

Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

SAN ANTONIO FOUNDATION FOR EXCELLENCE IN EDUCATION, INC.

San Antonio, Texas

FINANCIAL STATEMENTS (with Independent Auditor's Report)

Year Ended December 31, 2016

SAN ANTONIO FOUNDATION
FOR EXCELLENCE IN EDUCATION, INC.
San Antonio, Texas

FINANCIAL STATEMENTS
(with Independent Auditor's Report)

Year Ended December 31, 2016

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities.....	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-12
SUPPLEMENTAL SCHEDULE	
Schedule of Functional Expenses	13-14

Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
San Antonio Foundation for Excellence in Education, Inc.
San Antonio, Texas

We have audited the accompanying financial statements of the San Antonio Foundation for Excellence in Education, Inc. (the Foundation), a nonprofit organization, which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and cash flows for the year 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 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 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 Foundation'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 Foundation'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 the Foundation as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on pages 13-14 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Banza / Gonzalez
& Associates*

March 17, 2017

FINANCIAL STATEMENTS

SAN ANTONIO FOUNDATION FOR EXCELLENCE IN EDUCATION, INC.

San Antonio, Texas

STATEMENT OF FINANCIAL POSITION

December 31, 2016

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 3,425,525
Investments	1,010,982
Investments Held by Others	239,930
Accounts Receivable	<u>6,000</u>

Total Current Assets/Total Assets	<u><u>\$ 4,682,437</u></u>
-----------------------------------	----------------------------

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	<u>\$ 279,802</u>
------------------	-------------------

Total Current Liabilities/Total Liabilities	<u>279,802</u>
---	----------------

Net Assets

Unrestricted	738,392
Temporarily Restricted for:	
Scholarships	193,435
Gifts and Grants for Schools	<u>3,470,808</u>
Total Temporarily Restricted	<u>3,664,243</u>

Total Net Assets	<u>4,402,635</u>
------------------	------------------

Total Liabilities and Net Assets	<u><u>\$ 4,682,437</u></u>
----------------------------------	----------------------------

The accompanying notes to financial statements form an integral part of this statement.

SAN ANTONIO FOUNDATION FOR EXCELLENCE IN EDUCATION, INC.
San Antonio, Texas

STATEMENT OF ACTIVITIES

Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Total
REVENUES AND OTHER SUPPORT			
Contributions	\$ 302,445	\$ 1,320,894	\$ 1,623,339
Contributions - CAST Tech High School	-	2,965,000	2,965,000
Fundraiser - Golf Tournament, Net of \$11,816	77,209	-	77,209
Fundraiser - Inspire Awards, Net of \$42,233	122,820	-	122,820
Fundraiser - Walk/Run Health Fair, Net of \$41,667	12,691	-	12,691
Fundraiser - Athletic Hall of Fame, Net of \$11,491	(3,151)	-	(3,151)
Fundraiser - Chile Bowl, Net of \$29,125	(1,678)	-	(1,678)
Interest and Dividend Income	16,679	-	16,679
Realized Loss on Investments	(10,309)	-	(10,309)
Net Unrealized Gain on Investments	51,705	-	51,705
Net Assets Released from Restrictions			
Restrictions Satisfied by Payments	1,226,889	(1,226,889)	-
Total Revenues and Other Support	1,795,300	3,059,005	4,854,305
EXPENSES			
Program Services			
Innovative Grants	173,652	-	173,652
New Teacher Supply Grants	6,401	-	6,401
Other Teacher Grants	6,404	-	6,404
Mini-Grants	56,683	-	56,683
Grants and Gifts to Schools	402,608	-	402,608
Foundation Initiatives	294,913	-	294,913
Student Scholarships	126,620	-	126,620
CAST Tech High School	463,798	-	463,798
Program Support	185,635	-	185,635
Total Program Services	1,716,714	-	1,716,714
Support Services			
General and Administrative	97,479	-	97,479
Total Expenses	1,814,193	-	1,814,193
Change in Net Assets	(18,893)	3,059,005	3,040,112
Net Assets, January 1, 2016	757,285	605,238	1,362,523
Net Assets, December 31, 2016	\$ 738,392	\$ 3,664,243	\$ 4,402,635

The accompanying notes to financial statements form an integral part of this statement.

