



**The Abilene Education Foundation
P.O. Box 1999
Abilene, TX 79604**

**FINANCIAL STATEMENTS
and
INDEPENDENT AUDITOR'S REPORT**

December 31, 2014 and 2013

**Prepared by
McElroy and Company PC**



Independent Auditor's Report

January 21, 2016

To the Board of Trustees of The Abilene Education Foundation Abilene, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of The Abilene Education Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, functional expenses and cash flows (direct method) for the years then ended, and the related notes to the financial statements, and the accompanying supplementary information, statement of cash flow (indirect method) for the years then ended.

Management's Responsibility for the Financial Statements

Management's responsibility is to prepare and fairly present the 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 the 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 the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit 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 the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

McElroy *Certified Public Accountants*
& Company P.C.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Abilene Education Foundation as of December 31, 2014 and 2013, and the changes in its net assets, functional expenses and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



McElroy & Company PC
Addison, Texas



ABILENE EDUCATION FOUNDATION

STATEMENTS OF FINANCIAL POSITION

As of DECEMBER 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets		
Current Assets		
Cash and Cash Equivalents	457,516	383,380
Contributions Receivable	450,000	750,000
CFA Endowment Earnings Receivable	14,930	14,495
Total Current Assets	<u>922,446</u>	<u>1,147,874</u>
Property and Equipment, Net	4,592	7,517
Other Assets		
Deposits	10	10
Investments - Available for Sale	502,614	483,822
Total Other Assets	<u>502,624</u>	<u>483,832</u>
Total Assets	<u>1,429,661</u>	<u>1,639,223</u>
Liabilities and Net Assets		
Current Liabilities		
Accrued Liabilities	8,017	10,500
Payroll Liabilities	2,737	2,423
Total Current Liabilities	<u>10,754</u>	<u>12,923</u>
Net Assets		
Unrestricted	65,747	74,762
Temporarily Restricted	924,499	1,136,820
Permanently Restricted	428,660	414,718
Total Net Assets	<u>1,418,906</u>	<u>1,626,300</u>
Total Liabilities and Net Assets	<u>1,429,661</u>	<u>1,639,223</u>

The Accompanying Notes are an Integral Part of the Financial Statements



ABILENE EDUCATION FOUNDATION, INC

STATEMENTS OF ACTIVITIES

Years Ended DECEMBER 31, 2014 and 2013

	2014				2013			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Contributions, Gains, and Other Support								
Contributions by Program and Endowment								
Abilene COOL Administrative Assistant Supplement		22,000		22,000		22,000		22,000
Abilene COOL Program		14,671		14,671		364,390		364,390
Achievement Grants				-				-
AEF Endowment			3,461	3,461			3,084	3,084
AEF General Contributions	130,251			130,251	117,006			117,006
AEF Scholarship Programs		47,716		47,716		47,621		47,621
AHS Percussion Grant				-		500		500
Alumni Scholarship Administrative Fund		(52)		(52)		51		51
Alumni Scholarship Endowments Fund			5,860	5,860		-	5,833	5,833
Donor Database Funds				-				-
Hygiene Supply Program (Pass-Thru)		500		500				-
Jefferson Center Program (Pass-Thru)		5,000		5,000		10,000		10,000
Jennings Teach'g Excellance Endowments Fund			(100)	(100)			100	100
Laura Dyer Reception		619		619				-
McMurry Intern				-		1,620		1,620
Muhorakeye's DC Trip (Pass-Thru)		1,630		1,630				-
P-16 Looping Program				-		5,000		5,000
Royce Curtis Educator Scholarship Endowments Fund			4,721	4,721			26,485	26,485
Teacher Grant Programs		82,747		82,747		52,729		52,729
Teachers in the Limelight		12,135		12,135		3,132		3,132
Transportation Scholarship Endowment Fund				-				-
Website Maintenance Program		3,500		3,500		3,500		3,500
Inkind Contribution	27,834	21,083		48,918	19,566	10,946		30,512
Investment Income	21,892	11,452		33,344	19,817	9,915		29,732
Realized / Unrealized Gain / (Loss) on Investments	813	8,231		9,043	5,391	51,436		56,827
Other Income				-	10,392			10,392
Net Assets Released from Restrictions				-				-
Satisfaction of Restrictions	443,553	(443,553)		-	429,370	(429,370)		-
Total Revenues, Gains, and Other Support	624,344	(212,321)	13,942	425,966	601,540	153,471	35,502	790,514
Expenses								
Grants and Scholarships Programs	166,477			166,477	165,107			165,107
Other Programs	314,566			314,566	308,464			308,464
Fundraising	56,413			56,413	51,822			51,822
Administrative	95,903	-		95,903	105,286	-		105,286
Total Expenses	633,359	-	-	633,359	630,679	-	-	630,679
Changes in Net Assets	(9,015)	(212,321)	13,942	(207,394)	(29,139)	153,471	35,502	159,834
Net Assets, Beginning of Year	74,762	1,136,820	414,718	1,626,300	143,023	973,394	350,048	1,466,466
Prior Period Adjustment	-	-	-	-	(39,123)	9,955	29,168	(0)
Net Assets, Beginning of Year - Adjusted	74,762	1,136,820	414,718	1,626,300	103,901	983,349	379,216	1,466,466
Net Assets, End of Year	65,747	924,499	428,660	1,418,906	74,762	1,136,820	414,718	1,626,300

