

Northern Oklahoma College Foundation, Inc.

Financial Statements

June 30, 2019 and 2018
(With Independent Auditors' Report Thereon)



NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Northern Oklahoma College Foundation, Inc.
Tonkawa, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the Northern Oklahoma College Foundation, Inc. (the "Foundation"), a nonprofit organization, which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and 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; 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.

Auditors' 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. 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 auditors' 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.

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2019 and 2018, 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.

Emphasis of Matter

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, on July 1, 2018, the Foundation implemented Accounting Standards Update No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). As a result of implementing ASU 2016-14, the net assets as of June 30, 2017, and July 1, 2018, investment income, net, and total expenses for the year ended June 30, 2018, were restated. The Foundation also added the presentation of statements of functional expenses and added certain footnote disclosures required by ASU 2016-14. Our opinion is not modified with respect to this matter.

Other Matters

Report on Supplementary Information

Our audits were performed for the purpose of forming an opinion on the financial statements as of and for the years ended June 30, 2019 and 2018, as a whole. The combining schedules—statements of activities information for the years ended June 30, 2019 and 2018, on pages 29 and 30 are presented for the purpose of additional analysis and are not a part of the required basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the combining schedules—statements of activities information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Finley + Cook, PLLC

Shawnee, Oklahoma
October 21, 2019

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

<i>June 30,</i>	<i>2019</i>	<i>2018</i>
Assets		
Current assets:		
Cash	\$ 723,469	288,809
Loans receivable	4,208	7,355
Prepaid assets	2,450	23,325
Investment income receivables	15	10
Total current assets	<u>730,142</u>	<u>319,499</u>
Noncurrent assets:		
Investments	11,346,318	9,650,944
Property and equipment, net	-	8,438
Total noncurrent assets	<u>11,346,318</u>	<u>9,659,382</u>
 Total assets	 <u>\$ 12,076,460</u>	 <u>9,978,881</u>
Liabilities and Net Assets		
Liabilities:		
Accrued accounts payable	\$ 6,616	12,574
Total liabilities	<u>6,616</u>	<u>12,574</u>
Net assets:		
Without donor restrictions, restated	<u>2,792,607</u>	<u>1,254,916</u>
With donor restrictions, restated:		
Restricted in perpetuity - endowment	6,794,499	6,299,915
Restricted for specified purpose	2,482,738	2,411,476
Total with donor restrictions, restated	<u>9,277,237</u>	<u>8,711,391</u>
Total net assets	<u>12,069,844</u>	<u>9,966,307</u>
 Total liabilities and net assets	 <u>\$ 12,076,460</u>	 <u>9,978,881</u>

See Independent Auditors' Report.
See accompanying notes to financial statements.

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

Year Ended June 30, 2019

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Revenues, gains, and other support:			
Private gifts and contributions	\$ 1,738,982	452,094	2,191,076
Interest and dividends	34,211	191,477	225,688
Net realized and unrealized gains	104,926	451,571	556,497
Other income	24,422	223,648	248,070
Net assets released from restriction	<u>752,944</u>	<u>(752,944)</u>	<u>-</u>
Total revenues, gains, and other support	<u>2,655,485</u>	<u>565,846</u>	<u>3,221,331</u>
Expenses:			
Program activities:			
College support	454,640	-	454,640
Development and community relations	199,069	-	199,069
Scholarships	<u>306,954</u>	<u>-</u>	<u>306,954</u>
Total program activities	<u>960,663</u>	<u>-</u>	<u>960,663</u>
Supporting activities:			
General and administrative	<u>157,131</u>	<u>-</u>	<u>157,131</u>
Total supporting activities	<u>157,131</u>	<u>-</u>	<u>157,131</u>
Total expenses	<u>1,117,794</u>	<u>-</u>	<u>1,117,794</u>
Change in net assets	1,537,691	565,846	2,103,537
Net assets at beginning of year	<u>1,254,916</u>	<u>8,711,391</u>	<u>9,966,307</u>
Net assets at end of year	<u>\$ 2,792,607</u>	<u>9,277,237</u>	<u>12,069,844</u>

See Independent Auditors' Report.
See accompanying notes to financial statements.

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

STATEMENTS OF ACTIVITIES, CONTINUED

Year Ended June 30, 2018

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Revenues, gains, and other support:			
Private gifts and contributions	\$ 296,882	505,212	802,094
Interest and dividends	21,428	197,932	219,360
Net realized and unrealized gains, restated	94,288	342,658	436,946
Other income	10,727	214,729	225,456
Net assets released from restriction	<u>753,441</u>	<u>(753,441)</u>	<u>-</u>
Total revenues, gains, and other support	<u>1,176,766</u>	<u>507,090</u>	<u>1,683,856</u>
Expenses:			
Program activities:			
College support	428,973	-	428,973
Development and community relations	172,521	-	172,521
Scholarships	<u>301,964</u>	<u>-</u>	<u>301,964</u>
Total program activities	<u>903,458</u>	<u>-</u>	<u>903,458</u>
Supporting activities:			
General and administrative	<u>148,710</u>	<u>-</u>	<u>148,710</u>
Total supporting activities	<u>148,710</u>	<u>-</u>	<u>148,710</u>
Total expenses, restated	<u>1,052,168</u>	<u>-</u>	<u>1,052,168</u>
Change in net assets	124,598	507,090	631,688
Net assets at beginning of year, restated	<u>1,130,318</u>	<u>8,204,301</u>	<u>9,334,619</u>
Net assets at end of year, restated	<u>\$ 1,254,916</u>	<u>8,711,391</u>	<u>9,966,307</u>

See Independent Auditors' Report.
See accompanying notes to financial statements.