SAN ANTONIO FOUNDATION FOR EXCELLENCE IN EDUCATION, INC.
San Antonio, Texas

STATEMENT OF CASH FLOWS

Year Ended December 31, 2016

Cash Flows from Operating Activities

Cash Received from:

Donors	\$ 4,585,339
Fundraiser - Golf Tournament	77,209
Fundraiser - Inspire Awards	122,820
Fundraiser - Run/Walk Health Fair	12,691
Fundraiser - Chile Bowl	(1,678)
Fundraiser - Athletic Hall of Fame	(3,151)
Interest	16,679

Cash Payments for:

Grant Awards and Staffing	(645,748)
Student Scholarships	(126,620)
Foundation Initiatives	(294,913)
CAST Tech High School	(189,763)
Program Support	(185,635)
Vendors for Goods and Services Rendered	(106,516)

Net Cash Provided by Operating Activities	3,260,714
---	-----------

Cash Flows from Investing Activities

Deposits to Investments	(144,591)
Withdrawals from Investments Held by Others	(12,301)

Net Cash (Used) by Investing Activities	(156,892)
---	-----------

Net Increase in Cash and Cash Equivalents	3,103,822
---	-----------

Cash and Cash Equivalents at Beginning of Year	321,703
--	---------

Cash and Cash Equivalents at End of Year	\$ 3,425,525
--	--------------

Reconciliation of Change in Net Assets to Net Cash

Provided by Operating Activities	
Increase in Net Assets	\$ 3,040,112

Adjustments to Reconcile Increase in Net Assets to Net

Cash Provided by Operating Activities:

Net realized and unrealized (gains)/losses on investments	(41,396)
Increase in Accounts Receivable	(6,000)
Increase in Accounts Payable	279,802
Decrease in Accrued Wages Payable	(12,084)
Decrease in Deferred Revenue	(3,000)
Decrease in Prepaid Expenses	3,280

Net Cash Provided by Operating Activities	\$ 3,260,714
---	--------------

The accompanying notes to financial statements form an integral part of this statement.

SAN ANTONIO FOUNDATION FOR EXCELLENCE IN EDUCATION, INC.
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The San Antonio Foundation for Excellence in Education, Inc. (the Foundation), incorporated on December 5, 1997, is a private non-profit corporation and is tax exempt pursuant to Section 501(c)(3) of the Internal Revenue Code (IRC). The Foundation was organized exclusively for charitable and educational purposes; including, the making of distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the IRC. Its main purpose is to facilitate student achievement, develop and recognize staff and teacher excellence, and strengthen partnerships in the San Antonio Independent School District community.

The Foundation is governed by an independent Board of Directors that has authority to make decisions and significantly influence operations.

B. Basis of Accounting

The financial statements are prepared on the accrual basis of accounting and in accordance with the *Financial Accounting Standards Board—Accounting Standards Codification* (FASB—ASC), which is the source of generally accepted accounting principles (GAAP) for non-governmental entities.

In accordance with the FASB—ASC, the Foundation distinguishes between contributions that increase permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets. It also recognizes contributed services meeting certain criteria, at fair values.

The Foundation's financial statements are comprised of a statement of financial position, statement of activities, and statement of cash flows, as required by the FASB—ASC.

C. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SAN ANTONIO FOUNDATION FOR EXCELLENCE IN EDUCATION, INC.
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Income Taxes

The Foundation is a not-for-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the IRC, except to the extent it has unrelated business income. No such provision has been made to the accompanying financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress. The Foundation believes it is no longer subject to income tax examinations for years prior to 2013. There were no interest or penalties assessed to the Foundation by the Internal Revenue Service during the year.

