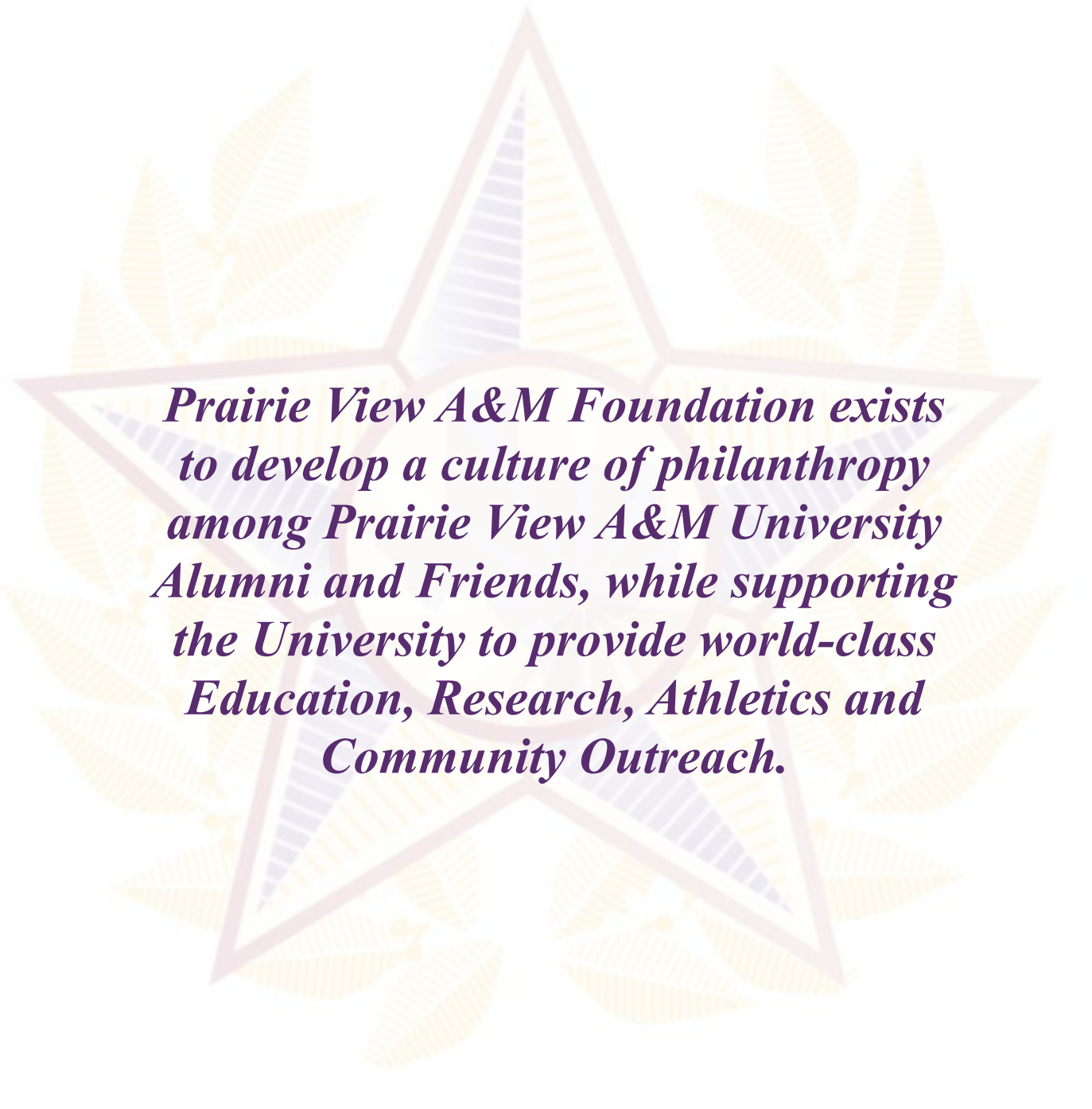




# The Legacy Continues

ANNUAL REPORT 2015-2016





*Prairie View A&M Foundation exists  
to develop a culture of philanthropy  
among Prairie View A&M University  
Alumni and Friends, while supporting  
the University to provide world-class  
Education, Research, Athletics and  
Community Outreach.*

# A Note from our Chairman

Dear Friends,

The Prairie View A&M Foundation is pleased to present the 2016-2017 Financial Report and Audit for your review. We have successfully completed another year of results without any major findings. We accept that our paramount responsibility is to steward your gift with diligence, accountability and ownership.

