

Northern Oklahoma College Foundation, Inc.

Financial Statements
with Independent Auditors' Report

June 30, 2017 and 2016



Northern Oklahoma College Foundation, Inc.
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June 30, 2017 and 2016

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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 Northern Oklahoma College Foundation, Inc. (the Foundation) a nonprofit organization, which comprise the statement of financial position as of June 30, 2017 and 2016 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

The Foundation's 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of 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.

Other Matters

The combining statements of activities are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain 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 of America. In our opinion, the combining statements of activities are fairly stated in all material respects in relation to the basic financial statements as a whole.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northern Oklahoma College Foundation, Inc. as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Hill & Company

Tulsa, Oklahoma
October 18, 2017



Northern Oklahoma College Foundation, Inc.
Statements of Financial Position
June 30, 2017 and 2016

<u>Assets</u>	<u>2017</u>	<u>2016</u>
Current Assets		
Cash	\$ 223,134	\$ 273,342
Investments	9,085,372	8,053,915
Loans receivable	8,930	9,274
Related party receivable	—	—
Investment income receivables	<u>6</u>	<u>11,420</u>
Total Current Assets	<u>\$ 9,317,442</u>	<u>\$ 8,347,951</u>
Noncurrent Assets		
Property and equipment, net	<u>17,886</u>	<u>30,159</u>
Total Noncurrent Assets	<u>17,886</u>	<u>30,159</u>
Total Assets	<u>\$ 9,335,328</u>	<u>\$ 8,378,110</u>
 <u>Liabilities & Net Assets</u>		
Liabilities		
Accrued accounts payable	<u>709</u>	<u>500</u>
Total Liabilities	<u>709</u>	<u>500</u>
Net Assets		
Unrestricted	1,098,616	575,055
Temporarily restricted	4,453,443	4,119,995
Permanently restricted	<u>3,782,560</u>	<u>3,682,560</u>
Total Net Assets	<u>9,334,619</u>	<u>8,377,610</u>
Total Liabilities and Net Assets	<u>\$ 9,335,328</u>	<u>\$ 8,378,110</u>



The accompanying notes are an integral part of the financial statements

Northern Oklahoma College Foundation, Inc.
Statements of Activities and Changes in Net Assets
June 30, 2017 and 2016

	2017				2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Gains, and Other Support								
Private gifts and contributions	\$ 222,402	\$ 349,131	\$ 100,000	\$ 671,533	\$ 206,216	\$ 308,248	\$ 138,458	\$ 652,922
Interest and dividend income	19,949	141,361	—	161,310	28,165	181,156	—	209,321
Unrealized gain, net	108,670	655,731	—	764,401	(23,717)	(120,669)	—	(144,386)
Other Income	14,479	258,783	—	273,262	46,709	203,377	—	250,086
Net assets released from restrictions	<u>1,071,558</u>	<u>(1,071,558)</u>	<u>—</u>	<u>—</u>	<u>189,062</u>	<u>(189,062)</u>	<u>—</u>	<u>—</u>
Total Revenues, Gains, and Other Support	<u>1,437,058</u>	<u>333,448</u>	<u>100,000</u>	<u>1,870,506</u>	<u>446,435</u>	<u>383,050</u>	<u>138,458</u>	<u>967,943</u>
Expenses								
Scholarships	249,007	—	—	249,007	225,038	—	—	225,038
General and administrative	372,095	—	—	372,095	361,329	—	—	361,329
Program expense	268,444	—	—	268,444	332,559	—	—	332,559
Depreciation expense	12,272	—	—	12,272	12,947	—	—	12,947
Fund-raising	<u>11,679</u>	<u>—</u>	<u>—</u>	<u>11,679</u>	<u>9,274</u>	<u>—</u>	<u>—</u>	<u>9,274</u>
Total Expenses	<u>913,497</u>	<u>—</u>	<u>—</u>	<u>913,497</u>	<u>941,147</u>	<u>—</u>	<u>—</u>	<u>941,147</u>
Change in Net Assets	523,561	333,448	100,000	957,009	(494,712)	383,050	138,458	26,796
Net Assets, Beginning of Year	<u>575,055</u>	<u>4,119,995</u>	<u>3,682,560</u>	<u>8,377,610</u>	<u>1,069,767</u>	<u>3,736,945</u>	<u>3,544,102</u>	<u>8,350,814</u>
Net Assets, End of Year	<u>\$ 1,098,616</u>	<u>\$ 4,453,443</u>	<u>\$ 3,782,560</u>	<u>\$ 9,334,619</u>	<u>\$ 575,055</u>	<u>\$ 4,119,995</u>	<u>\$ 3,682,560</u>	<u>\$ 8,377,610</u>