E. Public Support

Funds are generally available for unrestricted use in the related year unless specifically restricted by the donor. The Board retains full control to use unrestricted funds in achieving any of its purposes.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit their use for an established purpose. 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.

F. Net Assets

Unrestricted — Unrestricted net assets are those resources not subject to donor-imposed stipulations. At December 31, 2016, unrestricted net assets totaled \$738,392.

Temporarily Restricted — Temporarily restricted net assets are those resources, subject to donor-imposed restrictions, that will be satisfied by the actions of the Foundation or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. At December 31, 2016, temporarily restricted net assets totaled \$3,664,243.

Permanently Restricted — Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund annual operations. At December 31, 2016, the Foundation did not have any permanently restricted net assets.

SAN ANTONIO FOUNDATION FOR EXCELLENCE IN EDUCATION, INC.
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Grants and Scholarships Expense

Grants are recognized as an expense in the year when the promise is made, while scholarship expenses are recognized in the year owed, i.e. when the student meets enrollment and other qualifying criteria.

H. Cash

For purposes of the statement of cash flows, cash and cash equivalents are comprised of demand deposits, and money market accounts.

2. IN-KIND CONTRIBUTIONS

The Foundation receives and records in-kind contributions in the form of office space provided and wages paid by the San Antonio Independent School District (District) since the fair value can be measured and the criteria for recognition, as required by the FASB-ASC is met. The related revenue and expense is recognized in the financial statements. The amount paid by the District on behalf of the Foundation for office space and wages totaled \$9,000 and \$2,002, respectively.

3. CASH

At December 31, 2016, cash is comprised of the following:

Demand Account	\$ 249,875
Money Market Account	224,984
CDARS Account	<u>2,950,666</u>
Total	<u>\$ 3,425,525</u>

In certain instances, the Foundation maintained cash deposits in excess of federally insured limits. To mitigate this occurrence the Foundation performs an ongoing evaluation of the financial institutions to limit its concentration of credit risk exposure.

During the current year (2016), the Foundation transferred funds into a Certificate of Deposit Account Registry Service (CDARS) account through Frost Bank, a local banking institution. Deposits through this program are authorized by Texas Government Code Section 2256.010(b), and are 100% FDIC insured.

SAN ANTONIO FOUNDATION FOR EXCELLENCE IN EDUCATION, INC.
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2016

4. INVESTMENTS

FASB ASC 820 provides guidance to measure fair value by providing a fair value hierarchy used to classify the source of the information. The fair value hierarchy is based on three levels of inputs, with the first two considered observable, and the last unobservable, and include the following:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date.

Level 2 – Pricing inputs are observable for the instruments, either directly or indirectly, as of the reporting date, but are other than quoted prices as in Level 1. Fair value is determined through observable trading activity reported at net asset value or through the use of models or other valuation methodologies.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant judgment or estimation by the Foundation.

Certificates of Deposit – are recorded at cost, which approximates fair value, as of the reporting date.

Mutual Funds – Equity and Fixed Income – are carried at fair value using quoted prices in active markets for identical assets.

The current fair value of certificates of deposit (Level 2 inputs) and securities (Level 1 inputs) were \$156,165 and \$854,817, respectively, at December 31, 2016.