As we enter the second year of Panther Stadium operation, I wish to thank all who have given to accomplish our goal of a new stadium on The Hill. I recall a discussion at a National Alumni Association meeting some years ago where we discussed giving and the challenges that prevented Alums from giving. One of the challenges or fears was “will our monies be used to build the stadium?” Several in the room shared past experiences where other organizations collected funds and for varying reasons a stadium was not built. Now we have a stadium; the dream has been delivered as promised. Hopefully the concerns and fears have been alleviated.

I ask each Alumnus to consider giving more. Further, I am certain that giving back to make Prairie View A&M University a top notch University will become a habit for all who love Prairie View A&M University and appreciate the doors opened by the experience and expertise gained while a student on “The Hill!”

I can guarantee that effective stewarding of your gifts will remain the top priority for the Foundation.

Again, thank you.

Yours in continued service,

A handwritten signature in black ink, appearing to read "Roy G. Perry". The signature is fluid and cursive, with the first name "Roy" and last name "Perry" being the most prominent parts.

Roy G. Perry  
Chairman and President  
Prairie View A&M Foundation

# Prairie View A&M Foundation Trustees



*Seated (L-R) – Fred Newhouse, Roy G. Perry, Nathelyne Archie Kennedy, Ricky Anderson, Benny Lockett, Samuel J. Coleman;  
Standing (L-R) – Carl Jackson, Terrence Gee, Corey Bradford, John W. Osby, Carl E. Johnson*