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended 2019 and 2018

	Program Activities				Supporting Activities	Total Expenses
	College Support	Development and Community Relations	Scholarships	Programs Subtotal	General and Administrative	
<u>Year Ended June 30, 2019</u>						
Direct program distribution	\$ 419,917	155,863	263,600	839,380	-	839,380
Depreciation	1,053	1,309	1,314	3,676	4,762	8,438
Insurance	288	358	360	1,006	1,304	2,310
Fund raising	1,092	1,359	1,363	3,814	4,942	8,756
Other general and administrative	<u>32,290</u>	<u>40,180</u>	<u>40,317</u>	<u>112,787</u>	<u>146,123</u>	<u>258,910</u>
Total expenses	<u>\$ 454,640</u>	<u>199,069</u>	<u>306,954</u>	<u>960,663</u>	<u>157,131</u>	<u>1,117,794</u>
<u>Year Ended June 30, 2018</u>						
Direct program distribution	\$ 396,111	131,630	260,933	788,674	-	788,674
Depreciation	1,178	1,466	1,471	4,115	5,333	9,448
Insurance	288	358	360	1,006	1,304	2,310
Fund raising	1,472	1,832	1,838	5,142	6,660	11,802
Other general and administrative	<u>29,924</u>	<u>37,235</u>	<u>37,362</u>	<u>104,521</u>	<u>135,413</u>	<u>239,934</u>
Total expenses	<u>\$ 428,973</u>	<u>172,521</u>	<u>301,964</u>	<u>903,458</u>	<u>148,710</u>	<u>1,052,168</u>

See Independent Auditors' Report.

See accompanying notes to financial statements.

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

Increase (Decrease) in Cash and Cash Equivalents

<i>Years Ended June 30,</i>	<i>2019</i>	<i>2018</i>
Reconciliation of changes in net assets to net cash provided by operating activities:		
Changes in net assets	\$ 2,103,537	631,688
Adjustment to reconcile changes in net assets to net cash provided by operating activities:		
Contributions restricted for long-term investment	(125,002)	(43,850)
Depreciation expense	8,438	9,448
Net realized and unrealized investment loss	(556,497)	(475,436)
Changes in operating assets and liabilities:		
Prepaid assets	20,875	(23,325)
Accrued interest receivable	(5)	(4)
Accounts payable	(5,958)	11,865
Net cash provided by operating activities	1,445,388	110,386
Cash flows from capital and related financing activities:		
Cash received from restricted contributions	125,002	43,850
Net cash provided by capital and related financing activities	125,002	43,850
Cash flows from investing activities:		
Purchase of investments	(1,273,983)	(288,620)
Proceeds from sales of investments	135,106	151,908
Net changes in loans receivable	3,147	1,575
Net cash used in investing activities	(1,135,730)	(135,137)
Net increase in cash and cash equivalents	434,660	19,099
Cash and cash equivalents at beginning of year	288,809	269,710
Cash and cash equivalents at end of year	\$ 723,469	288,809

See Independent Auditors' Report.
See accompanying notes to financial statements.

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Northern Oklahoma College Foundation, Inc. (the “Foundation”) was established and organized exclusively for the benefit of the educational, literacy, and scientific activities of Northern Oklahoma College (the “College”). The principal function of the Foundation is to promote the College and the welfare of its programs and students by providing scholarships, loans, and other awards to students, faculty, and staff as deemed appropriate.

The Board of Trustees which governs the Foundation is separate and distinct from the Board of Regents, the governing body of the College.

Accounting Standards Codification

The Foundation adopted the Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC). ASC does not alter current accounting principles generally accepted in the United States (GAAP), but rather integrates existing accounting standards with other authoritative guidance. ASC provides a single source of authoritative GAAP for nongovernmental entities and supersedes all other previously issued non-SEC accounting and reporting guidance. Adoption of ASC did not have a significant effect on the Foundation’s financial statements.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting. Under this basis, revenues are recognized when earned rather than when received, and expenses are recognized when incurred rather than when the obligation is paid.

Financial Statement Presentation

Net assets, revenues, gains, expenses, and losses are classified as net assets without donor restrictions and net assets with donor restrictions based on the absence or existence of donor-imposed stipulations. A description of the two net asset categories follows:

Net assets without donor restrictions—Net assets that are not subject to donor-imposed stipulations, but rather are available for use at the discretion of the Board of Trustees and/or management for general operating purposes. From time to time, the Board designates a portion of these net assets for specific purposes, which makes them unavailable for use at management’s discretion (considered to be Board-designated).

Net assets with donor restrictions—Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time. When a donor restriction expires, the net assets are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

See Independent Auditors’ Report.

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Financial Statement Presentation, Continued

Net assets with donor restrictions, continued—Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investment for general or specific donor-imposed purposes.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received by the Foundation. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of gift. An allowance is made for uncollectible contributions based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience, and other relevant factors. Contributions receivable, which arise primarily from trusts and estates, are carried at present value at the financial statement date. This valuation assumes collection within one year; however, due to the nature of the receivable, the final settlement dates are uncertain. All amounts are expected to be fully collected. As of June 30, 2019 and 2018, the Foundation had no receivables relating to contributions.

