

**BOISE PUBLIC SCHOOLS
EDUCATION FOUNDATION, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Boise Public Schools Education Foundation, Inc.
Boise, Idaho

We have audited the accompanying financial statements of Boise Public Schools Education Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibilities 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 the 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 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 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 the accounting policies used and the reasonableness of the 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boise Public Schools Education Foundation, Inc., as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Travis Jeffries, P.A.

Boise, Idaho
September 8, 2016

BOISE PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2016 and 2015

ASSETS

	<u>2016</u>	<u>2015</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 275,433	\$ 147,815
District employee charitable campaign receivable	17,582	14,036
Pledges receivable, net of allowances	<u>175,677</u>	<u>-</u>
Total Current Assets	468,692	161,851
INVESTMENTS	3,731,204	3,855,583
PROPERTY AND EQUIPMENT, net of accumulated depreciation	<u>-</u>	<u>2,122</u>
Total Assets	<u><u>\$ 4,199,896</u></u>	<u><u>\$ 4,019,556</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Boise School District payable	\$ 31,855	\$ 56,104
NET ASSETS		
UNRESTRICTED		
Undesignated	68,822	191,648
Endowments		
Unrestricted board designated	932,093	947,538
Board endowment	<u>37,252</u>	<u>37,868</u>
Total Unrestricted Net Assets	1,038,167	1,177,054
TEMPORARILY RESTRICTED		
Temporarily restricted programs	2,279,179	1,953,904
Endowments		
Temporarily restricted endowments/memorials	<u>654,668</u>	<u>628,383</u>
Total Temporarily Restricted Net Assets	2,933,847	2,582,287
PERMANENTLY RESTRICTED		
Endowments	<u>196,027</u>	<u>204,111</u>
Total Net Assets	<u><u>4,168,041</u></u>	<u><u>3,963,452</u></u>
Total Liabilities and Net Assets	<u><u>\$ 4,199,896</u></u>	<u><u>\$ 4,019,556</u></u>

See notes to financial statements.

BOISE PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
UNRESTRICTED NET ASSETS		
Revenue		
Contributions/grants	\$ 6,441	\$ 8,787
In-kind District Support	217,586	211,551
Investment income (loss)	<u>(24,773)</u>	<u>12,588</u>
	199,254	232,926
Net assets released from restrictions	<u>1,407,024</u>	<u>1,628,399</u>
Total Revenue	1,606,278	1,861,325
Expenses		
Program expenses	1,682,034	1,703,426
Office and other operating expenses	88,794	76,059
In-kind District Support	217,586	211,551
Investment fees	<u>26,261</u>	<u>26,593</u>
Total Expenses	<u>2,014,675</u>	<u>2,017,629</u>
Decrease in Unrestricted Net Assets	(408,397)	(156,304)
TEMPORARILY RESTRICTED NET ASSETS		
Revenue		
Contributions/grants	2,024,828	1,888,513
Investment income (loss)	<u>(3,945)</u>	<u>2,681</u>
Total Revenue	2,020,883	1,891,194
Expenses		
Net assets released from restrictions	<u>1,399,813</u>	<u>1,625,770</u>
Increase in Temporarily Restricted Net Assets	621,070	265,424
PERMANENTLY RESTRICTED NET ASSETS		
Revenue		
Contributions	742	564
Investment income (loss)	<u>(1,615)</u>	<u>867</u>
Total Revenue (Loss)	(873)	1,431
Expenses		
Net assets released from restrictions	<u>7,211</u>	<u>2,629</u>
Decrease in Permanently Restricted Net Assets	<u>(8,084)</u>	<u>(1,198)</u>
Increase in Net Assets	204,589	107,922
NET ASSETS, Beginning of Year	<u>3,963,452</u>	<u>3,855,530</u>
NET ASSETS, End of Year	<u><u>\$ 4,168,041</u></u>	<u><u>\$ 3,963,452</u></u>

See notes to financial statements.

