

NORMAN PUBLIC SCHOOL
FOUNDATION

Financial Statements
For the Six Months Ended December 31, 2007
Together With Auditors' Report



COUNT ON MHM

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Norman Public School Foundation, Inc.:

We have audited the accompanying statement of financial position of Norman Public School Foundation, Inc. (an Oklahoma non-profit corporation) as of December 31, 2007, and the related statements of activities, functional expenses and cash flows for the six months 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 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 audit provides 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 the Norman Public School Foundation, Inc. as of December 31, 2007, and the changes in its net assets and its cash flows for the six months then ended in conformity with accounting principles generally accepted in the United States of America.

Murrell, Hall, McIntosh & Co., PLLP

Norman, Oklahoma
April 14, 2008



NORMAN PUBLIC SCHOOL FOUNDATION, INC.
Statement of Financial Position
December 31, 2007

ASSETS

Current Assets	
Cash	<u>\$ 209,339</u>
Current Receivables	
Gifts Receivable (Net of Allowance for Uncollectible Pledged Gifts of \$750)	\$ 477
Interest Receivable	<u>695</u>
Total Current Receivables	<u>\$ 1,172</u>
Total Current Assets	<u>\$ 210,511</u>
Long-Term Investments	<u>\$ 1,910,120</u>
Property and Equipment, at Cost	
Equipment	\$ 3,423
Less Accumulated Depreciation	<u>(3,176)</u>
Net Property and Equipment	<u>\$ 247</u>
Total Assets	<u><u>\$ 2,120,878</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Grants Payable	\$ 85,666
Accrued Liabilities	<u>1,841</u>
Total Current Liabilities	<u>\$ 87,507</u>
Net Assets	
Unrestricted- Undesignated	\$ 354,839
Designated- Grants and Interest	<u>11,999</u>
Total Unrestricted	<u>\$ 366,838</u>
Temporarily Restricted	81,150
Permanently Restricted	<u>1,585,383</u>
Total Net Assets	<u>\$ 2,033,371</u>
Total Liabilities and Net Assets	<u><u>\$ 2,120,878</u></u>

See Accompanying Notes to Financial Statements

NORMAN PUBLIC SCHOOL FOUNDATION, INC.
Statement of Activities
For the Six Months Ended December 31, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2007 Total</u>
Revenues and Other Support				
Contributions	\$ 19,866	\$ 1,550	\$ 21,116	\$ 42,532
Investment Return	14,156	--	--	14,156
Net Assets Released from Program Restrictions	1,000	(1,000)	--	--
Total Revenues and Other Support	<u>\$ 35,022</u>	<u>\$ 550</u>	<u>\$ 21,116</u>	<u>\$ 56,688</u>
Expenses				
Program Expenses	\$ 74,607	\$ --	\$ --	\$ 74,607
Management and General Expenses	19,766	--	--	19,766
Fundraising Expenses	6,377	--	--	6,377
Total Functional Expenses	<u>\$ 100,750</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 100,750</u>
Change in Net Assets	<u>\$ (65,728)</u>	<u>\$ 550</u>	<u>\$ 21,116</u>	<u>\$ (44,062)</u>
Net Assets at Beginning of Year	<u>432,566</u>	<u>80,600</u>	<u>1,564,267</u>	<u>2,077,433</u>
Net Assets, End of Year	<u><u>\$ 366,838</u></u>	<u><u>\$ 81,150</u></u>	<u><u>\$ 1,585,383</u></u>	<u><u>\$ 2,033,371</u></u>

See Accompanying Notes to Financial Statements

NORMAN PUBLIC SCHOOL FOUNDATION, INC.
Statement of Functional Expenses
For the Six Months Ended December 31, 2007

	Grants	Management and General	Fundraising Costs	2007 Total
Scholarships and Grants	\$ 74,607	\$ --	\$ --	\$ 74,607
Accounting Fees	--	9,100	--	9,100
Depreciation Expense	--	211	--	211
Insurance	--	1,667	--	1,667
Seminar Expense	--	--	100	100
Web Site Cost	--	210	--	210
Postage and Printing	--	--	571	571
Office Expenses	--	--	407	407
Salaries and Related Expenses	--	5,299	5,299	10,598
Rent Expense	--	1,651	--	1,651
Software Expense	--	1,628	--	1,628
Total Functional Expenses	<u>\$ 74,607</u>	<u>\$ 19,766</u>	<u>\$ 6,377</u>	<u>\$ 100,750</u>