Contributions are reported as increases in the appropriate category of net assets, either revenue without donor restrictions or revenue with donor restrictions. Expenses are reported as decreases in net assets without donor restrictions. Net assets with donor restrictions on gifts to acquire long-lived assets are considered met in the period in which the assets are acquired or placed in service. Gifts of property and equipment are recorded as net assets without donor restriction support unless explicit donor stipulations specify how the assets must be used, in which case the gift is recorded as net assets with donor restriction support. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. Contributions received from donors with general use restrictions for the College as a whole, or for specific departments within the College, are reflected as net assets without donor restrictions to the extent that the College or departments have expended sufficient dollars which meet these general use restrictions. Contributions which are received and whose restrictions are met in the same period are recognized as net assets without donor restriction contributions.

Recognition of Donor Restrictions

Revenues that are restricted by a donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the revenues are received. All other donor restricted revenues are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

See Independent Auditors' Report.

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an initial maturity of 3 months or less to be cash and cash equivalents.

Concentration of Credit Risk

At June 30, 2019, the Foundation had a concentration of credit risk with one local financial institution. The credit was in the form of a checking account. The Foundation evaluates the stability of the financial institution it does business with in evaluating credit risk. The Foundation's exposure to credit loss in the event of nonperformance by the other party to the financial instrument noted above is represented by the contractual or notional amount of the account, less the amount covered by the Federal Deposit Insurance Corporation (FDIC) insurance (\$250,000 per institution), if applicable.

	<u>Contractual or Notional Amount (Less FDIC Insurance)</u>
Gateway First Bank	\$ <u>224,911</u>

The Foundation also maintains cash in its brokerage money market account which invests in U.S. government obligations. The fund is not federally insured or guaranteed by the U.S. government, the FDIC, or any other agency; however, management believes because of the high grade of instruments held by the fund that it is not exposed to any significant credit risk.

Support and Expenses

Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor-imposed restrictions that simultaneously increase one class of net assets and decrease another are reported as reclassifications between the applicable classes and noted as net assets released from restrictions in the statements of activities.

Loans Receivable

The Foundation grants various student loans as directed by donor-imposed stipulations. The Foundation considers all loans receivable to be fully collectible.

See Independent Auditors' Report.

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Income Taxes

The Internal Revenue Service has recognized the Foundation as exempt from income taxes under Section 501(a) of the Internal Revenue Code (the "Code") as an organization described in Section 501(c)(3) of the Code. Accordingly, no provision for income taxes is reflected in the accompanying financial statements. The Foundation had no unrelated business income during 2019 or 2018.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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.

Accounting for Uncertain Tax Positions

The Foundation evaluates and accounts for its uncertain tax positions, if any, in accordance with ASC Topic 740, "Income Taxes," including the Foundation's tax position as a tax-exempt, not-for-profit entity. Through the Foundation's evaluation of its uncertain tax positions, management has determined no uncertain tax positions existed as of June 30, 2019 or 2018, which would require the Foundation to record a liability for the uncertain tax positions in its financial statements. Interest and penalties, if any, resulting from any uncertain tax position required to be recorded by the Foundation would be presented in operating expenses in the statements of activities. With few exceptions, the Foundation is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for years ended on or before June 30, 2016.

Investments

Investments in marketable securities with readily determinable fair values, and all investments in debt securities are valued at their fair value in the statements of financial position. Realized and unrealized investment gains and losses are computed on the average cost basis and are netted with external and direct internal investment expenses. Net investment income and realized and unrealized investment gains and losses are classified as without donor restrictions in the statements of activities unless a donor or law restricts their use.

Property and Equipment

Property and equipment are stated at cost or fair value at date of donation. For equipment, the Foundation's capitalization policy includes all items with a cost of \$5,000 or more and an estimated useful life of greater than one year. Depreciation is computed using the straight-line method over the estimated useful lives of the assets: 10 years for equipment.

See Independent Auditors' Report.

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Restatement of Previously Reported Balances

The Foundation adopted ASU 2016-14 on July 1, 2018, which resulted in a restatement of the Foundation's net assets as of July 1, 2017, and June 30, 2018, and its net investment earnings and total expenses for the year ended June 30, 2018, as follows:

	Without Donor Restrictions	<u>With Donor Restrictions</u>		
		Restricted in Perpetuity - Endowment	Restricted for Specified Purpose	<u>Total</u>
Net assets at July 1, 2017:				
As previously reported	\$ 1,098,616	5,874,757	2,361,246	9,334,619
Effect of adopting ASU 2016-14	<u>31,702</u>	<u>(31,702)</u>	<u>-</u>	<u>-</u>
As restated	<u>\$ 1,130,318</u>	<u>5,843,055</u>	<u>2,361,246</u>	<u>9,334,619</u>
Net assets at June 30, 2018:				
As previously reported	\$ 1,195,091	6,359,740	2,411,476	9,966,307
Effect of adopting ASU 2016-14	<u>59,825</u>	<u>(59,825)</u>	<u>-</u>	<u>-</u>
As restated	<u>\$ 1,254,916</u>	<u>6,299,915</u>	<u>2,411,476</u>	<u>9,966,307</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
Investment income:				
Interest and dividends	\$ 21,428	197,932	219,360	
Net realized and unrealized gains for the year ended June 30, 2018	<u>70,467</u>	<u>404,317</u>	<u>474,784</u>	
As previously reported	<u>91,895</u>	<u>602,249</u>	<u>694,144</u>	
Effect of adopting ASU 2016-14:				
Underwater endowments	28,123	(28,123)	-	
Investment fees	<u>(4,302)</u>	<u>(33,536)</u>	<u>(37,838)</u>	
As restated	<u>\$ 115,716</u>	<u>540,590</u>	<u>656,306</u>	
Total expenses for the year ended June 30, 2018			\$ 1,090,006	
Effect of adopting ASU 2016-14:				
Investment fees			<u>(37,838)</u>	
As restated			<u>\$ 1,052,168</u>	

See Independent Auditors' Report.