BOISE PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 204,589	\$ 107,922
Adjustments to reconcile net increase in net assets to net cash provided by (used in) operating activities:		
Net realized gain on investments	(39,118)	(205,542)
Net unrealized loss on investments	146,549	263,453
Depreciation	2,122	8,488
Changes in operating assets and liabilities:		
District charitable campaign receivable	(3,546)	710
Pledges receivable	(175,677)	-
Accounts payable	(24,249)	67,904
	<u>110,670</u>	<u>242,935</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	763,716	1,417,753
Purchase of investments	(741,293)	(1,748,558)
Stock contributions	(5,475)	(1,013)
	<u>16,948</u>	<u>(331,818)</u>
Increase (Decrease) in Cash and Cash Equivalents	127,618	(88,883)
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>147,815</u>	<u>236,698</u>
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 275,433</u>	<u>\$ 147,815</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Noncash activities:		
Fair market value of District services contributed	<u>\$ 217,586</u>	<u>\$ 211,551</u>

See notes to financial statements.

BOISE PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Nature of Organization

The Boise Public Schools Education Foundation, Inc., a nonprofit corporation, was established in 1985 to generate independent financial support for the Boise School District. The Foundation facilitates donations to support the innovative and motivating programs in the Boise School District. The Foundation is a community-based support effort, separate from the public schools, but working cooperatively with them.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (FASB ASC) 958-205. In accordance with the standard, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Contributions

The Foundation follows the recommendations of the Financial Accounting Standards Board, FASB ASC 958-225 for accounting for contributions received and contributions made.

In accordance with the standard, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities in net assets released from restrictions.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Cash and Cash Equivalents

For the purposes of the statement of cash flows the Foundation considers all its short-term, highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Advertising

The Foundation did not have any advertising expenses for the years ending June 30, 2016 or 2015.

BOISE PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2016 and 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Investments

The Foundation has adopted FASB ASC 958-325 in accounting for investments in financial assets. Under this standard, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. In accordance with FASB ASC 958-225, investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which income and gains are recognized.

Use of Estimates

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

Contributed Services

The Boise School District provides office space and staff to the Foundation. This non-monetary contribution has an estimated value of \$2,700 for the office space and \$214,886 for actual wages/benefits for a total of \$217,586 as of June 30, 2016, and a total of \$211,551 as of June 30, 2015.

Compensated Absences

Compensated absences (in the form of unpaid sick leave) are not paid at termination. In accordance with provisions of FASB ASC 710-10, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. Although one-half of unused sick time is vested and paid towards benefits upon termination, this will not become a liability of the Foundation.

Volunteer Services

A number of volunteers have contributed significant amounts of their time to the Foundation's programs and activities. The value of this contributed time is not reflected in these statements because it is not susceptible to objective measurement or valuation.

Income Tax Status

The Boise Public Schools Education Foundation, Inc., is a nonprofit organization, and has been determined to be exempt from income taxes under Internal Revenue Code Section 501(c)(3), therefore, has no provision for federal income taxes. The Foundation files income tax returns in the U.S. federal jurisdiction. The organization is not a private foundation. The Foundation is no longer subject to U.S. federal income tax examinations by the taxing authorities for the fiscal years before 2012.

BOISE PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2016 and 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Accounting for Uncertainty in Income Taxes

In accordance with FASB ASC 740, Boise Public Schools Education Foundation, Inc. has evaluated its operations as of June 30, 2016 and 2015 as compared to its original application for tax exempt nonprofit status. Upon evaluation, the Foundation does not believe it has any business activities in place that would cause its tax exempt nonprofit status to not be sustained upon audit.