Roy Perry  
Chairman – President

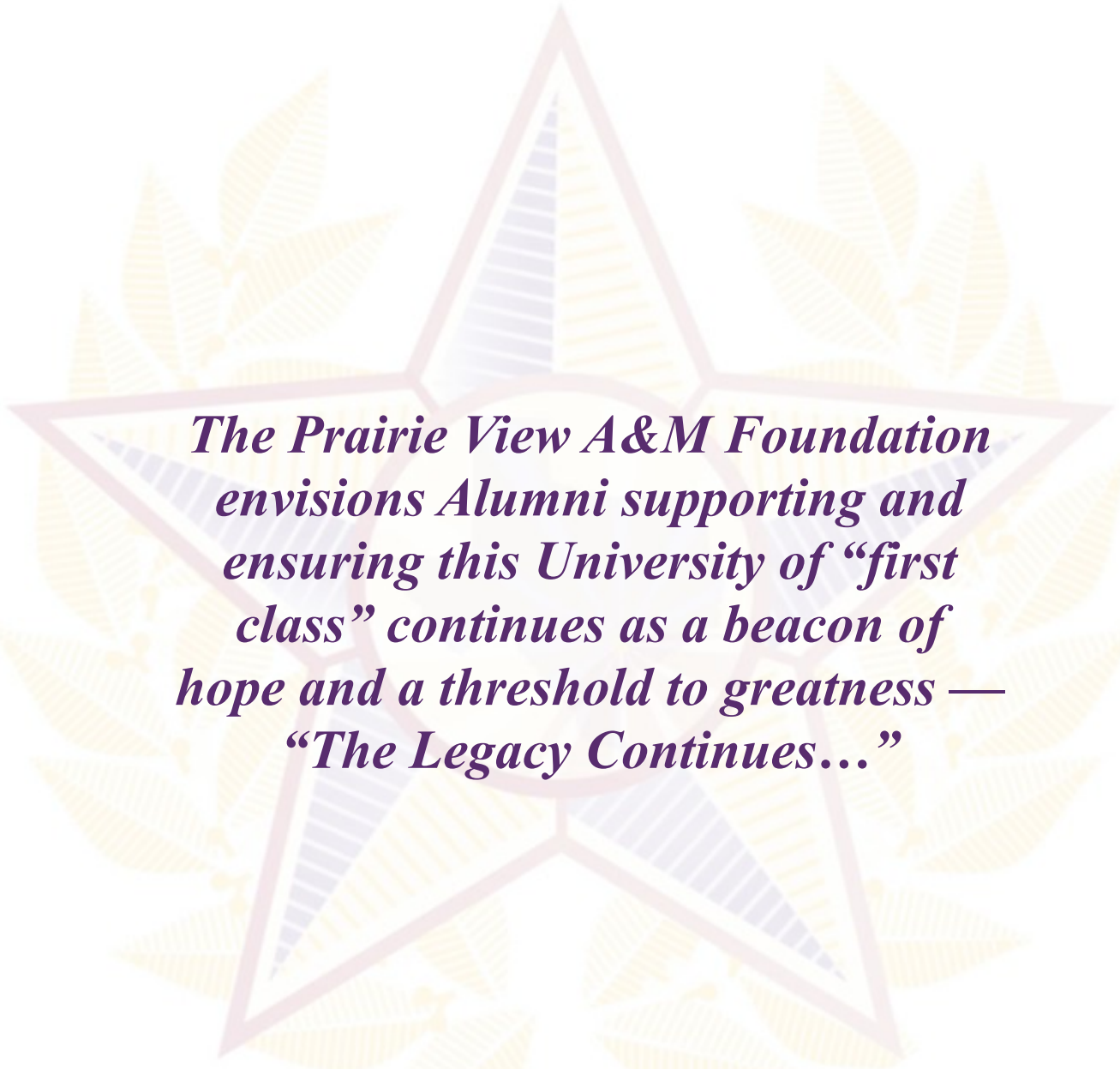
John Osby  
Vice Chairman and Secretary

Terrence Gee  
Vice Chairman

Samuel Coleman  
Treasurer

Ricky Anderson  
Marvin Brailsford  
Ernest Collins  
Billy Davis  
Joseph Herbert  
Janis Hadnott

Carl Johnson  
Carl Jackson  
Nathelyne Archie Kennedy  
Benny Lockett  
Frederick Newhouse



*The Prairie View A&M Foundation  
envisions Alumni supporting and  
ensuring this University of “first  
class” continues as a beacon of  
hope and a threshold to greatness —  
“The Legacy Continues...”*

**PRAIRIE VIEW A&M FOUNDATION**  
(A Texas Nonprofit Corporation)

**Independent Auditor's Report and  
Financial Statements**

**December 31, 2016 and 2015**

**PRAIRIE VIEW A&M FOUNDATION**  
(A Texas Nonprofit Corporation)

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**DECEMBER 31, 2016 AND 2015**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Prairie View A&M Foundation

We have audited the accompanying financial statements of the Prairie View A&M Foundation (the "Foundation"), a Texas nonprofit corporation, which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and statements of cash flows for the years 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 audits. 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 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 auditors consider 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 2015, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Houston, Texas  
June 27, 2017

**PRAIRIE VIEW A&M FOUNDATION**  
(A Texas Nonprofit Corporation)

**STATEMENTS OF FINANCIAL POSITION**

**AS OF DECEMBER 31, 2016 AND 2015**

|                                               | <u><b>2016</b></u>         | <u><b>2015</b></u>         |
|-----------------------------------------------|----------------------------|----------------------------|
| <b>ASSETS</b>                                 |                            |                            |
| <b>Current Assets:</b>                        |                            |                            |
| Cash                                          | \$ 671,325                 | \$ 683,345                 |
| Investments                                   | 110,149                    | 76,399                     |
| Promises to give                              | 202,030                    | 176,708                    |
| Other receivables                             | 650                        | 650                        |
| <b>Total current assets</b>                   | <u>984,154</u>             | <u>937,102</u>             |
| <b>Noncurrent Assets:</b>                     |                            |                            |
| Promises to give, net of unamortized discount | 51,016                     | 146,512                    |
| Property and equipment, net                   | 12,112                     | 7,780                      |
| <b>Total noncurrent assets</b>                | <u>63,128</u>              | <u>154,292</u>             |
| <b>TOTAL ASSETS</b>                           | <u><u>\$ 1,047,282</u></u> | <u><u>\$ 1,091,394</u></u> |
| <b>LIABILITIES AND NET ASSETS</b>             |                            |                            |
| <b>Current Liabilities:</b>                   |                            |                            |
| Accounts payable and accrued liabilities      | \$ 9,762                   | \$ 13,780                  |
| Related party payable                         | 139,774                    | 86,065                     |
| <b>Total current liabilities</b>              | <u>149,536</u>             | <u>99,845</u>              |
| <b>Total liabilities</b>                      | <u>149,536</u>             | <u>99,845</u>              |
| <b>Net Assets:</b>                            |                            |                            |
| Unrestricted                                  | 164,964                    | 231,701                    |
| Temporarily restricted                        | 732,782                    | 759,848                    |
| <b>Total net assets</b>                       | <u>897,746</u>             | <u>991,549</u>             |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>       | <u><u>\$ 1,047,282</u></u> | <u><u>\$ 1,091,394</u></u> |