See Accompanying Notes to Financial Statements

NORMAN PUBLIC SCHOOL FOUNDATION, INC.
Statement of Cash Flows
For the Six Months Ended December 31, 2007

Cash Flows From Operating Activities	
Change in Net Assets	\$ (44,062)
Adjustments to Reconcile Change in Net Assets to Cash Provided by Operating Activities:	
Depreciation	211
Unrealized Gain on Investments	(4,772)
(Increase)Decrease in Operating Assets:	
Grants and Gifts Receivable	5,251
Interest Receivable	(19)
Increase(Decrease) in Operating Liabilities:	
Grants Payable	40,206
Accrued Liabilities	(5,852)
Contributions Restricted for Long-Term Purposes	<u>(21,116)</u>
Net Cash Flows Used by Operating Activities	<u>\$ (30,153)</u>
Cash Flows From Financing Activities	
Collections of Contributions Restricted for Permanent Endowment	<u>\$ 21,116</u>
Net Cash Flows Provided by Financing Activities	<u>\$ 21,116</u>
Net Decrease in Cash	\$ (9,037)
Cash at Beginning of Year	<u>218,376</u>
Cash at End of Year	<u><u>\$ 209,339</u></u>

See Accompanying Notes to Financial Statements

NORMAN PUBLIC SCHOOL FOUNDATION
Notes to Financial Statements
For the Six Months Ended December 31, 2007

Note 1 -- Nature of Activities and Significant Accounting Policies

Nature of Activities

Norman Public School Foundation, Inc. (the Foundation) was organized in January of 1984 as a broadly-based, community organization whose purpose is exclusively educational and charitable and is to secure and distribute contributions from individuals, corporations and foundations for the benefit of the students attending public schools in Norman, Oklahoma.

Basis of Presentation

The financial statements of the Foundation have been prepared on the accrual basis in conformity with generally accepted accounting principles. Statement of Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations" requires that net assets and revenues, gains, expenses and losses be classified as unrestricted, temporarily restricted or permanently restricted based on the existence or absence of donor-imposed restrictions. A description of the three net asset categories follows:

Unrestricted – Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted – Net assets whose use by the Foundation is subject to donor-imposed restrictions that can be fulfilled by actions of the Foundation pursuant to those restrictions. The Foundation reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated 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.

Permanently Restricted – Net assets subject to donor-imposed restrictions requiring that they be maintained permanently by the Foundation. The Foundation solicits donations as endowment funds to be held indefinitely. Gifts are reported as permanently restricted unless explicit donor stipulations specify that the donated assets must be used for a specific purpose. Income from the endowment fund interest is expendable to support the Foundation's grant program. One half of all contributions received, which are not given to memorial endowments, are considered permanently restricted by written restrictions on donor documents.

Income Taxes

The Foundation is a non-profit Oklahoma corporation, which has been granted tax exempt status under Section 501(c)(3) of the Internal Revenue Code.

NORMAN PUBLIC SCHOOL FOUNDATION
Notes to Financial Statements
For the Six Months Ended December 31, 2007

Note 1 -- Nature of Activities and Significant Accounting Policies (continued)

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. There are no cash equivalents at December 31, 2007.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent 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.

Investments

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 as determined by quoted market prices. Unrealized and realized gains or losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Property and Equipment

Property and equipment is recorded at cost as of the date of acquisition or fair value as of the date of receipt in the case of gifts. Depreciation is computed on a straight-line basis over the estimated useful lives of three years. The cost and accumulated depreciation of property sold or retired is removed from the related asset and accumulated depreciation accounts and any resulting gain or loss is recorded in the period of disposal. Renewals and improvements which extend the useful lives of assets are capitalized at cost. Maintenance and repairs are included as expenses in the statement of activities.

Note 2 -- Gifts Receivable

Receivables consist of pledges on gifts receivable from donors of \$477 less an allowance for uncollectible pledged gifts of \$750 at December 31, 2007. Management believes the remaining balance to be collectible within one year.

NORMAN PUBLIC SCHOOL FOUNDATION
Notes to Financial Statements
For the Six Months Ended December 31, 2007

Note 3 -- Investments

Investments are current and are stated at fair market value. Market value and unrealized gains at December 31, 2007, are summarized below:

<u>Type of Investment</u>	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gains</u>
Certificates of Deposit	\$ 200,000	\$ 200,000	\$ --
Money Funds	1,037	1,037	--
Mutual Funds with Readily Determinable Fair Values	<u>1,704,311</u>	<u>1,709,083</u>	<u>4,772</u>
Total Investments	<u>\$ 1,905,348</u>	<u>\$ 1,910,120</u>	<u>\$ 4,772</u>

Mutual funds are protected by Securities Investor Protection Corporation (SIPC) at year end.