The Accompanying Notes are an Integral Part of the Financial Statements



ABILENE EDUCATION FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
 Year Ended DECEMBER 31, 2014

	Program Services							Supporting Services			Combined Total	
	Abilene COOL Program	AEF Scholarship Program	Teacher in the Limelight	Teacher Grant Program	Achievement Grants	Pass-Thru Programs	Various Educational Grants	Total Program Services	Administrative	Fund Raising		Total Supporting Services
Salaries and Wages	46,367							46,367	46,540	6,276	52,816	99,183
Employee Taxes	3,547							3,547	3,560	480	4,040	7,587
Total Salaries and Payroll Related Expenses	49,914	-	-	-				49,914	50,100	6,756	56,856	106,770
Advertising	3,519	1,969						5,488		8,550	8,550	14,038
Bank Fees								-	104	1,124	1,228	1,228
Conference & Seminars	2,700							2,700	279		279	2,979
Depreciation								-	2,875	50	2,925	2,925
Dues, Memberships and Subscriptions	1,558							1,558			-	1,558
Events		4,772	7,775	2,877				15,424		15,881	15,881	31,305
Grants			15,342	67,762	12,447		18,199	113,749			-	113,749
Honorariums		300						300	861		861	1,161
Insurance								-	1,282		1,282	1,282
Meals	282							282	206		206	488
Miscellaneous								-			-	-
Postage / Direct Mail	304							304	761		761	1,065
Professional and Legal Fees								-	31,433		31,433	31,433
Rent								-			-	-
Repairs and Maintenance								-	763	1,320	2,083	2,083
Scholarship		47,000						47,000			-	47,000
Staffs and Staffs Benefits	192,397							192,397			-	192,397
Supplies	4,995					5,129		10,124	2,136		2,136	12,260
Telephone and Utilities	3,600							3,600			-	3,600
Technology Expense	1,447							1,447			-	1,447
Travel	15,673							15,673			-	15,673
Sub-Total	276,389	54,041	23,117	70,639	12,447	5,129	18,199	459,960	90,801	33,681	124,482	584,441
In-Kind Advertising			13,326					13,326			-	13,326
In-Kind Events				3,300				3,300		22,732	22,732	26,032
In-Kind Program		2,722						2,722			-	2,722
In-Kind Rent	1,735							1,735	5,102		5,102	6,837
Total Expenses	278,124	56,763	36,443	73,939	12,447	5,129	18,199	481,043	95,903	56,413	152,316	633,359

The Accompanying Notes are an Integral Part of the Financial Statements.



ABILENE EDUCATION FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
 Year Ended DECEMBER 31, 2013