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

**PRAIRIE VIEW A&M FOUNDATION**  
(A Texas Nonprofit Corporation)

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

|                                       | Unrestricted             | Temporarily<br>Restricted | Total                    |
|---------------------------------------|--------------------------|---------------------------|--------------------------|
| <b>REVENUES</b>                       |                          |                           |                          |
| Contributions                         | \$ 236,605               | \$ 822,075                | \$ 1,058,680             |
| In-kind revenue                       | 6,665                    | -                         | 6,665                    |
| Investment income                     | (509)                    | -                         | (509)                    |
| Other income                          | 300                      | -                         | 300                      |
| Net assets released from restrictions | 849,141                  | (849,141)                 | -                        |
| <b>TOTAL REVENUES AND SUPPORT</b>     | <u>1,092,202</u>         | <u>(27,066)</u>           | <u>1,065,136</u>         |
| <b>EXPENSES</b>                       |                          |                           |                          |
| Program Services:                     |                          |                           |                          |
| Distribution to the University        | 853,027                  | -                         | 853,027                  |
| Total program services                | <u>853,027</u>           | <u>-</u>                  | <u>853,027</u>           |
| Support Services:                     |                          |                           |                          |
| General and administrative expenses   | 305,912                  | -                         | 305,912                  |
| Total support services                | <u>305,912</u>           | <u>-</u>                  | <u>305,912</u>           |
| <b>TOTAL EXPENSES</b>                 | <u>1,158,939</u>         | <u>-</u>                  | <u>1,158,939</u>         |
| <b>CHANGE IN NET ASSETS</b>           | (66,737)                 | (27,066)                  | (93,803)                 |
| <b>NET ASSETS, BEGINNING OF YEAR</b>  | <u>231,701</u>           | <u>759,848</u>            | <u>991,549</u>           |
| <b>NET ASSETS, END OF YEAR</b>        | <u><u>\$ 164,964</u></u> | <u><u>\$ 732,782</u></u>  | <u><u>\$ 897,746</u></u> |

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

**PRAIRIE VIEW A&M FOUNDATION**

(A Texas Nonprofit Corporation)

**STATEMENT OF ACTIVITIES****FOR THE YEAR ENDED DECEMBER 31, 2015**

|                                       | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Total</u>      |
|---------------------------------------|---------------------|-----------------------------------|-------------------|
| <b>REVENUES</b>                       |                     |                                   |                   |
| Contributions                         | \$ 303,255          | \$ 607,364                        | \$ 910,619        |
| In-kind revenue                       | 50                  | -                                 | 50                |
| Investment income                     | (604)               | -                                 | (604)             |
| Other income                          | 270                 | -                                 | 270               |
| Net assets released from restrictions | <u>914,420</u>      | <u>(914,420)</u>                  | <u>-</u>          |
| <b>TOTAL REVENUES AND SUPPORT</b>     | <u>1,217,391</u>    | <u>(307,056)</u>                  | <u>910,335</u>    |
| <b>EXPENSES</b>                       |                     |                                   |                   |
| Program Services:                     |                     |                                   |                   |
| Distribution to the University        | <u>918,371</u>      | <u>-</u>                          | <u>918,371</u>    |
| Total program services                | <u>918,371</u>      | <u>-</u>                          | <u>918,371</u>    |
| Support Services:                     |                     |                                   |                   |
| General and administrative expenses   | <u>228,933</u>      | <u>-</u>                          | <u>228,933</u>    |
| Total support services                | <u>228,933</u>      | <u>-</u>                          | <u>228,933</u>    |
| <b>TOTAL EXPENSES</b>                 | <u>1,147,304</u>    | <u>-</u>                          | <u>1,147,304</u>  |
| <b>CHANGE IN NET ASSETS</b>           | 70,087              | (307,056)                         | (236,969)         |
| <b>NET ASSETS, BEGINNING OF YEAR</b>  | <u>161,614</u>      | <u>1,066,904</u>                  | <u>1,228,518</u>  |
| <b>NET ASSETS, END OF YEAR</b>        | <u>\$ 231,701</u>   | <u>\$ 759,848</u>                 | <u>\$ 991,549</u> |