The following schedule summarizes the investment return and its classification in the statement of activities for the six months ended December 31, 2007:

	<u>Unrestricted</u>
Interest Income	\$ 9,384
Unrealized Gain	<u>4,772</u>
Total Investment Return	<u>\$ 14,156</u>

Note 4 -- Donated Services and Goods

A substantial number of volunteers donate significant amounts of their time in the Foundation's fundraising events and programs. However, since there is not an objective basis available by which to measure the value of these services, the value is not reflected in the accompanying financial statements. The Foundation received no donations of various goods and business services at December 31, 2007. In kind donations are primarily received in the spring for the annual fundraiser.

NORMAN PUBLIC SCHOOL FOUNDATION
Notes to Financial Statements
For the Six Months Ended December 31, 2007

Note 5 -- Grants Payable

The following schedule shows the amount approved by the Board for those grant periods still outstanding at December 31, 2007 and the amount expended on those grants outstanding through December 31, 2007. The prior years' lapsed grants have been transferred, by board decision, to designated funds, with the excess of approved amount over the expended amount remaining as grants payable as follows:

Period of Grant Application	Total Approved	Expended From Inception	Grants Payable
Fall of 2006	\$ 52,136	\$ 49,431	\$ 2,705
Spring of 2007	50,160	40,456	9,704
Fall of 2007	<u>73,257</u>	<u>--</u>	<u>73,257</u>
 Total Grants	 <u>\$ 175,553</u>	 <u>\$ 89,887</u>	 <u>\$ 85,666</u>

Note 6 -- Functional Allocation of Expenses

The costs of providing the various grants have been summarized on a functional basis in the statement of activities.

Only the direct costs of the grants are shown as program expenses. Management and general expenses include those expenses that are not directly identifiable with any specific grant but provide for the overall support and direction of the Foundation.

Note 7 -- Related Party Transactions

The Foundation rents office space from Norman Public Schools, the primary beneficiary of all grants awarded by the Foundation. Rent expense for the six months ended December 31, 2007 was \$1,651. Rent expense also includes charges for fax and telephone use. Future minimum rentals for the year ending December 31, 2008 are \$3,000.

Note 8 -- Concentration of Credit Risk

The Foundation keeps its cash and certificates of deposits at various financial institutions. Cash accounts and certificates of deposits are insured by the FDIC for up to \$100,000 at each financial institution. Amounts in excess of insured limits were \$109,339 at December 31, 2007.

NORMAN PUBLIC SCHOOL FOUNDATION
Notes to Financial Statements
For the Six Months Ended December 31, 2007

Note 9 -- Temporarily Restricted Net Assets

Temporarily restricted net assets include donations that are currently available for use, but expendable only for items designated by the donor. The temporarily restricted net assets received and expended during the six months ended December 31, 2007, are as follows:

<u>Source</u>	<u>Beginning Temporarily Restricted Net Assets</u>	<u>Assets Received With Restrictions</u>	<u>Program Restrictions Released</u>	<u>Ending Temporarily Restricted Net Assets</u>
Judy Ford Scholarship	\$ 5,073	\$ --	\$ --	\$ 5,073
Fine Arts Program	1,000	--	--	1,000
Betty Haile Memorial	31,850	400	1,000	31,250
Austin McKaig Memorial	25,513	1,000	--	26,513
O'Brian Development Fund	9,791	150	--	9,941
Barwick Earnings	32	--	--	32
Parker Earnings	136	--	--	136
Pendarvis Memorial	5,205	--	--	5,205
Independent Living	2,000	--	--	2,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 80,600</u>	<u>\$ 1,550</u>	<u>\$ 1,000</u>	<u>\$ 81,150</u>

Note 10 -- Board Designated Funds

The Board has designates unrestricted funds for Sudden Opportunity Grants and interest earned on temporarily restricted memorials to be used for memorial purposes.

Note 11 -- Comparative Statements

The Foundation changed its year end from June 30 to December 31 so the December 31, 2007 financial statements and footnotes only reflect activity for a six month period. Because of the effect of such differences on the statement of financial position and statements of activities, functional expenses, and cash flows, comparative statements would not be completely valid without additional explanations which would detract from the clarity of the financial statements. Therefore, comparative statements have not been included in this report.