	Program Services							Supporting Services			Combined Total	
	Abilene COOL Program	AEF Scholarship Program	Teacher in the Limelight	Teacher Grant Program	Achievement Grants	Pass-Thru Programs	Various Educational Grants	Total Program Services	Administrative	Fund Raising		Total Supporting Services
Salaries and Wages	41,857							41,857	54,947	7,527	62,474	104,331
Employee Taxes	3,202							3,202	4,203	576	4,779	7,981
Total Salaries and Payroll Related Expenses	45,059	-	-	-				45,059	59,150	8,103	67,253	112,312
Advertising	7,041	35	-					7,076		5,833	5,833	12,909
Bank Fees								-	82	1,033	1,115	1,115
Depreciation								-	5,518		5,518	5,518
Dues, Memberships and Subscriptions	1,130							1,130			-	1,130
Events		6,008	3,711	1,369				11,088		22,853	22,853	33,941
Gift		300						300	650		650	950
Grants			13,800	64,776	12,972		8,774	100,322			-	100,322
Insurance								-	1,218		1,218	1,218
Meals	692							692	49		49	741
Miscellaneous	61							61	76		76	137
Postage / Direct Mail	602							602	193		193	794
Professional and Legal Fees								-	31,452		31,452	31,452
Property Taxes								-			-	-
Rent	375							375	-		-	375
Repairs and Maintenance								-			-	-
Scholarship		44,400						44,400	1,333		1,333	45,733
Staffs and Staffs Benefits	196,205							196,205			-	196,205
Supplies	8,784					23,120		31,904		-	-	31,904
Telephone and Utilities	3,900							3,900			-	3,900
Technology Expense	2,623							2,623			-	2,623
Travel	16,888							16,888			-	16,888
								-			-	-
Sub-Total	283,360	50,743	17,511	66,145	12,972	23,120	8,774	462,624	99,720	37,822	137,543	600,167
In-Kind Advertising		3,103	5,700					8,803			-	8,803
In-Kind Events		250						250		14,000	14,000	14,250
In-Kind Program								-			-	-
In-Kind Rent	1,893							1,893	5,566		5,566	7,459
Total Expenses	285,253	54,096	23,211	66,145	12,972	23,120	8,774	473,570	105,286	51,822	157,109	630,679

The Accompanying Notes are an Integral Part of the Financial Statements.



ABILENE EDUCATION FOUNDATION

STATEMENTS OF CASH FLOWS - Direct Method

Years Ended DECEMBER 31, 2014 and 2013

	2014	2013
Cash Flows from Operating Activities		
<u>Unrestricted</u>		
Contributions, Gains, and Other Support		
General Contributions	130,251	136,572
Investment Fees	3,581	2,914
Investment Income	20,236	12,881
Other Income	-	10,392
Net Assets Released from Restrictions		
Satisfaction of Restrictions		
Total Revenues, Gains, and Other Support	154,068	162,759
Expenses		
Supporting Services:		
Administrative	90,044	97,949
Fundraising	33,681	51,822
Total Expenses	123,725	149,771
Net Changes-Unrestricted	30,343	12,988
<u>Temporarily Restricted</u>		
Contributions, Gains, and Other Support		
Contributions by Program		
Abilene COOL Administrative Assistant Supplement	22,000	22,000
Abilene COOL Program	314,671	216,283
Achievement Grants	-	-
AEF Scholarship Programs	47,716	50,974
AHS Percussion Grant	-	500
Alumni Scholarship Administrative Fund	(52)	51
Donor Database Funds	-	-
Hygiene Supply Program (Pass-Thru)	500	
Jefferson Center Program	5,000	10,000
Laura Dyer Reception	619	
McMurry Intern	-	1,620
Muhorakeye's DC Trip (Pass-Thru)	1,630	
P-16 Looping Program	-	5,000
Teacher Grant Programs	82,747	52,729
Teachers in the Limelight	12,135	8,832
Website Maintenance Program	3,500	3,500
Young Musicians Program	-	-
Net Assets Released from Restrictions		
Satisfaction of Restrictions		
Total Revenues, Gains, and Other Support	490,467	371,489
Expenses		
Program Services:		
Abilene COOL Program	276,389	285,253
Achievement Grants	12,447	12,972
AEF Scholarship Programs	54,041	54,096
Pass-Thru Programs	5,129	23,120
Teacher Grant Programs	70,639	66,145
Teachers in the Limelight	23,117	23,211
Various Educational Grants	18,199	8,774
Website Maintenance Program	-	-
Young Musicians Program	-	-
Total Expenses	459,960	473,571
Net Changes-Temporarily Restricted	30,507	(102,082)