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

**PRAIRIE VIEW A&M FOUNDATION**  
(A Texas Nonprofit Corporation)

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

|                                                                                            | <u>2016</u>       | <u>2015</u>        |
|--------------------------------------------------------------------------------------------|-------------------|--------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                |                   |                    |
| Change in net assets                                                                       | \$ (93,803)       | \$ (236,969)       |
| Adjustments to reconcile change in net assets to net cash used<br>in operating activities: |                   |                    |
| Amortization of discount on promises to give                                               | (2)               | 4,551              |
| Write-off of uncollectible promises to give                                                | -                 | 20,000             |
| Net unrealized/realized investment losses                                                  | 514               | 608                |
| Decrease in promises to give                                                               | 70,176            | 154,160            |
| Decrease in accounts payable                                                               | (4,018)           | (3,226)            |
| Increase in related party payable                                                          | 53,709            | 47,972             |
| <b>Total adjustments</b>                                                                   | <u>120,379</u>    | <u>224,065</u>     |
| <b>Net cash provided by (used in) operating activities</b>                                 | <u>\$ 26,576</u>  | <u>\$ (12,904)</u> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                                |                   |                    |
| Purchases of investments                                                                   | (110,663)         | (63,856)           |
| Purchases of fixed assets                                                                  | (4,332)           | (1,642)            |
| Sales of investments                                                                       | 76,399            | -                  |
| <b>Net cash used in investment activities</b>                                              | <u>(38,596)</u>   | <u>(65,498)</u>    |
| <b>NET CHANGE IN CASH</b>                                                                  | (12,020)          | (78,402)           |
| <b>CASH, BEGINNING OF YEAR</b>                                                             | <u>683,345</u>    | <u>761,747</u>     |
| <b>CASH, END OF YEAR</b>                                                                   | <u>\$ 671,325</u> | <u>\$ 683,345</u>  |

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

# PRAIRIE VIEW A&M FOUNDATION

(A Texas Nonprofit Corporation)

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

#### 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Organization and Business

Prairie View A&M Foundation (the “Foundation”) is a Texas nonprofit corporation established in February 2009. The Foundation was formed to solicit, receive, invest, administer and recognize gifts which support the educational, research and service missions of Prairie View A&M University (the “University”). The Foundation operates for the exclusive benefit of the University. The Foundation is primarily supported by private gifts, bequests and donations from individuals and private organizations.

##### Basis of Accounting

The financial statements of the Foundation are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

##### Financial Statement Presentation

The Foundation’s financial statements are presented in accordance with the Financial Accounting Standards Board’s (FASB) Accounting Standards Codification (ASC) Topic 958-205, *Not-For-Profit Entities, Presentation of Financial Statements*. Under FASB ASC Topic 958-205, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets:

**Unrestricted net assets** – These are resources that are not subject to donor-imposed stipulations and can be used for the general operations of the Foundation.

**Temporarily restricted net assets** – These are resources that are subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time.

**Permanently restricted net assets** – These are resources that are subject to donor restrictions requiring that the principal be held in perpetuity and any income thereon be used by the Foundation.

In addition, the Foundation is required by FASB ASC Topic 958-205 to present statements of activities and cash flows.

# **PRAIRIE VIEW A&M FOUNDATION**

(A Texas Nonprofit Corporation)

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

#### Revenue Recognition

Revenues from contributions, donations and other sources are recognized as unrestricted or temporarily restricted revenues when received or unconditionally promised by a third party. Conditional promises to give cash or other assets are not recognized until received. Development fees are recognized as unrestricted revenues when related contributions are received. Revenues from special events are recognized when the events are held. Interest income is recognized when earned based on passage of time.

#### Contributions and Promises to Give

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 increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions and reported in the statement of activities as net assets released from restrictions. When both restricted and unrestricted resources are available for use, it is the Foundation's policy to use restricted resources first, then unrestricted resources as they are needed.

The Foundation uses the allowance method to estimate uncollectible receivables from unconditional promises to give. The allowance is based on management's experience, third-party contracts, analysis of specific promises made and other circumstances, which may affect the ability of third parties to meet their obligations. Promises to give are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Foundation's policy to charge off uncollectible promises to give against allowances when management determines the promise to give will not be collected. All promises to give as of December 31, 2016 and 2015 were unconditional and considered fully collectible.

