

**SANGER EDUCATION FOUNDATION, INC.**

FINANCIAL STATEMENTS  
AND  
AUDITORS' REPORT

FOR THE YEARS ENDED AUGUST 31, 2009 AND 2008

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MEMBERS:  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC  
ACCOUNTANTS  
TEXAS SOCIETY OF CERTIFIED  
PUBLIC ACCOUNTANTS

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**HANKINS, EASTUP, DEATON,  
TONN & SEAY**  
A PROFESSIONAL CORPORATION

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CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Sanger Education Foundation, Inc.  
Sanger, Texas

We have audited the accompanying statements of financial position of Sanger Education Foundation, Inc. (a nonprofit organization) as of August 31, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sanger Education Foundation, Inc. as of August 31, 2009 and 2008, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Hankins, Eastup, Deaton, Tonn & Seay*

Hankins, Eastup, Deaton, Tonn & Seay  
A Professional Corporation  
Certified Public Accountants

June 11, 2010

**SANGER EDUCATION FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AUGUST 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 138,866	\$ 144,980
Investments	198,157	180,403
Contributions receivable	<u>64,309</u>	<u>68,810</u>
Total Assets	<u>\$ 401,332</u>	<u>\$ 394,193</u>
<b>LIABILITIES AND NET ASSETS</b>		
Grants Payable	\$ <u>32,960</u>	\$ <u>51,230</u>
Total Liabilities	<u>32,960</u>	<u>51,230</u>
<b>NET ASSETS</b>		
Unrestricted net assets:		
Fair value of endowments below historical cost	(6,495)	(5,736)
Undesignated	<u>218,208</u>	<u>196,225</u>
Total unrestricted net assets	211,713	190,489
Temporarily restricted net assets	1,668	19,563
Permanently restricted net assets	<u>154,991</u>	<u>132,911</u>
Total Net Assets	<u>368,372</u>	<u>342,963</u>
 Total Liabilities and Net Assets	 <u>\$ 401,332</u>	 <u>\$ 394,193</u>

See accompanying notes to financial statements

**SANGER EDUCATION FOUNDATION, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED AUGUST 31, 2009 AND 2008**

	<b>2009</b>			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>Support and Other Revenue:</b>				
Contributions	\$ 42,136	\$ 4,133	\$ 22,080	\$ 68,349
Event ticket sales	7,280	-	-	7,280
Event sponsorship	500	-	-	500
Fundraising revenue	48,348	-	-	48,348
Interest and dividend income	3,176	3,740	-	6,916
Net realized and unrealized gains (losses)	(6,847)	(2,212)	-	(9,059)
Other	130	-	-	130
<b>Total Support and Other Revenue</b>	<u>94,723</u>	<u>5,661</u>	<u>22,080</u>	<u>122,464</u>
<b>Net Assets Released From Restrictions:</b>				
Satisfaction of program restrictions	<u>23,556</u>	<u>(23,556)</u>	<u>-</u>	<u>-</u>
<b>Expenses:</b>				
Grant programs	44,979	-	-	44,979
Management and general	6,940	-	-	6,940
Fundraising	<u>45,136</u>	<u>-</u>	<u>-</u>	<u>45,136</u>
<b>Total Expenses</b>	<u>97,055</u>	<u>-</u>	<u>-</u>	<u>97,055</u>
Change in Net Assets	21,224	(17,895)	22,080	25,409
Net Assets, Beginning of Period	<u>190,489</u>	<u>19,563</u>	<u>132,911</u>	<u>342,963</u>
Net Assets, End of Period	<u>\$ 211,713</u>	<u>\$ 1,668</u>	<u>\$ 154,991</u>	<u>\$ 368,372</u>

See accompanying notes to financial statements

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**2008**

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<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 32,576	\$ 10,703	\$ 20,100	\$ 63,379
8,994	-	-	8,994
988	7,500	-	8,488
55,100	-	-	55,100
3,378	5,130	-	8,508
(8,978)	(702)	-	(9,680)
425	-	-	425
<u>92,483</u>	<u>22,631</u>	<u>20,100</u>	<u>135,214</u>
<u>59,930</u>	<u>(59,930)</u>	<u>-</u>	<u>-</u>
100,048	-	-	100,048
7,647	-	-	7,647
<u>37,934</u>	<u>-</u>	<u>-</u>	<u>37,934</u>
<u>145,629</u>	<u>-</u>	<u>-</u>	<u>145,629</u>
6,784	(37,299)	20,100	(10,415)
<u>183,705</u>	<u>56,862</u>	<u>112,811</u>	<u>353,378</u>
<u>\$ 190,489</u>	<u>\$ 19,563</u>	<u>\$ 132,911</u>	<u>\$ 342,963</u>

**SANGER EDUCATION FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED AUGUST 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 25,409	\$ (10,415)
Adjustments to reconcile change in net assets to cash from operating activities:		
(Increase) decrease in contributions receivable	4,501	70,305
Unrealized losses on investments	14,543	14,165
Increase (decrease) in grants payable	<u>(18,270)</u>	<u>(18,380)</u>
Net adjustments	<u>774</u>	<u>66,090</u>
Net cash flows from operating activities	<u>26,183</u>	<u>55,675</u>
<b>Cash flows from investing activities:</b>		
Purchases of investments	<u>(32,297)</u>	<u>(48,432)</u>
Net increase / (decrease) in cash and cash equivalents	(6,114)	7,243
Cash and cash equivalents, beginning of period	<u>144,980</u>	<u>137,737</u>
Cash and cash equivalents, end of period	<u>\$ 138,866</u>	<u>\$ 144,980</u>
<b>Supplemental Information:</b>		
Interest paid	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements

**SANGER EDUCATION FOUNDATION, INC.**  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2009

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization and Nature of Activities

The Sanger Education Foundation, Inc. (the "Foundation") is a nonprofit organization with the purpose of providing financial support to Sanger Independent School District teachers and students. This purpose is accomplished by the Foundation receiving and managing cash donations from individuals and organizations, and awarding grants. The Foundation was incorporated as a Texas nonprofit corporation in October 2005.