ABILENE EDUCATION FOUNDATION
STATEMENTS OF CASH FLOWS - Direct Method
Years Ended DECEMBER 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<u>Permanently Restricted</u>		
Contributions, Gains, and Other Support		
Contributions by Endowments		
AEF Endowment	3,461	3,084
Alumni Scholarship Endowments Fund	5,860	5,833
Jennings Teach'g Excellance Endowments Fund	(100)	100
Royce Curtis Educator Scholarship Endowments Fund	4,721	26,485
Transportation Scholarship Endowment Fund	-	-
Endowment Grant / (Donations)	(656)	(27,408)
Investment Income		
Realized / Unrealized Gain / (Loss) on Investments		
Other Income		
Total Revenues, Gains, and Other Support	<u>13,287</u>	<u>8,094</u>
Net Cash Provided (Used) by Operating Activities	<u>74,136</u>	<u>(81,000)</u>
Cash Flows from Investing Activities		
Purchase of Property and Equipment	-	-
Cash from Sale of Building	-	-
Sale of Property and Equipment		
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	74,136	(81,000)
Cash and Cash Equivalents at Beginning of Year	383,380	464,380
Cash and Cash Equivalents at End of Year	<u>457,516</u>	<u>383,380</u>
Supplemental Disclosures		
Interests Paid	-	-

Abilene Education Foundation

Supplemental Information



ABILENE EDUCATION FOUNDATION
STATEMENTS OF CASH FLOWS - Indirect Method
Years Ended DECEMBER 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities		
Change in Net Assets	(207,394)	159,834
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	2,925	5,518
Unrealized Loss (Gain) on Investments	(9,043)	(56,827)
Endowment Grant / (Donations)	(656)	(27,408)
Endowment Earnings	(12,674)	(10,942)
Investment Fees	3,581	2,914
Contributions Restricted from Long Term Investment		
(Increase) Decrease in Operating Assets		
Contributions Receivable	300,000	(150,000)
CFA Endowment Earnings Receivable	(435)	(5,910)
Increase (Decrease) in Operating Liabilities		
Accrued Liabilities	(2,483)	1,200
Payroll Liabilities	315	620
Net Cash Provided (Used) by Operating Activities	<u>74,136</u>	<u>(81,001)</u>
Cash Flows from Investing Activities		
Purchase of Property and Equipment	-	-
Cash from Sale of Building		
Sale of Property and Equipment		
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	74,136	(81,001)
Cash and Cash Equivalents at Beginning of Year	<u>383,380</u>	<u>464,380</u>
Cash and Cash Equivalents at End of Year	<u>457,516</u>	<u>383,380</u>
Supplemental Disclosures		
Interests Paid	-	-

The Abilene Education Foundation

Notes to the Financial Statements

Abilene Education Foundation Notes to the Financial Statements

NOTE 1: STATEMENT OF ORGANIZATION AND PURPOSE

The Abilene Education Foundation (the "AEF") was incorporated on October 10th, 2000, under the laws of the State of Texas as a non-profit corporation. The purpose of the AEF is to receive gifts, bequests, and donations from both the general public and other nonprofit entities, and to use those donations to maintain a fund or funds of real, personal, or other property, to use and apply in whole or in part of the net income and principle exclusively for the support of the Abilene Independent School District, to enrich its academic curriculum, fine arts, and co-curricular programs. Support of the Abilene Independent School District may also include the grant of college, technical, or vocational school scholarships to graduating seniors.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for Not For Profit Organizations. Under this basis of accounting, revenue is recognized when earned, and expenses are recognized when incurred. Policies and practices which materially affect the determination of financial position are summarized as follows:

Basis of Presentation

The AEF has adopted Statements of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". SFAS No. 117 requires the AEF to classify the net assets of the AEF based on the existence or absence of donor imposed restrictions. These classifications of net assets are described as follows:

Unrestricted - All resources over which the governing board has discretionary control.

Temporarily Restricted - Resources that have donor imposed restrictions that permits the AEF to expend the assets as specified and is satisfied either by the passage of time or by actions of the AEF.

Permanently Restricted - Resources that include a donor imposed restriction that stipulates that resources be maintained permanently but permits the AEF to use or expend part or all of the income (or other economic benefit) derived from the donated assets. The endowment principal may be decreased due to market valuations.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Changes in other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Abilene Education Foundation Notes to the Financial Statements

Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

With respect to temporarily restricted net assets, the Foundation has adopted the following accounting policies:

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the temporarily restricted net asset class, and a reclassification to unrestricted net assets is made to reflect the expiration of such restrictions.

