>
<b>Change in net assets</b>	<b>(18,576)</b>	<b>469,758</b>	<b>247,231</b>	<b>698,413</b>	<b>(19,682)</b>	<b>710,940</b>	<b>418,768</b>	<b>1,110,026</b>
<b>Net assets at beginning 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>
<b>Net assets at end of year</b>	<b>\$ 408,476</b>	<b>\$ 2,142,051</b>	<b>\$ 5,091,496</b>	<b>\$ 7,642,023</b>	<b>\$ 427,052</b>	<b>\$ 1,672,293</b>	<b>\$ 4,844,265</b>	<b>\$ 6,943,610</b>

See accompanying notes to financial statements.

**WEATHERFORD COLLEGE  
FOUNDATION, INC.**  
**A Component Unit of Weatherford College**  
**Statements of Cash Flows**  
**For the Years Ended August 31, 2013 and 2012**

	<b>2013</b>	<b>2012</b>
<b>Operating activities</b>		
Change in net assets	\$ 698,413	\$ 1,110,026
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized gain on sale of investments	(81,103)	(181,001)
Net unrealized gain on investments	(70,478)	(13,551)
Net (increase) decrease in:		
Interest receivable	(125)	152
Unconditional promises to give	(107,076)	(338,141)
Net increase in payables	6,874	2,819
Net cash provided by operating activities	446,505	580,304
<b>Investing activities</b>		
Proceeds from redemption of securities	1,748,076	3,360,607
Proceeds from redemption of certificates of deposits	945,323	100,000
Purchases of securities	(1,955,669)	(3,443,352)
Purchases of certificates of deposits	(1,153,333)	(600,000)
Net cash used in investing activities	(415,603)	(582,745)
Net increase (decrease) in cash and cash equivalents	30,902	(2,441)
Cash and cash equivalents as of beginning of year	180,524	182,965
Cash and cash equivalents as of end of year	\$ 211,426	\$ 180,524

See accompanying notes to financial statements.



**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 effect 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, 2013.

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, 2009.

**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.**  
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**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.

**WEATHERFORD COLLEGE  
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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, 2013 and 2012, 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, 2013 and 2012 are shown below. These investments are categorized by the custodial risk categories described above.

August 31, 2013				
	1	2	3	Fair Value
First Financial Trust and Asset Management	\$4,254,306	\$ -	\$ -	\$4,254,306
August 31, 2012				
	1	2	3	Fair Value
First Financial Trust and Asset Management	\$3,895,132	\$ -	\$ -	\$3,895,132

**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:

	<u>2013</u>	<u>2012</u>	<u>Increase (Decrease)</u>
Cash and Investments:			
Cash	\$ 211,426	\$ 180,524	\$ 30,902
Certificates of deposit	2,553,333	2,345,323	208,010
Securities	<u>4,254,306</u>	<u>3,895,132</u>	<u>359,174</u>
Total Cash and Investments	<u>\$ 7,019,065</u>	<u>\$ 6,420,979</u>	<u>\$ 598,086</u>
As reported in the Statements of Financial Position:			
Unrestricted:			
Cash and cash equivalents	\$ 211,426	\$ 180,524	\$ 30,902
Securities	<u>65,809</u>	<u>108,538</u>	<u>(42,729)</u>
Total Unrestricted	<u>277,235</u>	<u>289,062</u>	<u>(11,827)</u>
Restricted (See ** below):			
Certificates of deposit	2,553,333	2,345,323	208,010
Securities	<u>4,188,497</u>	<u>3,786,594</u>	<u>401,903</u>
Total Restricted	<u>6,741,830</u>	<u>6,131,917</u>	<u>609,913</u>
Total Cash and Investments	<u>\$ 7,019,065</u>	<u>\$ 6,420,979</u>	<u>\$ 598,086</u>

\*\* 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, 2013 and 2012 are summarized as follows:

August 31, 2013			
	<u>Cost</u>	<u>Market Value</u>	<u>Carrying Value</u>
Unrestricted:			
Securities			
Cash Equivalents	\$ 65,809	\$ 65,809	\$ 65,809
Total Unrestricted	65,809	65,809	65,809
Restricted:			
Certificates of Deposit	2,553,333	2,553,333	2,553,333
Securities			
Cash	103,352	103,352	103,352
Government Securities	607,194	587,351	587,351
Municipal Obligations	820,069	825,075	825,075
Corporate Obligations	901,046	907,297	907,297
Equities	933,365	1,237,868	1,237,868
Mutual Funds	407,564	527,554	527,554
Total Securities	<u>3,772,590</u>	<u>4,188,497</u>	<u>4,188,497</u>
Total Restricted	<u>6,325,923</u>	<u>6,741,830</u>	<u>6,741,830</u>
Total Investments	<u>\$ 6,391,732</u>	<u>\$ 6,807,639</u>	<u>\$ 6,807,639</u>

August 31, 2012			
	<u>Cost</u>	<u>Market Value</u>	<u>Carrying Value</u>
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	<u>3,441,162</u>	<u>3,786,594</u>	<u>3,786,594</u>
Total Restricted	<u>5,786,485</u>	<u>6,131,917</u>	<u>6,131,917</u>
Total Investments	<u>\$ 5,895,023</u>	<u>\$ 6,240,455</u>	<u>\$ 6,240,455</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, 2013 and 2012.

August 31, 2013				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	\$ 5,723	\$ 129,874	\$ 52	\$ 135,649
Realized gain (loss)	3,421	77,651	31	81,103
Unrealized gain (loss)	2,973	67,478	27	70,478
Total investment return	\$ 12,117	\$ 275,003	\$ 110	\$ 287,230

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

**NOTE C: UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give consist of the following as of August 31, 2013 and 2012:

	2013	2012
Receivable in less than one year	\$ 166,410	\$ 201,195
Receivable in one to five years	325,307	183,446
Total unconditional promises to give	\$ 491,717	\$ 384,641

Restrictions for unconditional promises to give are as follows as of August 31, 2013 and 2012:

	2013	2012
Restricted for scholarships	\$ 92,967	\$ 174,700
Restricted for capital campaign	398,750	209,941
Total unconditional promises to give	\$ 491,717	\$ 384,641

**WEATHERFORD COLLEGE  
FOUNDATION, INC.**  
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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, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Investments		
Certificates of Deposit	\$ 2,553,333	\$ 2,345,323
Securities	4,188,497	3,786,594
	<u>\$ 6,741,830</u>	<u>\$ 6,131,917</u>

**NOTE E: TEMPORARILY RESTRICTED NET ASSETS**

Net assets were temporarily restricted for the following purposes as of August 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Scholarships	\$ 965,058	\$ 805,511
Fine arts program	333,492	294,934
Other	843,501	571,848
	<u>\$ 2,142,051</u>	<u>\$ 1,672,293</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, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Scholarships	\$ 4,130,022	\$ 3,886,887
Fine arts program	653,120	653,120
Other	308,354	304,258
	<u>\$ 5,091,496</u>	<u>\$ 4,844,265</u>

**NOTE G: RELATED PARTY TRANSACTIONS**

The Foundation received \$15,925 and \$57,250 from Weatherford College for the Title III Endowment Scholarship Fund in fiscal years 2013 and 2012, respectively. The Foundation remitted \$119,686 and \$109,643 in scholarships to Weatherford College in fiscal years 2013 and 2012, respectively, and \$266,300 and \$17,500 for other contributions to Weatherford College in fiscal years 2013 and 2012, respectively.

**NOTE H: SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events through January 30, 2014, the date the financial statements were available to be issued, and nothing significant requiring disclosure was noted.