The accompanying notes are an integral part of the financial statements



Northern Oklahoma College Foundation, Inc.
Statements of Cash Flows
June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Reconciliation of Change in Net Assets to		
Net Cash Used in Operating Activities:		
Change in net assets	\$ 957,009	\$ 26,796
Adjustments to reconcile change in net assets to		
Net cash provided by (used in) operating activities:		
Contributions restricted for long-term investment	(100,000)	(138,458)
Depreciation	12,273	12,947
Net investments gains/losses	(764,401)	144,386
Change in operating assets and liabilities		
Contribution & other receivables	11,414	(10,926)
Accrued interest receivable	—	—
Accounts payable	<u>209</u>	<u>(142,772)</u>
Net Cash Provided by Operating Activities	\$ <u>116,504</u>	\$ <u>(108,027)</u>
 Cash Flows from Capital Activities		
Purchase of capital assets	\$ <u>—</u>	\$ <u>—</u>
Net Cash Used in Operating Activities	<u>—</u>	<u>—</u>
 Cash Flows from Investing Activities		
Purchase of investments	\$ (1,705,966)	\$ (793,342)
Proceeds from sale of investments	1,438,910	757,815
Net change in loans receivable	<u>344</u>	<u>(3,069)</u>
Net Cash Used in Operating Activities	<u>(266,712)</u>	<u>(38,596)</u>
 Cash Flows from Financing Activities		
Cash received from permanently restricted contributions	<u>100,000</u>	<u>138,458</u>
Net Cash Provided by Financing Activities	<u>100,000</u>	<u>138,458</u>
 Net Increase (decrease) in Cash and Cash Equivalents	(50,208)	(8,165)
 Cash and Cash Equivalents, Beginning of Year	<u>273,342</u>	<u>281,507</u>
 Cash and Cash Equivalents, End of Year	\$ <u>223,134</u>	\$ <u>273,342</u>



The accompanying notes are an integral part of the financial statements

Northern Oklahoma College Foundation, Inc.
Notes to Financial Statements
June 30, 2017 and 2016

Note A: Summary of Significant Accounting Policies

Nature of Activities: Northern Oklahoma College Foundation, Inc. (the Foundation) was established for the benefit of Northern Oklahoma College (the College). The Foundation awards scholarships and makes loans to students of the College and provides other general support to the College.

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"). The ASC does not alter current accounting principles generally accepted in the United States of America ("U.S. GAAP"), but rather integrates existing accounting standards with other authoritative guidance. The ASC provides a single source of authoritative U.S. GAAP for nongovernmental entities and supersedes all other previously issued non-SEC accounting and reporting guidance. Adoption of the ASC did not have a significant effect on the Foundation's financial statements.

Basis of Presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board and accordingly, the Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Contributions are reported as increases in the appropriate category of net assets. Expenses are reported as decreases in unrestricted net assets. Temporary restrictions on gifts to acquire long-lived assets are considered met in the period in which the assets are acquired or placed in service. Expirations of temporary 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 unrestricted to the extent that the College, or departments have expended sufficient dollars which meet these general use restrictions.

Income and gains on investments are reported as increases in permanently restricted net assets if the terms of the gift that gave rise to the investment require such amounts be added to permanent endowment principal. Income and gains are reported as increases in temporarily restricted net assets if the terms of the gift impose restrictions on the use of the income and/or the income is related to a donor-restricted endowment fund, and as increases in unrestricted net assets in all other cases.



Northern Oklahoma College Foundation, Inc.
Notes to Financial Statements
June 30, 2017 and 2016

Note A: Summary of Significant Accounting Policies (Continued)

Basis of Presentation--Continued: Generally, losses on investments of endowments reduce temporarily restricted net assets to the extent donor-imposed temporary restrictions on the net appreciation of investments have not been met before the loss occurs. Any remaining losses reduce unrestricted net assets. Subsequent investment gains are applied first to unrestricted net assets to the extent that losses have previously been recognized, and then to temporarily restricted net assets.