The Foundation uses restricted net assets first for contributions received for which both restricted and unrestricted net assets are available.

Cash and Cash Equivalents

Cash and cash equivalents are highly liquid instruments including certificate of deposits invested with regulated financial institutions.

Investments – Available for Sale

Investments are carried at market value. Cash held in certain brokerage accounts is considered a short-term investment. Realized gains and losses on marketable equity securities are recorded and are added to or subtracted from the applicable category of net assets. Unrealized gains and losses are recorded annually on marketable equity securities. Unrealized and realized gains and losses are recorded in the accompanying statements of activities as realized and unrealized gains (losses) on investments.

Investment income is recorded and added to or subtracted from the applicable category of net assets, and is reported as investment income in the accompanying financial statements.

Promises to Give

Contributions are recognized when the AEF is notified of the contribution. Contributions that have donor-imposed restrictions are reported as increases in temporarily or permanently restricted net assets. Other contributions are reported as increases in unrestricted net assets. All are recorded at expected fair market value and are expected to be received within 12 months. AEF has not recorded a bad debt reserve due to immaterial amount.

The AEF received notices from Dian Graves Owen Foundation and Shelton Family Foundation for grants over the next five years to expand and duplicate the COOL program. The AEF will use the funds, in conjunction with other high schools in the district, to hire more college advisors, take more college tours, reach students in the middle schools with information about opportunities for attending college and provide summer camps for students. As of December 31, 2014 and 2013, the AEF has contributions receivable of \$450,000 and \$750,000 outstanding, respectively.

Abilene Education Foundation Notes to the Financial Statements

Fixed Assets

Acquisitions of equipment have been recorded at historical cost. Donated items and other fixed assets are recorded at estimated fair market value of the donated property or equipment as of the date of the donation. Repairs and maintenance of equipment are recorded as expenses when incurred for fixed assets under a year; assets with a useful life of greater than one year are capitalized. Significant improvements to fixed assets are capitalized as additional cost and depreciated. Depreciation is computed using the straight line method over the estimated useful lives of assets. The estimated useful life of office equipment, office furniture and technology grant assets is five years. Depreciation expenses were \$2,925 for the year ended December 31, 2014 and \$5,518 for the year ended December 31, 2013.

Property and equipment consists of the following as of December 31, 2014 and 2013.

	2014	2013
Software	6,096	6,096
Equipment, Office Equipment, Technology Grant Assets	21,805	21,805
Office Furniture	6,910	6,910
	34,811	34,811
Less: Accumulated Depreciation	(30,219)	(27,294)
Net Property and Equipment	4,592	7,517

Federal Income Taxes

The AEF has been granted an exemption from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code in an exemption letter dated February 21, 2001. The Internal Revenue Service has further determined that the AEF is a publicly supported organization under Section 509(a)(1) and 170(b)(1)(A)(vi) of the Internal Revenue Code.

For the year ended December 31, 2014, the Organization did not conduct any unrelated business activities that would be subject to federal income taxes and had no uncertain tax positions. Therefore, no tax provision or liability has been reported in the accompanying financial statements. The Organization's Federal Return of Organization Exempt from Income Tax is subject to examination by the Internal Revenue Service for three years from the date of filing. As a result, the organization is no longer subject to income tax examinations by the tax authorities for years prior to 2011. Under current authoritative pronouncements, Accounting for Uncertainty in Income Taxes, it is necessary to evaluate the tax positions taken or expected to be taken in the course of preparing the Organization's financial statements to determine whether the tax positions are more likely than not of being sustained by the applicable tax authority. Tax positions not deemed to meet the more likely than not threshold would be recorded as a tax benefit or expense in the current year. Reconciliation is not provided herein, as the beginning and ending amounts of unrecognized

Abilene Education Foundation Notes to the Financial Statements

benefits are zero, with no interim additions, reductions or settlements. However, the conclusions regarding the uncertainty in income taxes will be subject to review and may be adjusted at a later date based on factors including, but not limited to, ongoing analysis of tax laws, regulations and interpretations thereof.

Contributions

The AEF has adopted Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made". SFAS No. 116 requires the AEF to record contributions received as unrestricted, temporarily restricted, or permanently restricted support depending on the nature of any restrictions made by the donor. Contributions include gifts of cash and promises to give.