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Functional Allocation of Expenses

The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Foundation are reported as expenses of those functional areas. A portion of general and administrative costs that benefit multiple functional areas (indirect costs) have been allocated across programs and supporting activities based on a proportion of the estimate of time and effort of those employees of the College who provide services on-behalf of the Foundation directly related to those programs and supporting activities.

Program Activities

The program activities includes functions necessary to secure and provide adequate resources for direct program distributions related to college support, development and community relations, and scholarships. Listed below is a brief description for each of these activities.

College Support—The Foundation provides College support in the form of accounting and financial oversight for funds raised to support the College student activity programs. The Foundation also assists in the development, planning, fund raising, and monitoring of capital projects and related equipment, including the new baseball and softball sports complex completed in 2018 and the acquisition of testing equipment in 2019.

Development and Community Relations—The Foundation strives to identify, cultivate, solicit, and maintain relations with current and prospective donors by planning and executing a comprehensive annual giving program.

Scholarships—The Foundation provides scholarships to the College students by raising funds through a variety of events and activities. It also provides financial support for special student and faculty study programs, including study-abroad programs.

Supporting Activities

The supporting activities includes the functions necessary to secure and provide proper administrative support for the Foundation Board of Trustees, maintain an adequate working environment, and manage the financial responsibilities of the Foundation.

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Recent Accounting Pronouncements

In May 2014, FASB issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* (ASU 2014-09). ASU 2014-09 clarifies the principles for recognizing revenue by providing a more robust framework that will give greater consistency and comparability in revenue recognition practices. In the new framework, an entity recognizes revenue in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods or services. The new model requires the identification of performance obligations included in contracts with customers, a determination of the transaction price, and an allocation of the price to those performance obligations. The entity recognizes revenue when performance obligations are satisfied. In August 2015, FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers—Deferral of the Effective Date*, which defers the effective date of ASU 2014-09 by one year. ASU 2014-09 is effective for the entity's annual periods beginning after December 15, 2018. The Foundation is currently evaluating the impact on the financial statements of adopting ASU 2014-09.

In January 2016, FASB issued ASU No. 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities* (ASU 2016-01), which requires all equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value, with changes in the fair value recognized through net income. An entity may choose to measure equity investments that do not have readily determinable fair values at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. ASU 2016-01 simplifies the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment. When a qualitative assessment indicates that impairment exists, an entity is required to measure the investment at fair value. ASU 2016-01 eliminates the requirement to disclose the fair value of financial instruments measured at amortized cost for entities that are not public business entities. ASU 2016-01 is effective for financial statements issued for fiscal years beginning after December 15, 2018. In February 2018, FASB issued ASU No. 2018-03, *Technical Corrections and Improvements to Financial Instruments—Overall (Subtopic 825-10) Recognition and Measurement of Financial Assets and Financial Liabilities*, which clarifies certain aspects of the guidance issued in ASU 2016-01. Adoption of ASU 2016-01 is not expected to have a significant effect on the Foundation's financial statements.

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)* (ASU 2016-02), which requires that lessees recognize on the balance sheet the assets and liabilities for the rights and obligations created by operating leases. ASU 2016-02 is effective for financial statements issued for fiscal years beginning after December 15, 2019. The Foundation is currently evaluating the impact on the financial statements of adopting ASU 2016-02.

See Independent Auditors' Report.

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Recent Accounting Pronouncements, Continued

In August 2016, FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). ASU 2016-14 amends the current reporting model for not-for-profit entities and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions,” (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed-in-service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all not-for-profit entities present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment earnings, net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of not-for-profit financial statements. In addition, ASU 2016-14 removes the requirement that not-for-profit entities that choose to prepare the statements of cash flows using the direct method must also present a reconciliation (the indirect method). The Foundation adopted ASU 2016-14 on July 1, 2018, which had a significant impact on the presentation of the Foundation’s financial statements. The requirements of ASU 2016-14 resulted in the restatement of the net assets, net investment income, and total expense for 2018, the presentation of statements of functional expenses, and the addition of certain footnotes.

In August 2016, FASB issued ASU No. 2016-15, *Classification of Certain Cash Receipts and Cash Payments* (ASU 2016-15), which clarifies the classification of certain cash receipts and payments in the statement of cash flows. ASU 2016-15 addresses eight cash flow issues, including debt repayment and extinguishment costs, settlement of zero-coupon debt instruments, contingent consideration payments following a business combination, proceeds from the settlement of insurance claims and corporate-owned life insurance policies, distributions received from equity method investees, beneficial interests in securitization transactions, and separately identifiable cash flows. ASU 2016-15 is effective for financial statements issued for fiscal years beginning after December 15, 2018. The Foundation is currently evaluating the impact of adopting ASU 2016-15 on its financial statements.

In November 2016, FASB issued ASU No. 2016-18, *Restricted Cash* (ASU 2016-18), which requires restricted cash or restricted cash equivalents to be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. ASU 2016-18 is effective for financial statements issued for fiscal years beginning after December 15, 2018. The Foundation is currently evaluating the impact on the financial statements of adopting ASU 2016-18.

See Independent Auditors’ Report.

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Recent Accounting Pronouncements, Continued

In December 2016, FASB issued ASU No. 2016-20, *Technical Corrections and Improvements to Topic 606, "Revenue from Contracts with Customers"* (ASU 2016-20), which affects narrow aspects of the guidance issued in ASU 2014-09. ASU 2016-20 is effective for financial statements issued for fiscal years beginning after December 15, 2018. The Foundation is currently evaluating the impact of adopting ASU 2016-20 on its financial statements.