Program Expenses

The Foundation has several major types of programs: Innovation Grant Program, Designated Contributions Program, Thank-A-Teacher Program, Advanced Placement Test Scholarship Program, AVID Program Support and Scholarships, Student Aid for Emergencies (S.A.F.E.), Temporarily Restricted Endowment Administration and Permanently Restricted Endowment Administration. The Innovation Grant Program extends grants to teachers in the Boise School District for special programs. The Designated Contributions Program distributes funds designated by the donor to specific teachers or school programs. The Endowments are administered by the Foundation in adherence to the endowment agreements and at the direction of the Board of Directors. Below are the total program expenditures by program:

	<u>2016</u>	<u>2015</u>
Innovation Grant Awards Program	\$ 113,564	\$ 104,680
Designated Contributions Program	1,212,131	1,219,657
Thank-A-Teacher Program	249,376	237,383
Advanced Placement Test Scholarships	24,683	23,859
AVID Program Support & Scholarships	40,454	42,950
Student Aid For Emergencies Fund (S.A.F.E.)	8,647	50,116
Temporarily Restricted Endowment Distribution	25,968	20,321
Permanently Restricted Endowment Distribution	7,211	4,460
	<u>\$ 1,682,034</u>	<u>\$ 1,703,426</u>

Fixed Assets

Fixed assets are stated at cost. Depreciation is computed using the straight-line method over the estimated useful life of the asset, which is 3 years. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. The Foundation capitalizes assets valued \$1,000 or more. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation expenses for June 30, 2016 and 2015 were \$2,122 and \$8,488, respectively.

NOTE B - CASH AND CASH EQUIVALENTS

	<u>2016</u>	<u>2015</u>
Cash in Bank	\$ 181,720	\$ 65,944
Cash in Charles Schwab	93,713	81,871
	<u>\$ 275,433</u>	<u>\$ 147,815</u>

BOISE PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2016 and 2015

NOTE C - INVESTMENTS

Investments by net asset classification at June 30 are as follows:

	<u>2016</u>	<u>2015</u>
CURRENT		
Unrestricted	\$ 601,330	\$ 1,069,185
Temporarily restricted	2,933,847	2,582,287
Permanently restricted	<u>196,027</u>	<u>204,111</u>
Total Investments	<u>\$ 3,731,204</u>	<u>\$ 3,855,583</u>

The following schedule summarizes the investment income and its classification in the statement of activities:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest/dividend income	\$ 60,694	\$ 12,447	\$ 3,957	\$ 77,098
Realized gains	31,098	5,993	2,027	39,118
Unrealized losses	<u>(116,565)</u>	<u>(22,385)</u>	<u>(7,599)</u>	<u>(146,549)</u>
Investment income, June 30, 2016	<u>\$ (24,773)</u>	<u>\$ (3,945)</u>	<u>\$ (1,615)</u>	<u>\$ (30,333)</u>

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest/dividend income	\$ 57,767	\$ 12,302	\$ 3,977	\$ 74,046
Realized gains	160,354	34,148	11,040	205,542
Unrealized losses	<u>(205,533)</u>	<u>(43,769)</u>	<u>(14,150)</u>	<u>(263,452)</u>
Investment income, June 30, 2015	<u>\$ 12,588</u>	<u>\$ 2,681</u>	<u>\$ 867</u>	<u>\$ 16,136</u>

NOTE D - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of contributions received that are designated by the donor to be used for a specific school, teacher or purpose and endowments restricted by the donor for a specific purpose. For years ended June 30, 2016 and 2015, temporarily restricted net assets were \$2,933,847 and \$2,582,287, respectively.

NOTE E - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of contributions received in which the original principal was permanently restricted by the donor. Investment income is to be used for specific use as determined by the donor. For years ended June 30, 2016 and 2015, permanently restricted net assets were \$196,027 and \$204,111 respectively.

BOISE PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2016 and 2015

NOTE F - FAIR VALUE MEASUREMENTS

FASB ASC 820 established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB 820-10 are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial statements.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value instrument.

A financial instrument's level within the fair value hierarchy is based on the first of any input that is significant to the fair value measurement. Valuation techniques used are required to maximize the use of observable inputs and minimize the use of unobservable inputs. Boise Public Schools Education Foundation, Inc.'s investments are held in real estate investment trusts, exchange traded funds and corporate equities, all of which are actively traded and have been valued using unadjusted quoted prices for identical assets in active markets.

