

**BAC EDUCATION FOUNDATION, INC.**

**Financial Statements &  
Independent Auditor's Report  
Year Ended September 30, 2008**

Wood, Stephens & O'Neil, L.L.P.  
Certified Public Accountants

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O'Neil, L.L.P.**  
Certified Public Accountants

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December 12, 2008

Independent Auditor's Report

Board of Directors  
BAC Education Foundation, Inc.,

We have audited the accompanying statement of financial position (cash basis) of the BAC Education Foundation, Inc., a nonprofit organization, as of September 30, 2008, and the related statements of activities (cash basis), and cash flows for the year 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 audit in accordance with auditing standards generally accepted in the United States. 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 audit provides a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the BAC Education Foundation, Inc., as of September 30, 2008, and the changes in its net assets and its cash flows for the year then ended, on the basis of accounting described in Note 1.

*Wood, Stephens & O'Neil, L.L.P.*

**BAC EDUCATION FOUNDATION, INC.**  
**STATEMENT OF FINANCIAL POSITION (CASH BASIS)**  
**SEPTEMBER 30, 2008**

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**ASSETS:**

Cash and cash equivalents

\$ 56,568

**TOTAL ASSETS**

\$ 56,568

**LIABILITIES:**

Payroll taxes payable

665

**TOTAL LIABILITIES**

665

**NET ASSETS:**

Unrestricted

Temporarily restricted

55,903

Permanently restricted

-

-

**TOTAL NET ASSETS**

55,903

**TOTAL LIABILITIES & NET ASSETS**

\$ 56,568

The accompanying notes are an integral part of these financial statements.

**BAC EDUCATION FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES (CASH BASIS)**  
**YEAR ENDED SEPTEMBER 30, 2008**

**Changes in unrestricted net assets:**

Revenues:	
Contributions, grants, sponsorships, workshops and special events	\$ 394,749
Contributions - in-kind	148,900
Interest income	1,208
Net assets released from restrictions	15,900
<b>TOTAL UNRESTRICTED REVENUES</b>	<b><u>560,757</u></b>
Expenses:	
Advertising and promotion	81,887
Bank service charges	181
Catering	101,724
Contractual services	218,955
Charitable contributions	815
Credit card fees	4,329
Dues and subscriptions	425
Insurance	4,844
Meetings and conferences	1,786
Misc. expenses	3,525
Office supplies	9,092
Payroll expenses	9,878
Postage	9,530
Printing	59,305
Telephone	784
Travel	669
<b>TOTAL EXPENSES</b>	<b><u>507,729</u></b>
<b>Increase (decrease) in unrestricted net assets</b>	<b><u>53,028</u></b>
<b><u>Changes in temporarily restricted net assets</u></b>	
Contributions, sponsorships - temporarily restricted	-
Net assets released from restrictions	(15,900)
<b>Increase (decrease) in temporarily restricted net assets</b>	<b><u>(15,900)</u></b>
<b><u>Changes in permanently restricted net assets</u></b>	
	-
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>37,128</b>
<b>NET ASSETS, at beginning of year</b>	<b>18,775</b>
<b>NET ASSETS, at end of year</b>	<b><u>\$ 55,903</u></b>

The accompanying notes are an integral part of these financial statements.

**BAC EDUCATION FOUNDATION, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED SEPTEMBER 30, 2008**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 37,128
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Increase (decrease) in payroll taxes payable	296
Net Cash Provided By Operating Activities	<u>37,424</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

**CASH FLOWS FROM FINANCING ACTIVITIES**

Net increase (decrease) in cash	-
Cash at beginning of year	37,424
Cash at end of year	19,144
	<u>\$ 56,568</u>

**SUPPLEMENTAL DISCLOSURES**

*None applicable*

The accompanying notes are an integral part of these financial statements.

# BAC EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2008

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## **NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

### **Nature of Activities**

The BAC Education Foundation, Inc., (the Foundation), was incorporated in 1999, pursuant to the Texas Non-Profit Corporation Act. The Foundation's mission is to support the activities of the City of Fort Worth Economic & Community Development Department by sponsoring complementary educational programs to small, women-owned, and minority-owned businesses. The Board of Directors consists of representatives from Fort Worth's business community.

### **General**

The Foundation's financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The Foundation uses the cash basis of accounting primarily for its simplicity, with the understanding that the differences between its financial results on the cash basis and on the accrual basis are not material.

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

### **Donated Services, Facilities, Materials and Supplies (unaudited)**

The Foundation records the value of donated services, facilities, materials and supplies when there is an objective basis available to measure their value. Donated services, facilities, materials and supplies are reflected as contributions in the accompanying statements at their estimated values at the date of receipt. The Fort Worth Business Assistance Center provides the Foundation with office space, the use of office equipment and certain other administrative support at no cost. In addition, various in-kind contributions were received by the Foundation in connection with the Expo 2008 event. For the fiscal year ended September 30, 2008, \$148,900 of donated services, facilities, materials and supplies were recorded on the books.

### **Financial Statement Presentation**

The Foundation has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Thus, 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. In addition, the Foundation is required to present a statement of cash flows.

### **Contributions and Recognition of Donor Restrictions**

The Foundation has adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made". In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other 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, temporarily restricted net assets are reclassified to unrestricted net assets. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time.

#### **Income Taxes**

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

#### **Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

#### **Fair Value of Financial Instruments**

At September 30, 2008, the Foundation's financial instruments consisted of cash and cash equivalents. The Foundation's cash investments consist of a separate money market account. Unless otherwise indicated, the fair value of these financial instruments approximate their recorded values.

#### **Concentration of Credit and Market Risk**

Financial instruments which potentially subject the Foundation to concentration of credit and market risk consist principally of cash and investments. The Foundation places its cash only with quality financial institutions and by policy limits the amount of credit exposure to any one institution. The Foundation's investments are not considered to represent significant concentration of market risk because the portfolio is reasonably diversified among issuers.

#### **NOTE 2 - RESTRICTIONS ON NET ASSETS**

At September 30, 2008, there were no assets which were temporarily restricted.

At September 30, 2008, there were no assets which were permanently restricted.