Public Support and Revenue

Certain contributions to the Foundation are temporarily or permanently restricted by the donor to support specific programs of the Foundation. Contributions with no such restrictions are recorded as unrestricted gifts. Unconditional promises to give are recorded as received. Contributions receivable due in the next year are recorded at their net realizable value. Contributions receivable due in subsequent years are recorded at the present value of their net realizable value, using interest rates applicable to the years in which the promises are received to discount the amounts. Substantially all of the Foundation's contributions receivable as of August 31, 2009 and 2008 were due within one year.

Foundation management evaluates the collectibility of contributions on an ongoing basis and writes off any contributions receivable considered uncollectible. There were no contributions as of August 31, 2009 and 2008 that were considered uncollectible based on management's review. Accordingly, no allowance for uncollectible contributions receivable has been recorded.

Contributions of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. Contributions are reported as permanently restricted support if the donor directs that the donation be held in perpetuity.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting. Under this basis, revenues and related assets are recognized when earned and expenses are recognized when incurred.

**SANGER EDUCATION FOUNDATION, INC.**  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2009

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates, judgments and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments, primarily checking and money market accounts, to be cash equivalents.

Investments

Investments are presented in the financial statements at fair value. Investments consist solely of mutual funds whose fair values are based on quoted prices in active markets (Level 1 measurements). Realized and unrealized gains and losses on investments are reflected in the statement of activities. Purchases and sales of investments are recorded on the trade date. Investment income is recorded in the period when earned.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

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.

Grants

Grants are recognized as an expense when the grant is made. The Foundation records a liability at the time the grant is approved and the liability is relieved when the Foundation funds the grant. The Foundation distributes all grant funds to the Sanger Independent School District and the District distributes the funds in accordance with the grant.

**SANGER EDUCATION FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2009**

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**NOTE 2 – INVESTMENTS**

Investments are presented in the financial statements at fair value. Investments are held in an investment brokerage account in the name of the Foundation. No single investment exceeds five percent of the Foundation's net assets.

Investments as of August 31, 2009 and 2008 were composed of the following:

August 31, 2009:

Description	Cost	Fair Value	Unrealized Loss
Mutual Funds	\$ 228,384	\$ 198,157	\$ (30,227)
Total	<u>\$ 228,384</u>	<u>\$ 198,157</u>	<u>\$ (30,227)</u>

August 31, 2008:

Description	Cost	Fair Value	Unrealized Loss
Mutual Funds	\$ 196,387	\$ 180,403	\$ (15,984)
Total	<u>\$ 196,387</u>	<u>\$ 180,403</u>	<u>\$ (15,984)</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended August 31, 2009 and 2008.

August 31, 2009:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	\$ 3,176	\$ 3,740	\$ -	\$ 6,916
Net realized and unrealized gains/(losses)	<u>(6,847)</u>	<u>(2,212)</u>	<u>-</u>	<u>(9,059)</u>
Total investment return	<u>\$ (3,671)</u>	<u>\$ 1,528</u>	<u>\$ -</u>	<u>\$ (2,143)</u>

August 31, 2008:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	\$ 3,378	\$ 5,130	\$ -	\$ 8,508
Net realized and unrealized gains/(losses)	<u>(8,978)</u>	<u>(702)</u>	<u>-</u>	<u>(9,680)</u>
Total investment return	<u>\$ (5,600)</u>	<u>\$ 4,428</u>	<u>\$ -</u>	<u>\$ (1,172)</u>

**SANGER EDUCATION FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2009**

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**NOTE 3 – DONATED SERVICES**

The Foundation receives donated services from employees of the Sanger Independent School District and from volunteers. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such services under SFAS No. 116 have not been satisfied.

**NOTE 4 – INCOME TAX STATUS**

The Foundation has received a letter of determination from the Internal Revenue Service advising that it qualifies as a non-profit corporation under Section 501(c)(3) of the Internal Revenue Code and, therefore, is not subject to income tax. The Foundation is not a private foundation within the meaning of section 509(a) of the Internal Revenue Code.

**NOTE 5 – CONCENTRATIONS OF CREDIT RISK**

The Foundation maintains cash balances at two banks in the North Texas area. Foundation deposits are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each bank (\$100,000 prior to October 3, 2008). There were no balances in excess of the insured limit at either bank as of August 31, 2008 or 2009.

**NOTE 6 – SUBSEQUENT EVENTS**

Management has reviewed events subsequent to August 31, 2009 through June 11, 2010, which is the date the financial statements were available to be issued. No subsequent events were identified that were required to be recorded or disclosed in the financial statements.