

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

Annual Financial Report For
The Years Ended August 31, 2014 and 2013

**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 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, 2014 and 2013, 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, 2014 and 2013, 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 26, 2015

**WEATHERFORD COLLEGE
FOUNDATION, INC.**
A Component Unit of Weatherford College
Statements of Financial Position
August 31, 2014 and 2013

	2014	2013
Assets		
Current Assets		
Cash and cash equivalents	\$ 197,630	\$ 211,426
Investments	56,263	65,809
Interest receivable	1,689	1,734
Unconditional promises to give, less allowance for uncollectible promises of \$1,000		
Restricted for scholarships	40,083	21,634
Restricted for capital campaign	14,037	144,776
Total Unconditional Promises to Give	54,120	166,410
Total Current Assets	309,702	445,379
Long-Term Unconditional Promises to Give		
Restricted for scholarships	57,500	71,333
Restricted for capital campaign	2,634	253,974
Total Long-Term Unconditional Promises to Give	60,134	325,307
Restricted Assets		
Financial assets restricted for:		
Scholarships	5,656,957	5,002,113
Other	1,642,714	1,739,717
Total Restricted Assets	7,299,671	6,741,830
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	\$ 7,809,507	\$ 7,652,516
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 251	\$ 10,493
Total Current Liabilities	251	10,493
Net Assets:		
Unrestricted	393,642	408,476
Temporarily restricted	1,886,834	2,142,051
Permanently restricted	5,528,780	5,091,496
Total Net Assets	7,809,256	7,642,023
Total Liabilities and Net Assets	\$ 7,809,507	\$ 7,652,516

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, 2014 and 2013

	2014				2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support, Revenues and Reclassifications								
Contributions	\$ 3,200	\$ 126,612	\$ 278,920	\$ 408,732	\$ 2,993	\$ 686,603	\$ 266,371	\$ 955,867
Interest and dividends	4,842	130,402	47	135,291	5,723	128,874	52	135,649
Miscellaneous income	1,000	-	-	1,000	-	-	-	-
Net assets released from restrictions	778,271	(936,437)	158,166	-	511,098	(491,848)	(19,250)	-
Total public support, revenues, and reclassifications	787,313	(679,423)	437,133	545,023	519,714	324,629	247,173	1,091,516
Expenses								
Programs								
Contribution to Weatherford College	553,000	-	-	553,000	266,300	-	-	266,300
Scholarships	183,480	-	-	183,480	129,586	-	-	129,586
Total programs	736,480	-	-	736,480	395,886	-	-	395,886
Administration								
Awards	13,719	-	-	13,719	12,837	-	-	12,837
Bad debt	1,007	-	-	1,007	28,250	-	-	28,250
Bank fees and charges	20,211	-	-	20,211	19,402	-	-	19,402
Contract services	7,199	-	-	7,199	46,171	-	-	46,171
Legal and professional	12,650	-	-	12,650	13,725	-	-	13,725
Printing and postage	6,911	-	-	6,911	10,865	-	-	10,865
Receptions and entertainment	12,314	-	-	12,314	11,256	-	-	11,256
Supplies and other operating expenses	7,407	-	-	7,407	6,292	-	-	6,292
Total administration	81,418	-	-	81,418	148,798	-	-	148,798
Total expenses	817,898	-	-	817,898	544,684	-	-	544,684
Net revenues and (expenses) before other changes in net assets	(30,585)	(679,423)	437,133	(272,875)	(24,970)	324,629	247,173	546,832
Other Changes in Net Assets								
Realized gain on investments	3,885	104,637	37	108,559	3,421	77,651	31	81,103
Unrealized gain on investments	11,866	319,569	114	331,549	2,973	67,478	27	70,478
Total other changes in net assets	15,751	424,206	151	440,108	6,394	145,129	58	151,581
Change in net assets	(14,834)	(255,217)	437,284	167,233	(18,576)	469,758	247,231	698,413
Net assets at beginning of year	408,476	2,142,051	5,091,496	7,642,023	427,052	1,672,293	4,844,265	6,943,610
Net assets at end of year	\$ 393,642	\$ 1,886,834	\$ 5,528,780	\$ 7,809,256	\$ 408,476	\$ 2,142,051	\$ 5,091,496	\$ 7,642,023