Assets at fair value as of June 30:

	<u>2016</u>	<u>2015</u>
	<u>Level 1</u> <u>Only</u>	<u>Level 1</u> <u>Only</u>
Real estate investment trusts	\$ 37,489	\$ 32,179
Exchange traded funds	1,757,278	1,660,520
Corporate equities	1,936,437	2,162,884
	<u>\$ 3,731,204</u>	<u>\$ 3,855,583</u>

NOTE G - RELATED PARTY TRANSACTIONS

The Boise School District incurs some of the Foundation's administrative expenses. The value of these contributed expenses has been estimated, see NOTE A - *Contributed Services* for amounts reflected in these financial statements. On numerous occasions the Foundation orders supplies through the Boise School District to fulfill grants and other designated expenditures. The Foundation reimburses the Boise School District for all expenditures, total reimbursements to the District were \$549,784 and \$601,203 for the years ended June 30, 2016 and 2015, respectively.

NOTE H - CONCENTRATION OF CREDIT RISK

The Foundation maintains cash balances in local financial institutions. The bank balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Charles Schwab money market balances are insured by Securities Investor Protection Corporation (SIPC) up to \$100,000. There were no uninsured bank or money market accounts for current or prior year. In addition to the SIPC protection additional insurance is provided through Lloyd's of London in the event the SIPC limits are exhausted.

BOISE PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2016 and 2015

NOTE I - ENDOWMENT FUNDS

Implementation of FASB ASC 958-205

The Financial Accounting Standards Board issued FASB ASC 958-205, "Classification of Donor-Restricted Endowment Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act". FASB ASC 958-205 provides guidance on the net asset classification of donor-restricted endowment funds for nonprofit organizations that are subjected to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). FASB ASC 958-205 also required additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

The State of Idaho enacted UPMIFA effective July 1, 2007, the provisions of which apply to endowment funds existing on or established after that date. The Foundation has adopted FASB ASC 958-205.

Board and Donor-designated Endowments

The Unrestricted Board designated and Board endowment is an internal designation by the Board of Directors that is not donor-restricted and is classified and reported as unrestricted net assets. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Donor-designated temporary memorials consist of funds established by donors for a specific purpose; these memorials/endowments are classified as temporarily restricted assets.

The Donor-designated permanent endowments consist of funds established by donors for a specific purpose and preservation of principal; these endowments are classified as permanently restricted.

The Foundation's governing body has interpreted the State of Idaho's Prudent Management of Institutional Funds Act as requiring the Foundation's board to manage and invest the funds in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- general economic conditions
- possible effect of inflation or deflation
- expected tax consequences
- role of each investment or course of action plays within the overall investment portfolio of the fund
- expected total return from income and the appreciation of investments
- other resources of the Foundation
- needs of the Foundation and the fund to make distributions and to preserve capital
- an asset's special relationship or special value, if any, to the charitable purpose of the Foundation

BOISE PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2016 and 2015

NOTE I - ENDOWMENT FUNDS (Continued)

Investment Policy

Endowment assets include those assets of donor-restricted endowment funds the Foundation must hold in perpetuity or for donor-specified periods. Under the Foundation's investment policy, endowment assets are invested in a manner that is intended to preserve inflation adjusted values and provide annual budgetary support that is both stable and growing.

To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both a current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Foundation targets a diversified asset allocation, including, but not limited to, equity and fixed income instruments.