In June 2018, FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08), which clarifies and improves current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. ASU 2018-08 clarifies how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. ASU 2018-08 clarifies that, consistent with current GAAP, in instances in which a resource provider is not itself receiving commensurate value for the resources provided, an entity must determine whether a transfer of assets represents a payment from a third-party payer on behalf of an existing exchange transaction between the recipient and an identified customer. If so, other guidance (for example, ASC Topic 606) applies. The amendments in ASU 2018-08 apply to both resources received by a recipient and resources given by a resource provider, except for transfers of assets from government entities to business entities. ASU 2018-08 is effective for transactions in which an entity serves as the resource recipient for periods beginning after December 15, 2018. ASU 2018-08 is effective for transactions in which an entity serves as the resource provider for periods beginning after December 15, 2019. The Foundation is currently evaluating the impact on the financial statements of adopting ASU 2018-08.

In August 2018, FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement* (ASU 2018-13), which removes, modifies, and adds disclosure requirements on fair value measurements. ASU 2018-13 is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. In addition, early adoption of any removed or modified disclosures and delayed adoption of the additional disclosures until the effective date is also permitted. The Foundation is currently evaluating the impact on the financial statements of adopting ASU 2018-13.

In December 2018, FASB issued ASU No. 2018-20, *Leases (Topic 842): Narrow-Scope Improvements for Lessors* (ASU 2018-20), which permits lessors, as an accounting policy election, to not evaluate whether certain sales taxes and other similar taxes are lessor costs (as described in ASC Paragraph 842-10-15-30(b)) or lessee costs. Instead, those lessors will account for those costs as if they are lessee costs. ASU 2018-20 requires lessors to exclude from variable payments, and therefore revenue, lessor costs paid by lessees directly to third parties. ASU 2018-20 has the same effective date as ASU 2016-02. The Foundation is currently evaluating the impact on the financial statements of adopting ASU 2018-20.

See Independent Auditors' Report.

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Subsequent Events

The Foundation has evaluated subsequent events through October 21, 2019, which is the date that the financial statements were available to be issued. There are no subsequent events requiring recognition or disclosure in the 2019 financial statements.

(2) **INVESTMENTS**

As discussed in Note 1, marketable securities are reported at fair value and other investments are reported at the lower of cost or fair value. Fair value is determined based on quoted market prices, third-party valuations, and management's analysis of discounted cash flows using observable or unobservable inputs.

Investments are held at several investment companies and consisted of the following as of June 30:

	<u>2019</u>	<u>2018</u>
Marketable securities:		
Certificates of deposit	\$ 4,999	4,999
Common stock	739,740	567,577
Mutual funds	925,173	1,049,284
Fixed income funds	761,361	797,991
Pooled funds	<u>8,848,218</u>	<u>7,206,177</u>
Total marketable securities	<u>11,279,491</u>	<u>9,626,028</u>
Other investment:		
Limited partnership	<u>66,827</u>	<u>24,916</u>
Total other investments	<u>66,827</u>	<u>24,916</u>
	<u>\$ 11,346,318</u>	<u>9,650,944</u>

The Foundation has limited partnership interest in Capital Partners VII, L.P. with a total cost of \$59,000. The Foundation had an unfunded commitment of \$341,000 with Capital Partners VII, L.P. as of June 30, 2019.

See Independent Auditors' Report.

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) INVESTMENTS, CONTINUED

Investment income was as follows for the years ended June 30:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>2019</u>			
Interest and dividends	\$ 34,211	191,477	225,688
Net realized and unrealized gains	<u>104,926</u>	<u>451,571</u>	<u>556,497</u>
Investment income, net	<u>\$ 139,137</u>	<u>643,048</u>	<u>782,185</u>
<u>2018</u>			
Interest and dividends	\$ 21,428	197,932	219,360
Net realized and unrealized gains, restated	<u>94,288</u>	<u>342,658</u>	<u>436,946</u>
Investment income, net	<u>\$ 115,716</u>	<u>540,590</u>	<u>656,306</u>

(3) PROPERTY AND EQUIPMENT

Property and equipment by category as of June 30 are summarized as follows:

	<u>2019</u>	<u>2018</u>
Equipment	\$ 148,393	148,393
Less accumulated depreciation	<u>(148,393)</u>	<u>(139,955)</u>
Property and equipment, net	<u>\$ -</u>	<u>8,438</u>

(4) NET ASSETS WITH DONOR RESTRICTIONS FOR SPECIFIED PURPOSE

Net assets were restricted for the following specified purposes as of June 30:

	<u>2019</u>	<u>2018</u>
Scholarships	\$ 2,172,776	2,136,297
Loans	<u>309,962</u>	<u>275,179</u>
	<u>\$ 2,482,738</u>	<u>2,411,476</u>

See Independent Auditors' Report.

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

**(4) NET ASSETS WITH DONOR RESTRICTIONS FOR SPECIFIED PURPOSE,
CONTINUED**

Net assets released from restrictions were as follows for the year ended June 30:

	<u>2019</u>	<u>2018</u>
College support	\$ 419,918	395,621
Development and community relations	71,260	95,530
Scholarships	260,350	260,933
General and administrative	<u>1,416</u>	<u>1,357</u>
	<u>\$ 752,944</u>	<u>753,441</u>

(5) RELATED-PARTY TRANSACTIONS

Based upon an exchange of service agreement, the College provides the Foundation with the necessary staffing and office space at no cost to the Foundation. In exchange, the College receives scholarships, funds for capital improvement, and other services from the Foundation. Substantially all expenses are for the benefit of the students, faculty, or activities of College. Transactions between the Foundation and the College are covered under a written agreement between the Foundation and the College. Under this agreement, the College agrees to provide certain administrative services to the Foundation in exchange for scholarships, endowments, grants, and payment of services for the benefit of the College. The Foundation has recorded in-kind contributions received from the College in the accompanying financial statements in the amount of \$228,417 and \$273,423 for the years ended June 30, 2019 and 2018, respectively.