Net Asset Classification: The Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA") was enacted in the state of Oklahoma effective November 1, 2007 ("OK UPMIFA"). The Foundation's Board of Trustees' (the "Trustees") interpretation of OK UPMIFA and other required endowment disclosures are included in Note F.

Net assets, revenues, and gains and losses of the Foundation are classified based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted net assets - Net assets for which no donor has imposed any restrictions that the assets be used for a specific purpose or held for a certain period of time. Contributions received with time and/or purpose restrictions which are fully expended in the same period are classified as unrestricted.

Temporarily restricted net assets - 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 restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they 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 purposes.

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

Support and Expenses: Expenses are reported as decreases in unrestricted net assets. Expirations of donor-imposed restrictions that simultaneously increase one class of net assets and decrease another are reported as reclassifications between the applicable classes.

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

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.



Northern Oklahoma College Foundation, Inc.
Notes to Financial Statements
June 30, 2017 and 2016

Note A: Summary of Significant Accounting Policies (Continued)

Accounting for Uncertain Tax Positions: The Financial Accounting Standards Board issued guidance on the accounting for uncertainty in income taxes. The Foundation adopted this new guidance for the year ended June 30, 2010. Management evaluated the Foundation's tax positions and concluded that the Foundation had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, the Foundation is no longer subject to income tax examinations by the U.S. federal state or local tax authorities before 2008.

Investments and Investment Return: Investments in marketable equity securities with readily determinable fair values and all debt securities are carried at fair value. Non-marketable securities are stated at fair value or the best estimate of fair value as determined by the investment manager and/or Foundation management. Realized gains and losses are computed on the first-in, first-out basis.

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: ten years for equipment.

Contributions Receivable: 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. There were no contributions receivables at June 30, 2017 and June 30, 2016.

Fair Value Measurements: The Foundation follows the ASC Topic 820, *Fair Value Measurements and Disclosures*. Topic 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Fair value is defined as 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 measurement date. Topic 820 establishes a fair value hierarchy that prioritizes that inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs that are derived principally from or corroborated by observable market data;

Level 3: Inputs that are unobservable and significant to the overall fair value measurement.

Financial assets and liabilities carried at fair value on a recurring basis include investments, beneficial interest in assets held by others, and custodial funds. The Foundation has no assets or liabilities carried at fair value on a non-recurring basis at June 30, 2017 and June 30, 2016.



Northern Oklahoma College Foundation, Inc.
Notes to Financial Statements
June 30, 2017 and 2016

Note A: Summary of Significant Accounting Policies (Continued)

The FASB continues to clarify and improve disclosures related to Topic 820 and as a result, the Foundation has implemented the following:

For the year ended June 30, 2017, the Foundation implemented *Improving Disclosures about Fair Value Measurements* (ASU 2010-06) which requires additional disclosures about transfers in and out of Levels 1 and 2 and disaggregation within the reconciliation for fair value measurements using significant unobservable inputs. The update also clarifies existing disclosures regarding disaggregation by class and disclosures about inputs and valuation techniques. Implementation of these new requirements did not have a significant impact on the Foundation's financial statements.

For the year ended June 30, 2016, the Foundation implemented *Improving Disclosures about Fair Value Measurements* (ASU 2010-06) which requires additional disclosures about transfers in and out of Levels 1 and 2 and disaggregation within the reconciliation for fair value measurements using significant unobservable inputs. The update also clarifies existing disclosures regarding disaggregation by class and disclosures about inputs and valuation techniques. Implementation of these new requirements did not have a significant impact on the Foundation's financial statements.

Adoption of Accounting Principle

FASB Accounting Standards Update No. 2013-06 became effective for fiscal years beginning after June 15, 2014. The standard requires the financial statements to reflect the value of services received from personnel of an affiliate.

Use of Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States 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.

Concentration of Credit Risk: The Foundation maintains cash in bank deposit accounts that, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk on cash or cash equivalents.

In 2017, approximately 38% of total contribution revenue was received from 18 donors. In 2016, approximately 34% of total contribution revenue was received from 13 donors.

