

**Dearborn Public Schools
Education Foundation
(a not-for-profit organization)**

**Financial Report
June 30, 2015**

Dearborn Public Schools Education Foundation

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Independent Auditor's Report

To the Board of Directors
Dearborn Public Schools
Education Foundation

We have audited the accompanying financial statements of Dearborn Public Schools Education Foundation (the "Foundation"), which comprise the balance sheet as of June 30, 2015 and 2014 and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related note 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 audits 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 Dearborn Public Schools Education Foundation as of June 30, 2015 and 2014 and its changes in net assets and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

January 12, 2016

Dearborn Public Schools Education Foundation

Balance Sheet

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Assets		
Cash	\$ 182,476	\$ 246,608
Other assets - Prepaid expenses	4,860	2,014
Total assets	<u>\$ 187,336</u>	<u>\$ 248,622</u>
Liabilities and Net Assets		
Liabilities - Accrued liabilities	\$ -	\$ 7,960
Net Assets		
Unrestricted	88,220	111,266
Temporarily restricted	99,116	129,396
Total net assets	<u>187,336</u>	<u>240,662</u>
Total liabilities and net assets	<u>\$ 187,336</u>	<u>\$ 248,622</u>

Dearborn Public Schools Education Foundation

Statement of Activities and Changes in Net Assets

	Year Ended	
	June 30, 2015	June 30, 2014
Unrestricted Revenue, Gains, and Support		
Contributions	\$ 192,432	\$ 223,686
Interest income	73	61
Total unrestricted revenue, gains, and support	192,505	223,747
Net Assets Released from Restrictions	58,780	19,800
Total unrestricted revenue, gains, support, and net assets released from restrictions	251,285	243,547
Expenses		
Program services - Grants and contributions	154,937	57,275
Support services - Fundraising and administration	119,394	165,209
Total expenses	274,331	222,484
(Decrease) Increase in Unrestricted Net Assets	(23,046)	21,063
Changes in Temporarily Restricted Net Assets		
Contributions	28,500	92,203
Released assets	(58,780)	(19,800)
(Decrease) Increase in Temporarily Restricted Net Assets	(30,280)	72,403
(Decrease) Increase in Net Assets	(53,326)	93,466
Net Assets - Beginning of year	240,662	147,196
Net Assets - End of year	\$ 187,336	\$ 240,662

Dearborn Public Schools Education Foundation

Statement of Cash Flows

	Year Ended	
	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Cash Flows from Operating Activities		
(Decrease) Increase in net assets	\$ (53,326)	\$ 93,466
Changes in operating assets which provided cash:		
Prepaid expenses	(2,846)	9,486
Accrued liabilities	<u>(7,960)</u>	<u>7,960</u>
Net cash (used in) provided by operating activities	(64,132)	110,912
Cash - Beginning of year	<u>246,608</u>	<u>135,696</u>
Cash - End of year	<u>\$ 182,476</u>	<u>\$ 246,608</u>

Dearborn Public Schools Education Foundation

Note to Financial Statements June 30, 2015 and 2014

Note - Nature of Activities and Significant Accounting Policies

Organization and Purpose - Dearborn Public Schools Education Foundation (the "Foundation") was organized to provide support exclusively for the objectives and purposes of Dearborn Public Schools (DPS) and to augment the facilities of DPS in such a manner as may be designated by its Board of Education. All distributions made out of the Foundation, other than normal operating expenses, are to be made to or for the benefit of DPS. Substantially all administrative and general costs incurred by the Foundation since its inception, other than commissions and trust administrative fees, have been paid and expensed by DPS. Upon dissolution of the Foundation, its remaining assets will be distributed to DPS.

Basis of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net assets, revenue, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

- **Unrestricted Net Assets** - Net assets that are not subject to donor-imposed stipulations.
- **Temporarily Restricted Net Assets** - Net assets subject to donor-imposed stipulations that will be met either by actions of the Foundation and/or the passage of time. Contributions received with donor restrictions that are met in the same year as received are reported as unrestricted revenue. Temporarily restricted net assets have donor-imposed stipulations intended for specific academic program expenses.

Revenue is 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. Gains and losses on investments and other assets or liabilities are reported as increases and decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Donated Services - During the 2015 and 2014 fiscal years, the Foundation received no donated services.

Dearborn Public Schools Education Foundation

Note to Financial Statements June 30, 2015 and 2014

Note - Nature of Activities and Significant Accounting Policies (Continued)

Functional Allocation - The costs of providing various programs and support services have been reported on a functional basis in the statement of activities and changes in net assets. Indirect costs have been allocated between the various programs and support services based on estimates, as determined by management. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

Tax Status - The Foundation has received a determination letter that it is exempt from federal income taxes under the provisions of Section 501(c)3 of the Internal Revenue Code. The Foundation is similarly exempt from Michigan taxes.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Foundation and has concluded that as of June 30, 2015 and 2014, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes the Foundation is no longer subject to income tax examinations for fiscal years prior to 2012.

Subsequent Events - The financial statements and related disclosures include evaluation of events up through and including January 12, 2016, which is the date the financial statements were available to be issued.