During the years ended June 30, 2019 and 2018, the Foundation awarded scholarships totaling approximately \$264,000 and \$261,000, respectively, to students of the College.

(6) RETIREMENT PLANS

The Foundation has one employee who participates in the retirement plan and benefit plans of the College. The plans available include the Oklahoma Teachers' Retirement System (OTRS), which is a State of Oklahoma public employees' retirement system, and the NOC Employee Health Plan, a single-employer defined benefit plan. During the years ended June 30, 2019 and 2018, the Foundation contributed approximately \$11,000 to OTRS each year.

The Foundation has not disclosed any amounts or items required by the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As the Foundation employee is considered an employee of the College, all such disclosures will be made by the College.

See Independent Auditors' Report.

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(7) ENDOWMENT DISCLOSURES

The Foundation's endowment as of June 30, 2019 and 2018, consists of 56 and 46 individual donor-restricted funds, respectively, and 6 Board-designated endowment funds for each year. Net assets associated with donor-restricted endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Board-designated endowment funds consist of contributions which were not restricted by the donor but have been endowed by the Foundation's Board of Trustees to provide scholarships for future periods rather than fully expending such amounts in the current year. All of the endowment funds held by the Foundation are managed and controlled by the Foundation in accordance with the following policies.

Interpretation of Relevant Law

The Foundation is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies as net assets with donor restrictions (a time restriction in perpetuity) the original value of endowed gifts, and any subsequent gifts to the donor-restricted endowment. Investment earnings from the donor-restricted endowment are classified as net assets with donor restrictions (a purpose restriction) until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the donor-stipulated purpose within the standard of prudence prescribed by UPMIFA.

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

1. The duration and preservation of the fund.
2. The purposes of the Foundation and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effects of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Foundation.
7. The investment policies of the Foundation.

See Independent Auditors' Report.

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(7) **ENDOWMENT DISCLOSURES, CONTINUED**

Interpretation of Relevant Law, Continued

Endowment net asset composition by type of fund as of June 30:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>2019</u>			
Donor-restricted endowment funds	\$ -	6,794,499	6,794,499
Board-designated endowment funds	<u>530,214</u>	<u>-</u>	<u>530,214</u>
Total funds invested	<u>\$ 530,214</u>	<u>6,794,499</u>	<u>7,324,713</u>
<u>2018</u>			
Donor-restricted endowment funds	\$ -	6,299,915	6,299,915
Board-designated endowment funds	<u>555,150</u>	<u>-</u>	<u>555,150</u>
Total funds invested	<u>\$ 555,150</u>	<u>6,299,915</u>	<u>6,855,065</u>

Net assets with donor restrictions were restricted for the following purposes as of June 30:

	<u>2019</u>	<u>2018</u>
Scholarships	\$ 6,536,884	6,042,300
Loans	173,507	173,507
Lectureship	<u>84,108</u>	<u>84,108</u>
	<u>\$ 6,794,499</u>	<u>6,299,915</u>

See Independent Auditors' Report.

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(7) ENDOWMENT DISCLOSURES, CONTINUED

Interpretation of Relevant Law, Continued

Changes in endowment net assets for the years ended June 30 were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>2019</u>			
Endowment net assets, beginning of year	\$ 555,150	6,299,915	6,855,065
Net investment return:			
Investment income	<u>49,183</u>	<u>550,921</u>	<u>600,104</u>
Net investment return	<u>49,183</u>	<u>550,921</u>	<u>600,104</u>
Contributions	-	173,403	173,403
Appropriation of endowment assets for expenditure	<u>(74,119)</u>	<u>(229,740)</u>	<u>(303,859)</u>
Endowment net assets, end of year	<u>\$ 530,214</u>	<u>6,794,499</u>	<u>7,324,713</u>
<u>2018</u>			
Endowment net assets, beginning of year, restated	\$ 527,191	5,843,055	6,370,246
Net investment return:			
Investment income	<u>46,124</u>	<u>347,584</u>	<u>393,708</u>
Net investment return	<u>46,124</u>	<u>347,584</u>	<u>393,708</u>
Contributions	-	153,477	153,477
Appropriation of endowment assets for expenditure	<u>(18,165)</u>	<u>(44,201)</u>	<u>(62,366)</u>
Endowment net assets, end of year	<u>\$ 555,150</u>	<u>6,299,915</u>	<u>6,855,065</u>

See Independent Auditors' Report.

(7) **ENDOWMENT DISCLOSURES, CONTINUED**

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s), as well as Board-designated funds. The Foundation's investment objective for the Endowment Fund (the "Fund") is "Growth and Income." The intent of the objective is to provide both current income and future growth of the Fund sufficient to offset reasonable spending plus nominal inflation, thereby preserving the dollar value and purchasing power of the endowment for future generations. Investment performance will be judged over a 5-year horizon or market cycle. The goal for equity investment performance is to exceed the price and yield results of Standard & Poor's 500 index while maintaining a risk level similar to that of the benchmark. The goal for fixed income investment performance is to exceed returns of the broad U.S. bond market while maintaining a risk level similar to that of the benchmark.