Subsequent Events: The Foundation has evaluated subsequent events through October 18, 2017, which is the date that the financial statements were available to be issued. There are no subsequent events requiring recognition or disclosure in the 2017 financial statements.



Northern Oklahoma College Foundation, Inc.
Notes to Financial Statements
June 30, 2017 and 2016

Note B: Investments

The fair value of investments by type is summarized as follows:

	June 30	
	2017	2016
Cash and cash equivalents	\$ 46,576	\$ 69,521
Certificates of deposit	4,999	4,999
Common stock - domestic	1,334,777	1,132,708
Common stock - fixed income	751,983	889,973
Government/Agency Securities	-	-
Real estate investment trusts	-	-
Mutual funds	38,533	34,482
Pooled funds - equities	4,381,385	3,495,586
Pooled funds - fixed income	2,445,841	2,350,318
Private pool investments	81,278	76,328
	<u>\$ 9,085,372</u>	<u>\$ 8,053,915</u>

Note C: Property and Equipment

Property and equipment by category is summarized as follows:

	June 30	
	2017	2016
Land	\$ -	\$ -
Equipment	<u>148,393</u>	<u>148,393</u>
	148,393	148,393
Less accumulated depreciation	<u>(130,507)</u>	<u>(118,234)</u>
Net property and equipment	<u>\$ 17,886</u>	<u>\$ 30,159</u>



Northern Oklahoma College Foundation, Inc.
Notes to Financial Statements
June 30, 2017 and 2016

Note D: Restricted Net Assets

Temporarily restricted net assets are restricted for the following purposes:

	June 30	
	2017	2016
Scholarships	\$ 4,186,769	\$ 3,911,213
Loans	266,674	208,782
	<u>\$ 4,453,443</u>	<u>\$ 4,119,995</u>

Net assets released from restrictions were as follows:

	June 30	
	2017	2016
Scholarships	\$ 407,031	\$ 27,133
Program Expense	473,436	127,067
Other Expense	191,091	34,862
	<u>\$ 1,071,558</u>	<u>\$ 189,062</u>

Permanently restricted net assets are restricted for the following purposes:

	June 30	
	2017	2016
Scholarships	\$ 3,509,053	\$ 3,409,053
Loans	173,507	173,507
Lectureship	100,000	100,000
	<u>\$ 3,782,560</u>	<u>\$ 3,682,560</u>

Note E: 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 \$212,347 and \$200,619, for the years ended June 30, 2017 and 2016, respectively.

During the years ended June 30, 2017 and 2016, the Foundation awarded scholarships totaling approximately \$249,000 and \$225,000, respectively, to students of the College.



Northern Oklahoma College Foundation, Inc.
Notes to Financial Statements
June 30, 2017 and 2016

Note F: Endowment Disclosures

The Foundation's endowment consists of 46 individual donor-restricted funds and 3 other funds which are managed and controlled by the Foundation. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Other endowment funds consist of contributions which were not restricted by the donor for scholarships 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.

The State of Oklahoma adopted UPMIFA effective November 1, 2007 ("OK UPMIFA"). The Board of Trustees of the Foundation has interpreted OK UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by OK UPMIFA. In accordance with OK 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

Endowment Net Asset Composition by Type of Fund as of June 30, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (31,702)	\$ 2,150,212	\$ 3,724,545	\$ 5,843,055
Board-designated endowment funds	527,191	-	-	527,191
Total Funds Invested	<u>\$ 495,489</u>	<u>\$ 2,150,212</u>	<u>\$ 3,724,545</u>	<u>\$ 6,370,246</u>



Northern Oklahoma College Foundation, Inc.
Notes to Financial Statements
June 30, 2017 and 2016

Note F: Endowment Disclosures (Continued)

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (37,652)	\$ 1,653,533	\$ 3,623,240	\$ 5,239,121
Board-designated endowment funds	487,703	-	-	487,703
Total Funds Invested	<u>\$ 450,051</u>	<u>\$ 1,653,533</u>	<u>\$ 3,623,240</u>	<u>\$ 5,726,824</u>

Changes in Endowment Net Assets for the Year Ended June 30, 2017:

	<u>Unrestricted</u>	<u>T. Restricted</u>	<u>Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year - reclassified	\$ 450,051	\$ 1,653,533	\$ 3,623,240	\$ 5,726,824
Investment return:				
Investment income	9,321	104,925	1,305	115,551
Net investment return (realized and unrealized)	50,781	459,276	-	510,057
Net investment return	60,102	564,201	1,305	625,608
Contributions	100	39,730	100,000	139,830
Transferred to recover Underwater funds	1,002	(12,654)	-	(11,652)
Appropriation of endowment assets for expenditure	(15,766)	(94,598)	-	(110,364)
Endowment Net Assets	<u>\$ 495,489</u>	<u>\$ 2,150,212</u>	<u>\$ 3,724,545</u>	<u>\$ 6,370,246</u>



Northern Oklahoma College Foundation, Inc.
Notes to Financial Statements
June 30, 2017 and 2016

Note F: Endowment Disclosures (Continued)

Changes in Endowment Net Assets for the Year Ended June 30, 2016:

	<u>Unrestricted</u>	<u>T. Restricted</u>	<u>Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year - reclassified	\$ 475,779	\$ 1,628,753	\$ 3,482,995	\$ 5,587,527
Investment return:				
Investment income	9,651	120,901	1,404	131,956
Net investment return (realized and unrealized)	<u>(9,569)</u>	<u>(96,098)</u>	<u>-</u>	<u>(105,667)</u>
Net investment return	82	24,803	1,404	26,289
Contributions	-	89,600	138,841	228,441
Transferred to recover Underwater funds	29	32,445	-	32,474
Appropriation of endowment assets for expenditure	<u>(25,839)</u>	<u>(122,068)</u>	<u>-</u>	<u>(147,907)</u>
Endowment Net Assets	<u>\$ 450,051</u>	<u>\$ 1,653,533</u>	<u>\$ 3,623,240</u>	<u>\$ 5,726,824</u>

Description of amounts classified as Permanently Restricted Net Assets and Temporarily Restricted Net Assets (Endowment Only) at June 30, 2017:

Permanently Restricted Net Assets

The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by OK UPMIFA	<u>\$ 3,724,545</u>
Total endowment funds classified as permanently restricted net assets	<u>\$ 3,724,545</u>

Temporarily Restricted Net Assets

The portion of perpetual endowment funds subject to time restriction under OK UPMIFA with purpose restrictions	<u>\$ 2,150,212</u>
Total endowment funds classified as temporarily restricted net assets	<u>\$ 2,150,212</u>



Northern Oklahoma College Foundation, Inc.
Notes to Financial Statements
June 30, 2017 and 2016

Note F: Endowment Disclosures (Continued)

Description of amounts classified as Permanently Restricted Net Assets and Temporarily Restricted Net Assets (Endowment Only) at June 30, 2016:

Permanently Restricted Net Assets

The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by OK UPMIFA	\$ 3,623,240
Total endowment funds classified as permanently restricted net assets	<u>\$ 3,623,240</u>

Temporarily Restricted Net Assets

The portion of perpetual endowment funds subject to time restriction under OK UPMIFA with purpose restrictions	\$ 1,653,533
Total endowment funds classified as temporarily restricted net assets	<u>\$ 1,653,533</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature that are reported in unrestricted net assets were approximately \$0 and \$0 for years ending June 30, 2017 and 2016, respectively. These deficiencies resulted from unfavorable market fluctuations. As a result, appropriations were limited to appropriations that were deemed prudent and necessary for the programs of the Foundation.

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). 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 five-year horizon or market cycle. The goal for equity investment performance is to exceed the price and yield results of Standard and Poor's 500 Common Stock 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.



Northern Oklahoma College Foundation, Inc.
Notes to Financial Statements
June 30, 2017 and 2016

Note F: Endowment Disclosures (Continued)

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 invof certificates of deposit are based on yield curves, interest rates, and other relevant factors and are classified as Level 2. Private pool, and pooled equity and fixed income funds for which a quoted market price is not available are carried at net asset value ("NAV") as determined by the fund manager and are classified as Level 2.