#### In-Kind Contributions and Contributed Services

In accordance with FASB ASC 958-605, *Not-For-Profit Entities, Revenue Recognition*, the Foundation recognizes donated services as contributions in the financial statements if such services (a) create or enhance nonfinancial assets or (b) require specialized skills, and are performed by people with those skills and would otherwise be purchased by the Foundation. Donated services are recorded at their estimated values at the date of the donation.

# **PRAIRIE VIEW A&M FOUNDATION**

(A Texas Nonprofit Corporation)

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

Certain individuals volunteer their time and perform a variety of tasks that assist the Foundation in its operations. The Foundation records the value of contributed services when there is an objective basis available to measure the value. During the years ended December 31, 2016 and 2015, the Foundation did not have any contributed services meeting the criteria for recognition in the financial statements, and accordingly, no value was recorded.

Receipts of in-kind goods and services are presented as both revenue and expense in the accompanying financial statements and are recorded as non-cash contributions at their estimated fair value at the date of performance of service or receipt of donation. The value of such non-cash contributions that are included in the financial statements for the years ended December 31, 2016 and 2015 was \$6,665 and \$50, respectively, and represented advertisement donations.

#### Cash and Cash Equivalents

The Foundation considers all monies in banks and highly liquid investments with maturities of three months or less from the date of purchase to be cash and cash equivalents. The carrying values of any cash and cash equivalents are deemed to approximate their fair values because of the short maturities of those financial instruments. The Foundation had no cash equivalents for the years ended December 31, 2016 and 2015.

#### Investments

The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values based on quoted prices in active markets in the statement of financial position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Investment income and gains restricted by donors are reported as increases in restricted net assets until the restrictions are met either by passage of time or by use.

#### Property and Equipment

Property and equipment are generally recorded at cost or, if donated, at their estimated fair value at the date of donation. Such donations are reported as an increase in unrestricted net assets unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire or maintain property and equipment are reported as restricted contributions. There were no donated assets received by the Foundation during the years ended December 31, 2016 and 2015. The Foundation does not presently have any assets which have donor-imposed restrictions. The Foundation follows the policy of capitalizing all expenditures for property, improvements, furniture and fixtures, and office and computer equipment in excess of \$1,000. Property and equipment items are depreciated using the straight-line method based on their estimated useful lives. Maintenance and repairs are charged to operations when incurred. Major improvements and renewals that extend the life of the asset are capitalized.

# **PRAIRIE VIEW A&M FOUNDATION**

(A Texas Nonprofit Corporation)

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

#### Income Taxes

The Foundation is a nonprofit corporation that is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (“Code”) and comparable State law. Accordingly, contributions to the Foundation are tax deductible within the limitations prescribed by the Code. The Foundation has also been classified as a publicly-supported organization which is not a private foundation under Section 509(a) of the Code. Therefore, the Foundation has made no provision for federal income taxes in the accompanying financial statements.

The Foundation applies the provisions of FASB ASC 740, *Income Taxes*, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FASB ASC 740 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation’s Federal income tax return for years 2013 through 2015 is subject to examination by the Internal Revenue Service, generally for three years after it was filed.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Significant estimates included in the financial statements of the Foundation included discounts applied to long-term promises to give.

#### Reclassification

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

#### New Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02 – Leases (Topic 842), which supersedes existing guidance on leases and amends and supersedes a number of other paragraphs throughout the FASB ASC. This update will be effective for the Foundation’s 2020 annual financial statements. Management is currently evaluating the impact this update will have on the financial statements.

In August 2016, the FASB issued ASU 2016-14 – Not-for-Profit Entities (Topic 842): Presentation of Financial Statements of Not-for-Profit Entities, which will eliminate the

# **PRAIRIE VIEW A&M FOUNDATION**

(A Texas Nonprofit Corporation)

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

distinction between resources with permanent restrictions and those with temporary restrictions from the face of financial statements as well as improve the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. This update will be effective for the Foundation's 2018 annual financial statements. Management is currently evaluating the impact this update will have on the financial statements.

## **2. CONCENTRATION OF CREDIT RISKS**

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the Foundation will not be able to recover its deposits. Although the Foundation does not have a formal deposit policy for custodial credit risk, it maintains deposits at federally insured banks and strives to minimize its exposure to custodial credit risk by maintaining deposits at institutions with demonstrated financial strength. Balances in accounts at the banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. The total cash maintained by the Foundation in all banks as of December 31, 2016 and 2015 was \$566,804 and \$546,971, respectively, of which \$316,804 and \$296,971 was uninsured by the FDIC as of December 31, 2016 and 2015, respectively.