Strategies Employed for Achieving Objectives

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 capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places an equal emphasis on equity and fixed income-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year amounts up to but not to exceed actual investment performance for that year, as well as prior year accumulations. Since the Foundation has a policy of designating unrestricted funds each year for investment, it believes that this policy protects the purchasing power of the endowments, as well as the original corpus of the donor-restricted investment. In light of current market fluctuations and the future needs of the Foundation, it will evaluate the spending policy to ensure that it remains in accordance with the long-term objectives of the Foundation.

Underwater Endowments

The Foundation considers an endowment fund to be underwater if the fair value of the fund is less than the sum of the original value of initial and subsequent gift amounts donated to the fund and any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Foundation complies with UPMIFA and has interpreted UPMIFA to permit spending from underwater funds in accordance with prudent measures required under law.

See Independent Auditors' Report.

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(7) ENDOWMENT DISCLOSURES, CONTINUED

Underwater Endowments, Continued

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies existed in 1 and 4 donor-restricted endowment funds as of June 30, 2019 and 2018, respectively. The deficiencies resulted from unfavorable market fluctuations that occurred. Deficiencies as of June 30 were as follows:

	<u>2019</u>	<u>2018</u>
Fair values	\$ 84,108	244,792
Original donor-restricted gift amounts and amounts to be maintained in perpetuity by donor	<u>(100,000)</u>	<u>(272,915)</u>
Deficiencies	<u>\$ (15,892)</u>	<u>(28,123)</u>
Original donor-restricted gift amounts and amounts to be maintained in perpetuity by donor	\$ 3,868,974	3,770,038
Accumulated investment earnings	<u>2,925,525</u>	<u>2,529,877</u>
Total, restated	<u>\$ 6,794,499</u>	<u>6,299,915</u>

(8) FAIR VALUE MEASUREMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants on the measurement date. In estimating fair value, the Foundation utilizes valuation techniques that are consistent with the market approach, the income approach, and/or the cost approach. Such valuation techniques are consistently applied. Inputs to valuation techniques include the assumptions that market participants would use in pricing an asset. Fair values may not represent actual values of assets that could have been realized on the measurement date or that will be realized in the future. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

See Independent Auditors' Report.

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(8) FAIR VALUE MEASUREMENTS, CONTINUED

ASC 820 establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

- Level 1 inputs to the valuation methodology are quoted prices (unadjusted) 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 and liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 inputs consist of unobservable inputs which are used when observable inputs are unavailable and reflect an entity's own assumptions about the assumptions that market participants would use in pricing the assets or liabilities.

The Foundation uses appropriate valuation methods based on the available inputs to measure the fair value of its assets and liabilities.

Financial assets and liabilities are carried at fair value on a recurring basis. The Foundation had no assets or liabilities carried at fair value on a nonrecurring basis at June 30, 2019 or 2018.

The following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy.

Certificates of Deposit

The carrying amounts approximate fair value.

Common Stock, Mutual Funds, and Fixed Income Funds

The fair values of common stock, mutual funds, and fixed income funds are based on quoted market prices for identical assets in active markets utilizing Level 1 inputs.

Pooled Funds and Limited Partnership

The fair values of pooled funds and the limited partnership at investment companies are based on fair values provided by investment companies, which are based on the fair values of the underlying investments in such pooled investments and the limited partnership. Management of investment companies determine fair values based on observable and unobservable inputs, where appropriate. The Foundation has classified the fair values of pooled investments and the limited partnership as Level 3 in the fair value hierarchy, based on the lowest level of fair value hierarchy assigned by investment companies' management to the underlying investments in the respective pooled funds and the limited partnership.

See Independent Auditors' Report.

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(8) FAIR VALUE MEASUREMENTS, CONTINUED

The following table presents the fair value measurements of assets recognized in the accompanying statements of financial position at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30:

	Assets Measured at Fair Value	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>2019</u>				
Certificates of deposit	\$ 4,999	-	4,999	-
Common stock	739,740	739,740	-	-
Mutual funds	925,173	925,173	-	-
Fixed income funds	761,361	761,361	-	-
Pooled funds	8,848,218	-	-	8,848,218
Limited partnership	66,827	-	-	66,827
	<u>\$ 11,346,318</u>	<u>2,426,274</u>	<u>4,999</u>	<u>8,915,045</u>
<u>2018</u>				
Certificates of deposit	\$ 4,999	-	4,999	-
Common stock	567,577	567,577	-	-
Mutual funds	1,049,284	1,049,284	-	-
Fixed income funds	797,991	797,991	-	-
Pooled funds	7,206,177	-	-	7,206,177
Limited partnership	24,916	-	-	24,916
	<u>\$ 9,650,944</u>	<u>2,414,852</u>	<u>4,999</u>	<u>7,231,093</u>

See Independent Auditors' Report.

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(8) FAIR VALUE MEASUREMENTS, CONTINUED

The following is a reconciliation of the beginning and ending balances of the fair values of assets measured on a recurring basis using unobservable inputs (Level 3) for the years ended June 30:

	<u>Pooled Funds</u>	<u>Limited Partnership</u>
<u>2019</u>		
Balance at beginning of year	\$ 7,206,177	24,916
Purchases	1,010,825	35,000
Investment gains	<u>631,216</u>	<u>6,911</u>
Balance at end of year	<u>\$ 8,848,218</u>	<u>66,827</u>
<u>2018</u>		
Balance at beginning of year	\$ 6,688,466	-
Purchases	-	24,000
Investment gains	<u>517,711</u>	<u>916</u>
Balance at end of year	<u>\$ 7,206,177</u>	<u>24,916</u>