Endowment Net Asset Composition by Type of Fund as of June 30, 2016 is as follows:

	Unrestricted Board Designated	Board Endowment	Temporarily Restricted	Permanently Restricted
Board Designated Endowment Funds	\$ 932,093	\$ 37,252	\$ -	\$ -
Donor Restricted Endowment Funds	-	-	654,668	196,027
	<u>\$ 932,093</u>	<u>\$ 37,252</u>	<u>\$ 654,668</u>	<u>\$ 196,027</u>

Endowment Net Asset Composition by Type of Fund as of June 30, 2015 is as follows:

	Unrestricted Board Designated	Board Endowment	Temporarily Restricted	Permanently Restricted
Board Designated Endowment Funds	\$ 947,538	\$ 37,868	\$ -	\$ -
Donor Restricted Endowment Funds	-	-	628,383	204,111
	<u>\$ 947,538</u>	<u>\$ 37,868</u>	<u>\$ 628,383</u>	<u>\$ 204,111</u>

BOISE PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2016 and 2015

NOTE I - ENDOWMENT FUNDS (Continued)

Change in Endowment Net Assets for the Years June 30, 2016 and 2015

	Unrestricted Board Designated	Board Endowment	Temporarily Restricted	Permanently Restricted	Total
June 30, 2013 Endowment Net Assets	\$ 912,908	\$ 33,183	\$ 472,849	\$ 191,895	\$ 1,610,835
Investment return:					
Interest/dividend income	17,506	654	9,967	3,785	31,912
Net appreciation (realized and unrealized)	<u>121,464</u>	<u>4,541</u>	<u>69,156</u>	<u>26,260</u>	<u>221,421</u>
Total investment return (realized and unrealized)	138,970	5,195	79,123	30,045	253,333
Contributions/Transfers in/out	-	-	109,827	422	110,249
Appropriations of endowment assets for expenditure, fees or transfers	<u>(103,759)</u>	<u>(332)</u>	<u>(21,097)</u>	<u>(15,222)</u>	<u>(140,410)</u>
June 30, 2014 Endowment Net Assets	948,119	38,046	640,702	207,140	1,834,007
Investment return:					
Interest/dividend income	18,204	730	12,302	3,977	35,213
Net appreciation (realized and unrealized)	<u>(14,237)</u>	<u>(572)</u>	<u>(9,621)</u>	<u>(3,111)</u>	<u>(27,541)</u>
Total investment return (realized and unrealized)	3,967	158	2,681	866	7,672
Contributions/Transfers in/out	-	-	(9,337)	(2,064)	(11,401)
Appropriations of endowment assets for expenditure, fees or transfers	<u>(4,548)</u>	<u>(336)</u>	<u>(5,663)</u>	<u>(1,831)</u>	<u>(12,378)</u>
June 30, 2015 Endowment Net Assets	947,538	37,868	628,383	204,111	1,817,900
Investment return:					
Interest/dividend income	18,368	734	12,447	3,957	35,506
Net appreciation (realized and unrealized)	<u>(25,865)</u>	<u>(1,034)</u>	<u>(16,392)</u>	<u>(5,572)</u>	<u>(48,863)</u>
Total investment return (realized and unrealized)	(7,497)	(300)	(3,945)	(1,615)	(13,357)
Contributions/Transfers in/out	-	-	35,613	(4,757)	30,856
Appropriations of endowment assets for expenditure, fees or transfers	<u>(7,948)</u>	<u>(317)</u>	<u>(5,383)</u>	<u>(1,712)</u>	<u>(15,360)</u>
June 30, 2016 Endowment Net Assets	<u>\$ 932,093</u>	<u>\$ 37,251</u>	<u>\$ 654,668</u>	<u>\$ 196,027</u>	<u>\$ 1,820,039</u>

BOISE PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2016 and 2015

NOTE J - FUNDRAISING EXPENSE

Total fundraising expense for the years ended June 30, 2016 and 2015 was \$8,482 and \$8,356, respectively, which includes 240 hours each year of the executive director's salary and benefits. Fundraising expenses are included in In-Kind District Support in the Statement of Activities. Fundraising expenses related as a percentage of contributions totaled less than 1% of the total annual contribution revenue. The ratio of expenses to amounts raised is computed using actual expenses and related contributions on an accrual basis.