Investment Type	Fair Value at December 31, 2016		
	Level 1	Level 2	Total
Certificates of Deposit	\$ -	\$ 156,165	\$ 156,165
Mutual Fund – Equity	522,795	-	522,795
Mutual Fund – Fixed Income	332,022	-	332,022
	<u>\$ 854,817</u>	<u>\$ 156,165</u>	<u>\$ 1,010,982</u>

SAN ANTONIO FOUNDATION FOR EXCELLENCE IN EDUCATION, INC.
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2016

5. INVESTMENTS HELD BY OTHERS

The Foundation entered into an investment agreement, with an effective date of August 21, 2014, with the San Antonio Area Foundation (SAAF), where the SAAF agreed to hold investments on behalf of the Foundation. The SAAF has established an agency investment fund (fund), which is used to account for investments held on behalf of the Foundation. In accordance with the investment agreement, the Foundation records an asset in their books of account at the fair market value of the assets held in the fund, as determined by the SAAF. The fair market value of the assets held in the fund at December 31, 2016 was \$239,930.

6. NET ASSETS RELEASED FROM RESTRICTIONS

Expenses incurred to satisfy donor restrictions, are as follows:

Program Services	Amount
ALA Grant Fund	\$ 28,373
ALCOA	13,365
Brighter Sky Foundation Grant	40,000
Carol Lee Jones Fund	54,505
CAST Tech High School	463,798
Charity Ball	45,685
Chile Bowl	2,119
Chile Bowl Gala	27,006
Crockett Elementary School	5,000
Dee Howard Fund	3,409
John Hopkins University	2,500
Google Fiber	17,429
Jefferson High School	7,695
Lanier Kitty Fund	217
College Tour Program	32,355
Just Keep Livin	6,992
Harvey E Najim Foundation Grant	9,809
JT Brackenridge School Foundation	30
Bernal Lanier High School Endowment	500
SA Area Foundation Grant	10,835
Brackenridge High School – Silver and Black Give Back	10,895
Fox Tech High School – Silver and Black Give Back	450
Highland Hills – Silver and Black Give Back	667
Rhodes Middle School – Silver and Black Give Back	7,305
New Leaders	272,517
Wilson Elementary School – Silver and Black Give Back	1,239
SAISD Fine Arts Music Grant	10,000
Student Scholarships	152,194
Total	<u>\$ 1,226,889</u>

SAN ANTONIO FOUNDATION FOR EXCELLENCE IN EDUCATION, INC.
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2016

7. TEMPORARILY RESTRICTED NET ASSETS

Net assets temporarily restricted for certain purposes as of December 31, 2016 are as follows:

Program Services	Amount
ALA Grant Fund	\$ 17,027
ALCOA	16,635
Bernal Lanier High School Endowment	111,336
Brackenridge High School – Silver and Black Give Back	1,075
Brackenridge HS Culinary	15,000
Brighter Sky Foundation Grant	297
Carol Lee Jones Fund	1,714
CAST Tech High School	2,501,202
CAST Tech High School Foundation	100
Charity Ball	59,315
Chile Bowl Gala	29,182
College Tour Program	9,413
Crockett Elementary School	125,000
Dee Howard Fund	1,993
Fox Tech Health Careers Program	11,662
Fox Tech SBGB	3,550
Fox Tech Vietnam Memorial	1,790
Google Fiber	10,046
Greehey Family Foundation	25,000
Highlands High School	18,118
Highland Hills SBGB	1,693
Jefferson High School Environmental Science	(945)
John Hopkins University	5,000
JT Brackenridge School Foundation	370
Just Keep Livin	7,508
Najim E Harvey Family Foundation	45,703
New Leaders	397,483
Regina Perales Memorial Fund	2,319
Rhodes Middle School - Silver and Black Give Back	5
San Antonio Area Foundation – Academic Clubs	4,676
Student Scholarships	193,435
Wilson Elementary School – Silver and Black Give Back	14,165
YMLA Grant Fund	18,376
Zachry	15,000
Total	<u>\$ 3,664,243</u>

SAN ANTONIO FOUNDATION FOR EXCELLENCE IN EDUCATION, INC.
San Antonio, Texas

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2016

8. ECONOMIC CONDITIONS

The Foundation depends heavily on donations and grants for its revenue. Although the Foundation has received more diversified funding, the ability of the Foundation's donors and grantors to continue giving future amounts may be dependent upon economic conditions.