Investments: Investments are stated at fair value, and are based on quoted market prices, when available, or the best estimate of fair value as determined by the fund and/or investment manager. Generally, quoted market prices are available for common and preferred stocks, and mutual funds and as such are classified as Level 1 in the fair value hierarchy. Fair values of certificates of deposit are based on yield curves, interest rates, and other relevant factors and are classified as Level 2. Private pool, and pooled equity and fixed income funds for which a quoted market price is not available are carried at net asset value ("NAV") as determined by the fund manager and are classified as Level 2. The pooled investments are classified as Level 2 due to their ability to be redeemed within 30 days of redemption request.

Note G: Fair Value Measurements

Contributions Receivable: The note is carried at cost and fair value is determined by calculating the present value of the expected future cash flows using a discount rate equal to the rate of return earned on the Foundation's investment portfolio.

Interest and Other Receivables: The carrying amount approximates fair value due to the short maturity of such amounts.



Northern Oklahoma College Foundation, Inc.
Notes to Financial Statements
June 30, 2017 and 2016

Note G: Fair Value Measurements (Continued)

Assets measured at fair value on a recurring basis are classified within the fair value hierarchy is as follows:

As of June 30, 2017				
	Level 1	Level 2	Level 3	Total
ASSETS				
Cash and cash equivalents	\$ 46,576	\$ -	\$ -	\$ 46,576
Certificates of deposit	-	4,999	-	4,999
Common stock	1,334,777	-	-	1,334,777
Government agency securitie	-	-	-	-
Mutual fund-fixed income	751,983	-	-	751,983
Mutual fund-equity	38,533	-	-	38,533
Pooled fund - fixed income	-	2,445,841	-	2,445,841
Pooled fund - equities	-	4,381,385	-	4,381,385
Private pool	-	81,278	-	81,278
	<u>\$ 2,171,869</u>	<u>\$ 6,913,503</u>	<u>\$ -</u>	<u>\$ 9,085,372</u>

As of June 30, 2016				
	Level 1	Level 2	Level 3	Total
ASSETS				
Cash and cash equivalents	\$ 69,521	\$ -	\$ -	\$ 69,521
Certificates of deposit	-	4,999	-	4,999
Common stock	1,132,708	-	-	1,132,708
Government agency securitie	-	-	-	-
Mutual fund-fixed income	889,973	-	-	889,973
Mutual fund-equity	34,482	-	-	34,482
Pooled fund - fixed income	-	2,350,318	-	2,350,318
Pooled fund - equities	-	3,495,586	-	3,495,586
Private pool	-	76,328	-	76,328
	<u>\$ 2,126,684</u>	<u>\$ 5,927,231</u>	<u>\$ -</u>	<u>\$ 8,053,915</u>



Northern Oklahoma College Foundation, Inc.
Notes to Financial Statements
June 30, 2017 and 2016

Note G: Fair Value Measurements (Continued)

The Foundation's investments in certain entities that calculate net asset value ("NAV") per share for which there is not a readily determinable fair market value include the following:

Pooled fund – Fixed income: This pooled fund is invested in a multi-strategy bond program, and will generally be invested in investment grade bonds and other fixed income securities in an attempt to outperform the broad U.S. bond market. Investment in the multi-strategy bond fund can be redeemed at net asset value per share on the last business day of each month with five days prior written notice. If the redemption is for 90% or more of the member's total interest, then 10% will be held back until after the final NAV on the redemption date is determined.

Pooled fund – Equities: The fund is a multi-strategy equity program, and is primarily invested in investment grade common and preferred stock of domestic companies, and includes diversification through a portion of assets allocated to common stock and equity securities of foreign companies in developed and emerging markets. A portion of the fund is also allocated to marketable alternative investments in domestic and foreign markets. Investment in the multi-strategy equity fund can be redeemed at net asset value per share on the last business day of each month with five days prior written notice. If the redemption is for 90% or more of the member's total interest, then 10% will be held back until after the final NAV on the redemption date is determined.

Private pool investment: The fund is primarily invested in domestic and foreign bond fund programs. The private pool includes diversification through a portion of assets allocated to common stock and equity index funds, and a portion is also allocated to marketable alternative investments. Investment in the private pool can be redeemed at net asset value per unit share with 30 days' notice.