NOTE K - DISTRICT EMPLOYEE CAMPAIGN RECEIVABLE

The Foundation runs the district wide campaign in the Fall. The district employees donate through payroll deductions. At June 30, 2016 and 2015, \$17,582 and \$14,036 were the outstanding receivable balances from district employees. No allowance for uncollectible accounts has been provided since it is believed that the balances are all collectible. The balance of \$17,582 is considered short-term since it is receivable in less than one year.

NOTE L - PLEDGES RECEIVABLE

The Foundation has initiated a 30th Year anniversary campaign branded with "Step Up for Boise Public Schools" which raises funds for various projects supported by the Foundation. These projects include: The Opportunity Fund for Teachers, The Access Fund for Programs, The Impact Fund for Students and Where needed most. All funds are considered temporarily restricted until they are distributed for purposes of supporting the stated projects. Pledges are to be collected during the next five years. The campaign will wrap up in the spring of 2017.

Pledges receivable at June 30, 2016 are as follows:

Receivable in less than one year	\$ 59,069
Receivable in one to five years	<u>129,092</u>
Total pledges receivable	188,161
Less discount of net present value	(7,984)
Less allowance for uncollectible promises	<u>(4,500)</u>
Net pledges receivable	<u><u>\$ 175,677</u></u>

Long-term pledge receivables are reflected at the present value of estimated future cash flows by using discount rates of 1.8% for the year ended June 30, 2016. The discount rate is determined each year according to the applicable federal rate under IRC Section 7520.

The Foundation provides an allowance for uncollectible pledges based on its assessment of individual account. For the year ended June 30, 2016, the allowance for uncollectible pledges was \$4,500.

BOISE PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2016 and 2015

NOTE M - RECLASSIFICATION

Certain amounts in the prior year financial statements have been reclassified for comparative purpose to conform to the presentation in the current year financial statements. Such reclassifications have no effect on the reported changes in net assets.

NOTE N - SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 8, 2016, which coincides with the date of issuance of these financial statements. As of the report date, no events of significance have been brought to the attention of management that would require disclosure.

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors
Boise Public Schools Education Foundation, Inc.
Boise, Idaho

We have audited the financial statements of Boise Public Schools Education Foundation, Inc. as of and for the years ended June 30, 2016 and 2015, and our report thereon dated September 8, 2016, which expressed an unmodified opinion on those financial statements, appears on page 3. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information is presented for the 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.

Travis Jeffries, P.A.

Boise, Idaho
September 8, 2016

BOISE PUBLIC SCHOOLS EDUCATION FOUNDATION, INC.