All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions of securities and property to the AEF are recorded at fair market value at the date of the gift. Restricted contributions are reported as restricted support in the period received.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Fair Value Measurements

Generally accepted accounting principles require the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The income approach uses valuation to convert future amounts, such as cash flows or earnings, to a single present amount on a discounted basis. The cost approach is based on the amount that currently would be required to replace the service capacity of an asset (replacement cost). Valuation techniques should be consistently applied. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.



Abilene Education Foundation Notes to the Financial Statements

A fair value hierarchy exists for valuation inputs that give the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (for example: interest rates, volatilities, prepayment speeds, loss severities, credit risks and default rates) or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Significant unobservable inputs that reflect an entity’s own assumptions that market participants would use in pricing the assets or liabilities.

The following schedule classifies the Foundation’s assets and liabilities carried at fair value based upon the three-tier hierarchy required by ASC 820.

Assets at Fair Value as of December 31, 2014				
	Level 1	Level 2	Level 3	Total
Pooled Fund Investment	502,614	-	-	502,614
Total	502,614	-	-	502,614

Assets at Fair Value as of December 31, 2013				
	Level 1	Level 2	Level 3	Total
Pooled Fund Investment	483,822	-	-	483,822
Total	483,822	-	-	483,822

NOTE 3: RISK AND UNCERTAINTIES

Economic and Geographic Concentrations

The Abilene Education Foundation’s activities are focused on the educational needs of the students in the Abilene Independent School District. Thus, the contributors to the organization are limited to individuals, businesses and foundations that have an interest in enhancing the education of AISD students. The economic conditions of the community may have an affect on the level of contributions received.

Abilene Education Foundation Notes to the Financial Statements

Concentrations of Credit Risk – Cash and Investment

The AEF maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The AEF maintains balances at the financial institutions in lack of the insured amount.

The AEF has invested its endowment funds into a variety of financial securities in order to have a better return than money market rates of interest. These investments are subject to market valuation fluctuations and the investments are subject to a risk of loss.

NOTE 4: NET ASSETS

Net Assets are stated at fair value at December 31, 2014 and 2013 and consist of the following:

Unrestricted net assets:

	2014	2013
General Fund	57,409	67,188
AEF Agency Endowment Funds	8,338	7,574
Total Unrestricted Net Assets	65,747	74,762

Temporarily Restricted Net Assets:

	2014	2013
Alumni Scholarship End		
AHS	4,692	4,580
CHS	4,531	4,437
Jennings Teaching Excellence Fund	54,281	53,644
Royce Curtis Scholarship Endowment Fund	5,968	5,039
Abilene COOL Program	752,091	989,850
Abilene COOL Administrative Assistant Supplement	-	1,959
Achievement Grants	-	500
AEF Scholarship Programs	58,628	50,917
AISD Board Security Funds	-	135
Alumni Scholarship Admin Funds	-	52
Donor Database Funds	-	567
Hygiene Supply Program (Pass Thru)	500	-
Jefferson Center Program	11,000	8,880
McMurry Intern	1,541	82
P-16 Looping Program	-	-
Teacher in the Limelight	483	-



**Abilene Education Foundation
Notes to the Financial Statements**

Teacher Grant Programs	24,787	12,679
Website Maintenance Fund	5,997	3,500
Total Temporarily Restricted Net Assets	924,499	1,136,820
<u>Permanently Restricted Net Assets:</u>		
AEF Agency Endowment Fund	40,812	37,351
Alumni Scholarship Endowment		
AHS	31,955	27,631
CHS	24,653	23,117
Jennings Teaching Excellence Fund	275,034	275,134
Royce Curtis Scholarship Endowment Fund	56,206	51,485
Total Permanently Restricted Assets	428,660	414,718

NOTE 5: FUND HELD IN TRUST BY OTHERS (INVESTMENTS)

Investments held by the AEF as of December 31, 2014 and 2013 consist of funds held at The Community Foundation of Abilene. These funds are invested in marketable securities at the Community Foundation of Abilene’s discretion. The board of trustees of The Community Foundation of Abilene shall have the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to a specified organization, if, in the sole judgment of the Board, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served.

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund.
- 2) The purposes of the organization and the donor-restricted endowment fund.
- 3) General economic conditions.
- 4) The possible effect of inflation and deflation.

**Abilene Education Foundation
Notes to the Financial Statements**

- 5) The expected total return from income and the appreciation of investments.
- 6) Other resources of the organization.
- 7) The investment policies of the organization.