Northern Oklahoma College Foundation, Inc.
Combining Statements of Activities
June 30, 2017

REVENUES AND SUPPORT

Investment income

Unrealized gain, net	\$ 108,218	\$ 586,971	\$ -	\$ 452	\$ 68,760	\$ -	\$ 764,401
Interest and dividend income	19,855	128,635	-	94	12,726	-	161,310
Total investment income	128,073	715,606	-	546	81,486	-	925,711

Contributions	113,229	309,593	100,000	109,174	39,537	-	671,533
Other income	14,479	185,898	-	-	72,886	-	273,263
Net assets released from restriction	861,588	(861,588)	-	209,970	(209,970)	-	-
TOTAL REVENUES AND SUPPORT	1,117,369	349,509	100,000	319,690	(16,061)	-	1,870,507

EXPENSES

Scholarships to

Northern Oklahoma College	208,869	-	-	40,139	-	-	249,008
General and administrative expense	263,366	-	-	108,729	-	-	372,095
Program expense	191,463	-	-	76,981	-	-	268,444
Depreciation expense	12,272	-	-	-	-	-	12,272
Fundraising expense	11,679	-	-	-	-	-	11,679
TOTAL EXPENSES	687,649	-	-	225,849	-	-	913,498

CHANGE IN NET ASSETS	429,720	349,509	100,000	93,841	(16,061)	-	957,009
NET ASSETS AT BEGINNING OF YEAR	611,746	3,653,979	3,326,235	(36,693)	466,018	356,325	8,377,610
NET ASSETS AT END OF YEAR	<u>\$ 1,041,466</u>	<u>\$ 4,003,488</u>	<u>\$ 3,426,235</u>	<u>\$ 57,148</u>	<u>\$ 449,957</u>	<u>\$ 356,325</u>	<u>\$ 9,334,619</u>



Northern Oklahoma College Foundation, Inc.
Combining Statements of Activities
June 30, 2016

	<u>Tonkaw a Unrestricted</u>	<u>Tonkaw a Temporarily Restricted</u>	<u>Tonkaw a Permanently Restricted</u>	<u>Enid Unrestricted</u>	<u>Enid Temporarily Restricted</u>	<u>Enid Permanently Restricted</u>	<u>Total</u>
REVENUES AND SUPPORT							
Investment income							
Unrealized gain, net	\$ (23,653)	\$ (109,395)	\$ -	\$ (64)	\$ (11,274)	\$ -	\$ (144,386)
Interest and dividend income	<u>28,059</u>	<u>166,798</u>	<u>-</u>	<u>106</u>	<u>14,358</u>	<u>-</u>	<u>209,321</u>
Total investment income	4,406	57,403	-	42	3,084	-	64,935
Contributions	103,811	272,842	128,458	102,405	35,406	10,000	652,922
Other income	46,709	128,721	-	-	74,656	-	250,086
Net assets released from restriction	<u>110,704</u>	<u>(110,704)</u>	<u>-</u>	<u>78,358</u>	<u>(78,358)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES AND SUPPORT	<u>265,630</u>	<u>348,262</u>	<u>128,458</u>	<u>180,805</u>	<u>34,788</u>	<u>10,000</u>	<u>967,943</u>
EXPENSES							
Scholarships to							
Northern Oklahoma College	184,731	-	-	40,307	-	-	225,038
General and administrative expense	258,053	-	-	103,276	-	-	361,329
Program expense	257,150	-	-	75,409	-	-	332,559
Depreciation expense	12,947	-	-	-	-	-	12,947
Fundraising expense	<u>9,274</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,274</u>
TOTAL EXPENSES	<u>722,155</u>	<u>-</u>	<u>-</u>	<u>218,992</u>	<u>-</u>	<u>-</u>	<u>941,147</u>
CHANGE IN NET ASSETS	(456,525)	348,262	128,458	(38,187)	34,788	10,000	26,796
NET ASSETS AT BEGINNING OF YEAR	<u>1,068,271</u>	<u>3,305,717</u>	<u>3,197,777</u>	<u>1,494</u>	<u>431,230</u>	<u>346,325</u>	<u>8,350,814</u>
NET ASSETS AT END OF YEAR	<u>\$ 611,746</u>	<u>\$ 3,653,979</u>	<u>\$ 3,326,235</u>	<u>\$ (36,693)</u>	<u>\$ 466,018</u>	<u>\$ 356,325</u>	<u>\$ 8,377,610</u>