## **3. PROMISES TO GIVE**

The following table sets forth the components of promises to give as of December 31, 2016 and 2015:

|                             | Promises to give -<br>due within one<br>year | Promises to give -<br>due in one to five<br>years | Total             |
|-----------------------------|----------------------------------------------|---------------------------------------------------|-------------------|
| <b>2016</b>                 |                                              |                                                   |                   |
| Temporarily restricted      | \$ 202,030                                   | \$ 68,637                                         | \$ 270,667        |
| Less: unamortized discounts | -                                            | (17,621)                                          | (17,621)          |
| Promises to give, net       | <u>\$ 202,030</u>                            | <u>\$ 51,016</u>                                  | <u>\$ 253,046</u> |

|                             | Promises to give -<br>due within one<br>year | Promises to give -<br>due in one to five<br>years | Total             |
|-----------------------------|----------------------------------------------|---------------------------------------------------|-------------------|
| <b>2015</b>                 |                                              |                                                   |                   |
| Temporarily restricted      | 176,708                                      | 164,135                                           | \$ 340,843        |
| Less: unamortized discounts | -                                            | (17,623)                                          | (17,623)          |
| Promises to give, net       | <u>\$ 176,708</u>                            | <u>\$ 146,512</u>                                 | <u>\$ 323,220</u> |

**PRAIRIE VIEW A&M FOUNDATION**  
(A Texas Nonprofit Corporation)

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

Promises to give with due dates extending beyond one year are discounted using a prime rate prevailing at the date of donation. The effective prime rate as of and during the years ended December 31, 2016 and 2015 was 3.75% and 3.25%, respectively.

**4. INVESTMENTS**

The Foundation's investments as of December 31, 2016 and 2015 are as follows:

| <b>Investment Type</b>   | <b>2016</b>       |                     | <b>2015</b>      |                     |
|--------------------------|-------------------|---------------------|------------------|---------------------|
|                          | <b>Cost</b>       | <b>Market Value</b> | <b>Cost</b>      | <b>Market Value</b> |
| Money Market Mutual Fund | \$ 110,149        | \$ 110,149          | \$ 76,399        | \$ 76,399           |
| Total                    | <u>\$ 110,149</u> | <u>\$ 110,149</u>   | <u>\$ 76,399</u> | <u>\$ 76,399</u>    |

Investment (loss)/income for fiscal years 2016 and 2015 is summarized as follows:

|                                          | <b>December 31,</b> |                 |
|------------------------------------------|---------------------|-----------------|
|                                          | <b>2016</b>         | <b>2015</b>     |
| Investments at market value, end of year | \$ 110,149          | \$ 76,399       |
| Investments at cost, end of year         | 110,149             | 76,399          |
| Change                                   | <u>\$ -</u>         | <u>\$ -</u>     |
| Unrealized loss, end of year             | \$ (107)            | \$ -            |
| Unrealized gain, beginning of year       | -                   | -               |
| Unrealized loss for the year             | \$ (107)            | \$ -            |
| Realized loss for the year               | (407)               | (608)           |
| Interest and dividend income             | 5                   | 4               |
| Total investment loss for the year       | <u>\$ (509)</u>     | <u>\$ (604)</u> |

**5. FAIR VALUE MEASUREMENTS**

U.S. GAAP requires that certain assets and liabilities be reported at fair value and establishes a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the reporting date.

# PRAIRIE VIEW A&M FOUNDATION

(A Texas Nonprofit Corporation)

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

Certain financial assets of the Foundation are measured at fair value on a recurring basis. The three levels of the fair value hierarchy are as follows:

*Level 1 – Quoted prices (unadjusted) are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.*

*Level 2 – Pricing inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.*

*Level 3 – Pricing inputs include significant inputs that are generally less observable or from unobservable sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.*

The fair value measurement level of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Financial instruments measured at fair value on a recurring basis at December 31, 2016 were as follows:

|                          | <u>Level 1</u>   | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u>     |
|--------------------------|------------------|----------------|----------------|------------------|
| Money Market Mutual Fund | \$110,149        | \$ -           | \$ -           | \$110,149        |
| Total                    | <u>\$110,149</u> | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$110,149</u> |

Financial instruments measured at fair value on a recurring basis at December 31, 2015 were as follows:

|                          | <u>Level 1</u>   | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u>     |
|--------------------------|------------------|----------------|----------------|------------------|
| Money Market Mutual Fund | \$ 76,399        | \$ -           | \$ -           | \$ 76,399        |
| Total                    | <u>\$ 76,399</u> | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ 76,399</u> |

Investments are exposed to various risks such as interest rate risks, market and credit risks. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statement of financial position and the statement of activities.