9. SUBSEQUENT EVENTS

The Foundation has evaluated any potential material subsequent events through March 17, 2017 the date of the audit report. No material subsequent events have occurred that require recognition in the financial statements or disclosure in the notes to the financial statements.

10. FUNDRAISERS

During the current year, fundraiser revenue is presented in the Statement of Activities net of related expenses for each of the fundraiser activities.

11. CAST TECH HIGH SCHOOL

During the current year (2016), the Foundation entered into an agreement with various donors and the San Antonio Independent School District associated with contributions for use by the Foundation in CAST Tech High School. Costs for renovating the Fox Tech High School campus for the use of the CAST Tech High School, along with costs associated with purchasing class furnishings and the hiring and preparation of teachers, are to be paid by the Foundation and the San Antonio Independent School District.

SUPPLEMENTAL SCHEDULE

SAN ANTONIO FOUNDATION FOR EXCELLENCE IN EDUCATION, INC.

San Antonio, Texas

SCHEDULE OF FUNCTIONAL EXPENSES

Year Ended December 31, 2016

	PROGRAM EXPENSES				
	Innovative Grants	New Teacher Supply Grants	Other Teacher Grants	Mini Grants	Grants & Gifts to Schools
Bank Charges and Credit Card Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Business Meetings	-	-	-	-	-
Contract Staffing & Stipends	-	-	-	-	-
CAST Tech High School	-	-	-	-	-
Foundation Initiatives	-	-	-	-	-
Gifts	-	-	-	-	38,901
Grants	173,652	6,401	6,404	56,683	322,979
Insurance	-	-	-	-	-
Investment Expenses	-	-	-	-	-
Marketing/Promotions	-	-	-	-	-
Office Expenses	-	-	-	-	-
Postage and Shipping	-	-	-	-	-
Printing and Publications	-	-	-	-	-
Professional Development	-	-	-	-	-
Professional Services	-	-	-	-	-
Project Expenses	-	-	-	-	-
Rent (In-kind)	-	-	-	-	-
Restricted Gifts	-	-	-	-	40,728
Scholarships	-	-	-	-	-
Staffing	-	-	-	-	-
Staffing (In-kind)	-	-	-	-	-
Supplies	-	-	-	-	-
Total Expenses	<u>\$ 173,652</u>	<u>\$ 6,401</u>	<u>\$ 6,404</u>	<u>\$ 56,683</u>	<u>\$ 402,608</u>

Foundation Initiatives	Student Scholarships	CAST Tech High School	Other Program Support	Total Program Expenses	General & Administrative	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,047	\$ 4,047
-	-	-	6,378	6,378	-	6,378
-	-	-	-	-	2,126	2,126
-	-	463,798	-	463,798	-	463,798
294,913	-	-	-	294,913	-	294,913
-	-	-	-	38,901	-	38,901
-	-	-	-	566,119	-	566,119
-	-	-	-	-	2,289	2,289
-	-	-	-	-	2,709	2,709
-	-	-	-	-	4,165	4,165
-	-	-	-	-	1,891	1,891
-	-	-	-	-	598	598
-	-	-	-	-	1,495	1,495
-	-	-	-	-	2,100	2,100
-	-	-	25,000	25,000	14,071	39,071
-	-	-	561	561	-	561
-	-	-	-	-	9,000	9,000
-	-	-	6,002	46,730	-	46,730
-	126,620	-	-	126,620	-	126,620
-	-	-	138,921	138,921	50,591	189,512
-	-	-	-	-	2,002	2,002
-	-	-	8,773	8,773	395	9,168
<u>\$ 294,913</u>	<u>\$ 126,620</u>	<u>\$ 463,798</u>	<u>\$ 185,635</u>	<u>\$ 1,716,714</u>	<u>\$ 97,479</u>	<u>\$ 1,814,193</u>