Funds held in trust by others and changes in funds held in trust by others for the year ended December 31, 2014 and 2013 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning Balance	7,574	67,699	408,550	483,822
Contribution Received			16,255	16,255
Interests and Dividends Income	1,222	11,452		12,674
Net Realized Gains / Losses				-
Net Unrealized Gains / Losses	813	8,231		9,043
Total Increases	2,035	19,683	16,255	37,972
Grants Paid	932	14,667		15,599
Investments Fees	339	3,243		3,581
Total Decreases	1,271	17,910	-	19,180
Ending Balance 12/31/2014	8,338	69,472	424,804	502,614
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning Balance	42,997	-	348,562	391,559
Prior Period Adjustment	(40,663)	10,778	29,885	(0)
Beginning Balance - Adjusted	2,334	10,778	378,448	391,559
Contribution Received			30,102	30,102
Interests and Dividends Income	1,026	9,915		10,942
Net Realized Gains / Losses				-
Net Unrealized Gains / Losses	5,391	51,436		56,827
Total Increases	6,417	61,352	30,102	97,871
Grants Paid	905	1,789		2,694
Investments Fees	272	2,642		2,914
Total Decreases	1,177	4,431	-	5,608
Ending Balance 12/31/2013	7,574	67,699	408,550	483,822

Abilene Education Foundation Notes to the Financial Statements

The Foundation is the income beneficiary of a trust (the JJM Fund) held by the Community Foundation of Abilene. The Foundation receives income from the trust less administrative and investment fees. The Community Foundation of Abilene retains ownership of the principal. As of December 31, 2014 and 2013, the total beneficial interest receivable from the trust were 14,930 and 14,495, respectively.

This trust agreement has been valued at the discounted present value of expected future cash flows. The expected future cash flows have been discounted at a rate of 5% over an infinite period of time and calculated based upon the current fair value of the trust's assets and other factors stipulated in the agreement. The present value of the expected future cash flows has been reflected as a beneficial interest receivable from the trust agreement in the statement of financial position. The resulting net asset is temporarily restricted due to time. The change in estimated value is reflected as a change in value of trust agreement in the statement of activities.

NOTE 6: PROGRAMS

Grant to Abilene Independent School District

The Abilene Education Foundation purchased television air time on the local TV stations to promote Abilene ISD and the educational advantages available in their offering of advanced placement and dual credit classes in the high schools in the district. The ads were intended to encourage transfers into the district and provide people moving to our community information about the wonderful opportunities offered in AISD that are not available in other districts.

The Royce Curtis Excellence in Education Endowed Scholarship Program

The Abilene Education Foundation received donations to provide the financial assistance for AISD's graduating seniors in order for them to continue their education.

AEF Teacher Grants

The AEF raises money each year to honor outstanding AISD teachers with classroom and instructional grants. These grants are provided to teachers after submission of grant requests to fund school educational projects. Awards are provided to teachers each September to fund the educational projects for the school year.

Teachers in the Limelight

The AEF received donations from Edwin and Agnes Jennings to provide a Teaching Excellence Awards Program. The Teaching Excellence Awards consist of four awards – Outstanding Elementary Teacher, Outstanding Secondary Teacher, Outstanding Math Teacher and Outstanding Science Teacher. The AEF establishes a Committee to evaluate the nominees and determines the recipients of the Teaching Awards and plan the awards ceremony.

Abilene Education Foundation Notes to the Financial Statements

AEF Scholarship Program:

- Alumni Scholarship Endowment Program - The AEF began an Alumni Scholarship Endowment Program in February of 2008. The monies raised for the program are used to fund an endowment where earnings are awarded to seniors in AISD in the form of college scholarships. The amount of the scholarships varies depending on the donations and earnings from investments. The AEF collects all donations, writes all acknowledgements, and administers all scholarships following the guidelines established for past AEF scholarships and all activities to promote the program for a 1 % fee of the donations. The remaining funds are sent to the Community Foundation of Abilene for investment and remain as a permanent endowment for future scholarships.
- AHS and CHS Alumni Scholarship Funds - Funds in the AEF Alumni Scholarship Endowment Program are designated as \$23,117 to Cooper High School and \$27,631 to Abilene High School for scholarships. The AHS and CHS funds consist of permanently restricted donations as well as board restricted funds. Other funds added to the program will be shared equally by both unless restricted by the donor.
- Meta Keith Scholarship Fund - This is a donor-directed memorial scholarship fund to be given as renewable scholarships for four years, beginning in the 2012 fall semester.
- AEF Young Masters Program - The AEF Young Masters Juried Art Exhibition for Advanced Placement Art students celebrates young master artists and their dedicated teachers for demonstrating excellence in artistic education with a quality museum art exhibition. The Young Masters exhibition extends the supporting role of the AEF with AISD, and will impact the future of not only the students selected for the show, but all advanced placement art students by inspiring them to reach their full potential. Additionally, it provides students acclamation that may further enhance opportunities for acceptance into higher education art programs. Scholarship winners are selected by a professional artist, as well as other non-scholarship recognition categories.
- Donations for Other Scholarships - Funds for the Royce Curtis Excellence in Education Endowed Scholarship are from a restricted donation for an endowed scholarship by Bracken Kolle of \$50,000. The scholarship is to be awarded at a future date when enough funds are added that will provide spin off to support a scholarship to an AHS senior. The Kolle Class Endowed Scholarship was renamed to the Royce Curtis Excellence in Education Endowed Scholarship in the summer of 2013.
- AEF Donor Directed Scholarships are given by donors for specific scholarships for students at both AHS and CHS. These scholarships vary in criteria and amount as per the request of the donor.
- Abilene Education Foundation also raises funds for AEF Scholarships on an annual basis.

Abilene Education Foundation Notes to the Financial Statements

AEF COOL Program (College Opportunities for Life)

The Abilene COOL program began in 2007 and provided four counselors (added two counselors in July 2012), two on each AISD high school campus, to identify students that need assistance regarding the college application process. In addition to assisting students in the completion of college applications, the COOL program organizes field trips to college campuses and helps students find scholarships and funds for college. In 2014, the program received contributions of \$14,671 and incurred expenses of \$278,124. In 2013, the program received contributions of \$364,390 and incurred expenses of \$285,253.

Abilene Education Foundation Alumni Scholarship Endowment Program

The Abilene Education Foundation began a Scholarship Endowment Program in February of 2008. The monies raised for the program will be used to fund an endowment where earnings will be awarded to seniors in AISD in the form of College Scholarships. The amount of the scholarships will vary depending on the donations and earnings from investments. The AEF will collect all donations, write all acknowledgements, administer all scholarships following the guidelines established for past AEF scholarships, and administer all activities to promote the program for an 1% fee of the donations. The remaining funds will be sent to the Community Foundation of Abilene for investment and remain there as a permanent endowment for future scholarships.

P-16 Looping Program

This is a donor-directed program that aims to improve mathematics scores by allowing teachers in 8th and 9th grades to teach the same students in mathematics for two consecutive years from middle school to high school, thereby providing consistency. The program will continue as a pilot program for two years, and will thereafter be picked up by AISD if successful.

Abilene Education Foundation Notes to the Financial Statements

NOTE 7: IN-KIND DONATION

The AEF received office space and administrative services for its Executive Director from AISD. The office is supplied with phone service, computer and internet service, copy machine, copy paper, storage room, office supplies, etc. Three other offices with similar provisions are also provided to the two AEF COOL Program College Advisors and the COOL Program Facilitator. The four offices are located at the AISD Administration Building at One AISD Center, 241 Pine Street, Abilene, TX 79601. For the years ended December 31, 2014 and 2013, \$6,837 and \$7,459, respectively, were included in the financial statements for the use of these offices each year. The offices are provided on a month-to-month basis. The AEF also received events services from various providers to raise its funds and promote its programs. In 2014 and 2013, the in-kind donations were \$42,080 and \$23,053, respectively.

NOTE 8: CONTINGENCIES

In the ordinary course of conducting its operations, the Organization may be subjected to loss contingencies arising from lawsuits. Management believes that the outcome of such matters, if any, will not have a material impact on the Organization's financial position or results of future operations.

NOTE 9: SUBSEQUENT EVENTS

The finance committee has decided to change its tax year from calendar year to fiscal year (August to July), starts in 2015. This change would be in the best interest for the programs to run concurrently with the school calendar.

Subsequent events were evaluated through January 21, 2016, the financial statements issue date.