SCHEDULE OF ENDOWMENTS/MEMORIALS

June 30, 2016 and 2015

	Temporarily Restricted								Permanently Restricted			Unrestricted	
	Scott Robert Jones Memorial	Todd Pierce Memorial	Innovation Grant Endowment	Mitchell Scholarship Endowment	Seyb Memorial Endowment	Donald Six Endowment	Avid Endowment	Borah Class of '68	Total	Donna Pendley Memorial	Albert Lanphere Memorial	Total	Board Endowment
Balance, June 30, 2009	\$ 16,481	\$ 215,864	\$ 33,034	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 265,379	\$ 12,874	\$ 146,004	\$ 158,878	\$ 23,213
Contributions	800	2,485	-	-	-	-	-	-	3,285	595	-	595	-
Investment income	2,639	34,560	5,288	-	-	-	-	-	42,487	2,061	23,375	25,436	3,476
Distributions	(1,850)	(8,400)	-	-	-	-	-	-	(10,250)	-	(8,098)	(8,098)	-
Investment fees	(183)	(2,395)	(367)	-	-	-	-	-	(2,945)	(143)	(1,621)	(1,764)	(1,741)
Balance, June 30, 2010	17,887	242,114	37,955	-	-	-	-	-	297,956	15,387	159,660	175,047	24,948
Contributions	300	2,136	-	-	-	-	-	-	2,436	506	-	506	-
Investment income	4,511	61,062	9,573	-	-	-	-	-	75,146	3,880	40,266	44,146	6,292
Distributions	(1,800)	(6,000)	-	-	-	-	-	-	(7,800)	(546)	(7,148)	(7,694)	-
Investment fees	(199)	(2,700)	(423)	-	-	-	-	-	(3,322)	(172)	(1,780)	(1,952)	(278)
Balance, June 30, 2011	20,699	296,612	47,105	-	-	-	-	-	364,416	19,055	190,998	210,053	30,962
Contributions	850	1,237	-	26,068	40,000	-	-	-	68,155	517	2,000	2,517	-
Investment income	151	2,165	344	190	-	-	-	-	2,850	139	1,394	1,533	225
Distributions	-	(10,800)	(1,575)	-	-	-	-	-	(12,375)	(73)	(26,899)	(26,972)	-
Investment fees	(212)	(3,031)	(481)	(266)	-	-	-	-	(3,990)	(194)	(1,952)	(2,146)	(316)
Balance, June 30, 2012	21,488	286,183	45,393	25,992	40,000	-	-	-	419,056	19,444	165,541	184,985	30,871
Contributions	1,400	1,338	-	4,800	-	25,000	-	-	32,538	440	-	440	-
Investment income	1,820	24,239	3,845	2,202	3,388	882	-	-	36,376	1,647	14,021	15,668	2,614
Distributions	(2,000)	(7,200)	(1,816)	-	-	-	-	-	(11,016)	-	(7,387)	(7,387)	-
Investment fees	(210)	(2,803)	(445)	(255)	(392)	-	-	-	(4,105)	(190)	(1,621)	(1,811)	(302)
Balance, June 30, 2013	22,498	301,757	46,977	32,739	42,996	25,882	-	-	472,849	21,341	170,554	191,895	33,183
Contributions	900	1,839	5,750	3,600	-	-	94,000	-	106,089	422	-	422	-
Investment income	3,522	47,247	7,355	5,126	6,732	4,052	5,089	-	79,123	3,341	26,704	30,045	5,195
Distributions	(500)	(7,300)	(1,823)	(1,000)	(1,500)	(500)	-	-	(12,623)	-	(13,300)	(13,300)	-
Investment fees	(225)	(3,022)	(470)	(329)	(431)	(259)	-	-	(4,736)	(214)	(1,708)	(1,922)	(332)
Balance, June 30, 2014	26,195	340,521	57,789	40,136	47,797	29,175	99,089	-	640,702	24,890	182,250	207,140	38,046
Contributions	1,550	1,400	-	1,000	-	-	1,370	-	5,320	565	-	565	-
Investment income	109	1,425	242	168	200	122	415	-	2,681	104	762	866	159
Distributions	(2,006)	(9,650)	-	(1,000)	(1,500)	(500)	-	-	(14,656)	-	(2,629)	(2,629)	-
Investment fees	(232)	(3,010)	(511)	(354)	(422)	(258)	(877)	-	(5,664)	(220)	(1,611)	(1,831)	(337)
Balance, June 30, 2015	25,616	330,686	57,520	39,950	46,075	28,539	99,997	-	628,383	25,339	178,772	204,111	37,868
Contributions	450	1,200	-	23,185	-	-	2,143	29,220	56,198	742	-	742	-
Investment Income	(203)	(2,616)	(455)	(316)	(365)	(226)	(791)	1,027	(3,945)	(201)	(1,414)	(1,615)	(300)
Distributions	(1,500)	(8,450)	(3,659)	(1,000)	(2,000)	(1,450)	(2,500)	(26)	(20,585)	(1,178)	(4,321)	(5,499)	-
Investment fees	(215)	(2,774)	(482)	(336)	(386)	(239)	(839)	(112)	(5,383)	(213)	(1,499)	(1,712)	(316)
Balance, June 30, 2016	\$ 24,148	\$ 318,046	\$ 52,924	\$ 61,483	\$ 43,324	\$ 26,624	\$ 98,010	\$ 30,109	\$ 654,668	\$ 24,489	\$ 171,538	\$ 196,027	\$ 37,252

See accompanying auditor's report on additional information.