(9) LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available within 1 year of the statement of financial position date for general expenditures were as follows:

	June 30	
	<u>2019</u>	<u>2018</u>
Cash	\$ 723,469	288,809
Investments	11,346,318	9,650,944
Loans receivable	4,208	7,355
Investment income receivables	<u>15</u>	<u>10</u>
Total financial assets available within 1 year	<u>12,074,010</u>	<u>9,947,118</u>
Less:		
Amounts unavailable for general expenditures within 1 year due to:		
Restricted in perpetuity—endowment	6,794,499	6,299,915
Restricted for specific purpose or passage of time	<u>2,482,738</u>	<u>2,411,476</u>
	<u>9,277,237</u>	<u>8,711,391</u>
Total financial assets available to management for general expenditure within 1 year	<u>\$ 2,796,773</u>	<u>1,235,727</u>

See Independent Auditors' Report.

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(9) LIQUIDITY AND AVAILABILITY OF RESOURCES, CONTINUED

The Foundation maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Foundation invests cash in excess of daily requirements in various short-term investments.

See Independent Auditors' Report.

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

COMBINING SCHEDULES—STATEMENTS OF ACTIVITIES INFORMATION

Year Ended June 30, 2019

	Tonkawa Without Donor Restrictions	Tonkawa With Donor Restrictions	Stillwater Without Donor Restrictions	Stillwater With Donor Restrictions	Enid Without Donor Restrictions	Enid With Donor Restrictions	Total
Revenues and support:							
Investment income:							
Net realized and unrealized gains	\$ 104,582	402,673	-	-	344	48,898	556,497
Interest and dividend income	34,071	117,316	-	-	140	74,161	225,688
Total investment income	138,653	519,989	-	-	484	123,059	782,185
Contributions	1,624,174	396,319	-	3,756	114,808	52,019	2,191,076
Other income	20,928	148,886	-	9,650	3,494	65,112	248,070
Net assets released from restriction	602,697	(602,697)	25,048	(25,048)	125,199	(125,199)	-
Total revenues and support	2,386,452	462,497	25,048	(11,642)	243,985	114,991	3,221,331
Expenses:							
Scholarships	198,365	-	20,271	-	44,964	-	263,600
Development and community relations	155,863	-	-	-	-	-	155,863
General and administrative expense	144,702	-	-	-	114,208	-	258,910
College support	334,905	-	4,777	-	80,235	-	419,917
Depreciation expense	8,438	-	-	-	-	-	8,438
Insurance expense	2,310	-	-	-	-	-	2,310
Fundraising expense	8,756	-	-	-	-	-	8,756
Total expenses	853,339	-	25,048	-	239,407	-	1,117,794
Changes in net assets	1,533,113	462,497	-	(11,642)	4,578	114,991	2,103,537
Net assets at beginning of year*	1,195,081	7,832,148	536	13,378	59,299	865,865	9,966,307
Net assets at end of year	\$ 2,728,194	8,294,645	536	1,736	63,877	980,856	12,069,844

See Independent Auditors Report. *Dependent on A of the beginning net assets are reclassified due to implementation of ASU 2016-14.

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

COMBINING SCHEDULES—STATEMENTS OF ACTIVITIES INFORMATION, CONTINUED

Year Ended June 30, 2018

	Tonkawa Without Donor <u>Restrictions</u>	Tonkawa With Donor <u>Restrictions</u>	Stillwater Without Donor <u>Restrictions</u>	Stillwater With Donor <u>Restrictions</u>	Enid Without Donor <u>Restrictions</u>	Enid With Donor <u>Restrictions</u>	<u>Total</u>
Revenues and support:							
Investment income:							
Net realized and unrealized gains, restated	\$ 94,004	299,167	-	-	284	43,491	436,946
Interest and dividend income	<u>21,317</u>	<u>183,581</u>	<u>-</u>	<u>-</u>	<u>111</u>	<u>14,351</u>	<u>219,360</u>
Total investment income	115,321	482,748	-	-	395	57,842	656,306
Contributions	189,670	448,555	-	8,764	107,212	47,893	802,094
Other income	10,727	120,716	-	21,883	-	72,130	225,456
Net assets released from restriction	<u>598,007</u>	<u>(609,053)</u>	<u>27,762</u>	<u>(26,106)</u>	<u>127,672</u>	<u>(118,282)</u>	<u>-</u>
Total revenues and support	913,725	442,966	27,762	4,541	235,279	59,583	1,683,856
Expenses:							
Scholarships	208,214	-	14,050	-	38,669	-	260,933
Development and community relations	131,630	-	-	-	-	-	131,630
General and administrative expense	133,997	-	-	-	105,937	-	239,934
College support	293,877	-	13,712	-	88,522	-	396,111
Depreciation expense	9,448	-	-	-	-	-	9,448
Insurance expense	2,310	-	-	-	-	-	2,310
Fundraising expense	<u>11,802</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,802</u>
Total expenses	791,278	-	27,762	-	233,128	-	1,052,168
Changes in net assets	122,447	442,966	-	4,541	2,151	59,583	631,688
Net assets at beginning of year*	<u>1,072,634</u>	<u>7,389,182</u>	<u>536</u>	<u>8,837</u>	<u>57,148</u>	<u>806,282</u>	<u>9,334,619</u>
Net assets at end of year*	<u>\$ 1,195,081</u>	<u>7,832,148</u>	<u>536</u>	<u>13,378</u>	<u>59,299</u>	<u>865,865</u>	<u>9,966,307</u>

*Certain amounts of the beginning net assets are reclassified due to implementation of ASU 2016-14.

See Independent Auditors' Report.