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, 2014 and 2013

	2014	2013
Operating activities		
Change in net assets	\$ 167,233	\$ 698,413
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized gain on sale of investments	(108,559)	(81,103)
Net unrealized gain on investments	(331,549)	(70,478)
Net (increase) decrease in:		
Interest receivable	45	(125)
Unconditional promises to give	377,463	(107,076)
Net increase (decrease) in payables	(10,242)	6,874
Net cash provided by operating activities	<u>94,391</u>	<u>446,505</u>
Investing activities		
Proceeds from redemption of securities	1,146,841	1,748,076
Proceeds from redemption of certificates of deposits	1,003,333	945,323
Purchases of securities	(1,254,191)	(1,955,669)
Purchases of certificates of deposits	(1,004,170)	(1,153,333)
Net cash used in investing activities	<u>(108,187)</u>	<u>(415,603)</u>
Net increase (decrease) in cash and cash equivalents	(13,796)	30,902
Cash and cash equivalents as of beginning of year	211,426	180,524
Cash and cash equivalents as of end of year	<u>\$ 197,630</u>	<u>\$ 211,426</u>

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, 2014.

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, 2010.

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
FOUNDATION, INC.**
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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, 2014 and 2013, 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, 2014 and 2013 are shown below. These investments are categorized by the custodial risk categories described above.

August 31, 2014				
	1	2	3	Fair Value
First Financial Trust and Asset Management	\$4,801,764	\$ -	\$ -	\$4,801,764

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

WEATHERFORD COLLEGE
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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>2014</u>	<u>2013</u>	Increase (Decrease)
Cash and Investments:			
Cash	\$ 197,630	\$ 211,426	\$ (13,796)
Certificates of deposit	2,554,170	2,553,333	837
Securities	<u>4,801,764</u>	<u>4,254,306</u>	<u>547,458</u>
Total Cash and Investments	<u>\$ 7,553,564</u>	<u>\$ 7,019,065</u>	<u>\$ 534,499</u>
As reported in the Statements of Financial Position:			
Unrestricted:			
Cash and cash equivalents	\$ 197,630	\$ 211,426	\$ (13,796)
Securities	<u>56,263</u>	<u>65,809</u>	<u>(9,546)</u>
Total Unrestricted	<u>253,893</u>	<u>277,235</u>	<u>(23,342)</u>
Restricted (See ** below):			
Certificates of deposit	2,554,170	2,553,333	837
Securities	<u>4,745,501</u>	<u>4,188,497</u>	<u>557,004</u>
Total Restricted	<u>7,299,671</u>	<u>6,741,830</u>	<u>557,841</u>
Total Cash and Investments	<u>\$ 7,553,564</u>	<u>\$ 7,019,065</u>	<u>\$ 534,499</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.**
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Notes to Financial Statements

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

Investments as of August 31, 2014 and 2013 are summarized as follows:

	August 31, 2014		
	<u>Cost</u>	<u>Market Value</u>	<u>Carrying Value</u>
Unrestricted:			
Securities			
Cash Equivalents	\$ 56,263	\$ 56,263	\$ 56,263
Total Unrestricted	56,263	56,263	56,263
Restricted:			
Certificates of Deposit	2,554,170	2,554,170	2,554,170
Securities			
Cash	84,915	84,915	84,915
Government Securities	781,093	783,986	783,986
Municipal Obligations	891,289	916,902	916,902
Corporate Obligations	799,433	815,648	815,648
Equities	1,031,359	1,533,576	1,533,576
Mutual Funds`	409,954	610,474	610,474
Total Securities	3,998,043	4,745,501	4,745,501
Total Restricted	6,552,213	7,299,671	7,299,671
Total Investments	<u>\$ 6,608,476</u>	<u>\$ 7,355,934</u>	<u>\$ 7,355,934</u>
	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	3,772,590	4,188,497	4,188,497
Total Restricted	6,325,923	6,741,830	6,741,830
Total Investments	<u>\$ 6,391,732</u>	<u>\$ 6,807,639</u>	<u>\$ 6,807,639</u>

**WEATHERFORD COLLEGE
FOUNDATION, INC.**
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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, 2014 and 2013.