**PRAIRIE VIEW A&M FOUNDATION**

(A Texas Nonprofit Corporation)

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

**6. PROPERTY AND EQUIPMENT**

The following is a summary of property and equipment, less accumulated depreciation, as of December 31, 2016 and 2015:

|                             | <b>2016</b>      | <b>2015</b>     |
|-----------------------------|------------------|-----------------|
| Equipment                   | \$ 17,136        | \$ 12,804       |
| Accumulated depreciation    | (5,024)          | (5,024)         |
| Property and equipment, net | <u>\$ 12,112</u> | <u>\$ 7,780</u> |

There was no depreciation expense for the years ended December 31, 2016 and 2015.

**7. NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

|                            | <b>December 31,</b> |                   |
|----------------------------|---------------------|-------------------|
|                            | <b>2016</b>         | <b>2015</b>       |
| Building of Sports Complex | \$ 346,650          | \$ 534,997        |
| Scholarships               | 371,915             | 210,690           |
| Athletics                  | 14,217              | 14,161            |
|                            | <u>\$ 732,782</u>   | <u>\$ 759,848</u> |

Unrestricted net assets amounted to \$164,964 and \$231,701 as of December 31, 2016 and December 31, 2015, respectively, and are available to support the programs and activities of the Foundation.

**8. RELATED PARTY TRANSACTIONS**

The University in cooperation with the Foundation, has desired to significantly expand its development efforts, thus, expanding private support and increase discretionary funds for the University. To accomplish these objectives, it was mutually agreed between the Texas A&M University System, the University and the Foundation to apply a one-time six percent (6%) development fee (the “fee”) on all gifts to the University and/or the Foundation with certain exceptions. The fee is taken from the first available income from endowed gifts and from the principal of non-endowed gifts. Eighty-five percent (85%) of the fee is used to support the Foundation’s operations and fifteen percent (15%) is used to support the University’s development activities. The University maintains a “Development Account” for this purpose.

# **PRAIRIE VIEW A&M FOUNDATION**

(A Texas Nonprofit Corporation)

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

The portion of the fees due to the Foundation for contributions collected by the University on behalf of the Foundation is deposited in the Development Account. The portion of the fees due to the University for contributions collected by the Foundation is directly withdrawn by the University from the Development Account. Any remaining balance in the Development Account belongs to the Foundation and can be used by the Foundation to support its operations. The total development fee paid to the Foundation amounted to \$85,284 and \$96,460 for the years ended December 31, 2016 and 2015, respectively. The Foundation utilizes a portion of the fee amount for its operations. In addition, as of December 31, 2016 and 2015, the Foundation has a payable outstanding of \$1,361 and \$3,428, respectively, to remit the .9% development fee for gifts collected directly by the Foundation to the University. The Foundation also has a payable outstanding of \$138,413 to remit donations to the University.

In February 2012, the Foundation entered into an agreement with the Board of Regents of the University to lease office space and utilities (excluding telephone and internet) in the University's College of Nursing building located in Houston, Texas. The initial lease agreement expired on August 31, 2012, but was extended for four additional one-year periods until August 31, 2016. In September 2016, the Foundation entered into a new lease agreement with the Board of Regents of the University with terms similar to the prior agreement. The new lease agreement expires August 31, 2017 and the Foundation has the option to renew the lease agreement for four additional one-year periods. In consideration for the Foundation's support of the educational undertakings of the University, all rent has been waived.

The Board of Trustees of the Foundation has mutually agreed to support the Foundation by making cash and in-kind contributions. Pursuant to this commitment, the Foundation has received \$178,258 and \$193,082 in cash contributions from certain members of the Board of Trustees for the years ended December 31, 2016 and 2015, respectively.

## **9. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through June 27, 2017, the date financial statements were available to be issued. No changes were made, or are necessary to be made, to the financial statements, as a result of this evaluation.

**Help us win and  
continue our legacy!**

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**Prairie View A&M Foundation**

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