	August 31, 2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	\$ 4,842	\$ 130,402	\$ 47	\$ 135,291
Realized gain (loss)	3,885	104,637	37	108,559
Unrealized gain (loss)	11,866	319,569	114	331,549
Total investment return	\$ 20,593	\$ 554,608	\$ 198	\$ 575,399

	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

The Foundation adopted the Financial Accounting Standards Board (FASB) Accounting Standards Codification for financial instruments measured at fair value on a recurring basis. The standard defines the fair value, establishes a framework for measuring fair value in accordance with accounting principles generally accepted in the United States and expands disclosures about fair value measurements.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework establishes a three-tier fair value hierarchy that prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). These tiers include:

- Level 1 Defined as observable inputs such as quoted prices for identical instruments in active markets.

- Level 2 Defined as inputs other than quoted prices in active markets that are directly or indirectly observable such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active.

**WEATHERFORD COLLEGE
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Notes to Financial Statements

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

Level 3 Defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one or more significant value drivers are observable.

The Foundation measures certain financial instruments at fair value on a recurring basis. Financial assets measured at fair value on a recurring basis are as follows as of August 31, 2014 and 2013.

	2014	2013
Investments - Level 1	\$ 4,801,764	\$ 4,254,306
Investments - Level 2	-	-
Investments - Level 3	-	-
	\$ 4,801,764	\$ 4,254,306

NOTE C: UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consist of the following as of August 31, 2014 and 2013:

	2014	2013
Receivable in less than one year	\$ 54,120	\$ 166,410
Receivable in one to five years	60,134	325,307
	\$ 114,254	\$ 491,717

Restrictions for unconditional promises to give are as follows as of August 31, 2014 and 2013:

	2014	2013
Restricted for scholarships	\$ 97,583	\$ 92,967
Restricted for capital campaign	16,671	398,750
	\$ 114,254	\$ 491,717

NOTE D: RESTRICTED ASSETS

Financial assets restricted for scholarships and other programs are comprised of the following as of August 31, 2014 and 2013:

	2014	2013
Investments		
Certificates of Deposit	\$ 2,554,170	\$ 2,553,333
Securities	4,745,501	4,188,497
	\$ 7,299,671	\$ 6,741,830

**WEATHERFORD COLLEGE
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Notes to Financial Statements

NOTE E: TEMPORARILY RESTRICTED NET ASSETS

Net assets were temporarily restricted for the following purposes as of August 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Scholarships	\$ 1,298,323	\$ 965,058
Fine arts program	342,817	333,492
Other	<u>245,694</u>	<u>843,501</u>
Total temporarily restricted net assets	<u>\$ 1,886,834</u>	<u>\$ 2,142,051</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, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Scholarships	\$ 4,457,906	\$ 4,130,022
Fine arts program	725,285	653,120
Other	<u>345,589</u>	<u>308,354</u>
Total permanently restricted net assets	<u>\$ 5,528,780</u>	<u>\$ 5,091,496</u>

NOTE G: RELATED PARTY TRANSACTIONS

The Foundation received \$100,800 and \$15,925 from Weatherford College for the Title III Endowment Scholarship Fund in fiscal years 2014 and 2013, respectively. The Foundation remitted \$173,479 and \$119,686 in scholarships to Weatherford College in fiscal years 2014 and 2013, respectively, and \$553,000 and \$266,300 for other contributions to Weatherford College in fiscal years 2014 and 2013, respectively.

NOTE H: SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through January 26, 2015, the date the financial statements were available to be issued, and nothing significant requiring disclosure was noted.

