

**Northern Oklahoma College  
Foundation, Inc.**

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

**June 30, 2023**



# Northern Oklahoma College Foundation, Inc.

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June 30, 2023

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## **Independent Auditor's Report**

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Northern Oklahoma College Foundation, Inc. (the Foundation), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date that the financial statements are issued.

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***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Combining Statement of Activities is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Hick & Company, PC*

Tulsa, Oklahoma  
October 16, 2023



**Northern Oklahoma College Foundation, Inc.**  
Statement of Financial Position  
June 30, 2023

<u><b>ASSETS</b></u>	<u><b>2023</b></u>
<b>Current Assets</b>	
Cash	\$ 800,625
Total Current Assets	<u>800,625</u>
<b>Noncurrent Assets</b>	
Investments	14,742,475
Total Noncurrent Assets	<u>14,742,475</u>
<b>Total Assets</b>	<u>\$ 15,543,100</u>
 <u><b>LIABILITIES AND NET ASSETS</b></u>  	
<b>Current Liabilities</b>	
Accounts payable and accrued expenses	\$ 993
Total Current Liabilities	<u>993</u>
<b>Net Assets</b>	
Without donor restrictions	
Undesignated	3,029,184
Board Designated	622,166
With donor restrictions	<u>11,890,757</u>
Total Net Assets	<u>15,542,107</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 15,543,100</u>

# Northern Oklahoma College Foundation, Inc.

## Statement of Activities Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues</b>			
Contributions of cash and other financial assets	\$ 1,080	\$ 591,636	\$ 592,716
In-kind contributions	15,000	168,335	183,335
Donated facilities and services	236,590	-	236,590
Investment return, net	332,752	1,095,753	1,428,505
Lectureship program service revenue	-	23,160	23,160
Net assets released from restrictions	704,053	(704,053)	-
Total Revenues	<u>1,289,475</u>	<u>1,174,831</u>	<u>2,464,306</u>
<b>Expenses</b>			
Program services			
College support	385,460	-	385,460
Scholarships	265,048	-	265,048
Supporting services			
Management and general	264,950	-	264,950
Fundraising	128,494	-	128,494
Total Expenses	<u>1,043,952</u>	<u>-</u>	<u>1,043,952</u>
<b>Change in Net Assets</b>	245,523	1,174,831	1,420,354
<b>Net Assets, Beginning of Year</b>	<u>3,405,827</u>	<u>10,715,926</u>	<u>14,121,753</u>
<b>Net Assets, End of Year</b>	<u>\$ 3,651,350</u>	<u>\$ 11,890,757</u>	<u>\$ 15,542,107</u>

# Northern Oklahoma College Foundation, Inc.

## Statement of Functional Expenses For the Year Ended June 30, 2023

	Program Services		Supporting Services		
	College Support	Scholarships	Management and General	Fundraising	Grand Total
Direct program distributions	\$ 357,152	\$ 228,452	\$ -	\$ -	\$ 585,604
Fees for accounting services	-	-	21,755	-	21,755
Fees for fundraising services	-	-	-	83,255	83,255
Office expenses	-	-	2,250	5,110	7,360
Information technology	-	-	28,210	-	28,210
Insurance	-	-	2,162	-	2,162
Donated facilities and services	28,308	36,596	135,076	36,610	236,590
Other expenses	-	-	75,497	3,519	79,016
<b>Total Expenses</b>	<b>\$ 385,460</b>	<b>\$ 265,048</b>	<b>\$ 264,950</b>	<b>\$ 128,494</b>	<b>\$ 1,043,952</b>



**Northern Oklahoma College Foundation, Inc.**  
Statement of Cash Flows  
For the Year Ended June 30, 2023

	<u><b>2023</b></u>
<b>Cash Flows from Operating Activities</b>	
Increase in net assets	\$ 1,420,354
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Appreciation in investments	(1,378,261)
Contributions restricted for endowment	(152,572)
Changes in	
Accounts payable and accrued expenses	(18,014)
Net Cash Used in Operating Activities	<u>(128,493)</u>
<b>Cash Flows from Investing Activities</b>	
Proceeds from sale of investments	517,336
Purchase of investments	<u>(329,151)</u>
Net Cash Provided by Investing Activities	<u>188,185</u>
<b>Cash Flows from Financing Activities</b>	
Contributions restricted for endowment	<u>152,572</u>
Net Cash Provided by Financing Activities	<u>152,572</u>
<b>Net Increase in Cash and Cash Equivalents</b>	212,264
<b>Cash and Cash Equivalents, <i>Beginning of Year</i></b>	<u>588,361</u>
<b>Cash and Cash Equivalents, <i>End of Year</i></b>	<u><u>\$ 800,625</u></u>

# Northern Oklahoma College Foundation, Inc.

## Notes to Financial Statements

June 30, 2023

### Note 1: Summary of Significant Accounting Policies

#### **Nature of Operations**

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.

#### **Basis of Presentation**

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions.

Board Designated Net Assets - Net assets without donor restrictions subject to self-imposed limits by action of the governing board. Board designated net assets may be earmarked for future programs, investment, contingencies, purchase or construction of fixed assets, or other uses.

Net assets with Donor Imposed Restrictions - Net assets subject to donor-imposed stipulations that can be met either by actions of the Foundation or the passage of time. Contributions with donor-imposed restrictions that are met in the same period as the contribution are accounted for as unrestricted contributions. 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.

#### **Reclassifications**

Certain prior year amounts have been reclassified to conform to the current year's presentation. The reclassification had no effect on the previously reported change in net assets.

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

The Foundation defines cash and cash equivalents to be all cash and highly liquid investments with original maturities of three months or less. Cash and cash equivalents of \$863,262 as of June 30, 2023 were held in financial institutions.

# Northern Oklahoma College Foundation, Inc.

## Notes to Financial Statements

June 30, 2023

### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair value in the statement of financial position. Realized and unrealized investment gains and losses are computed on the average cost basis. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

#### **Contributions**

Contributions, including unconditional contributions receivable, are recognized as revenues in the period received by or promised to the Foundation. Conditional contributions receivable, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of gift.

The Foundation records unconditional contributions receivable that are expected to be collected within one year at net realizable value. Unconditional contributions receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. The Foundation determines the allowance for uncollectible contributions receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions receivable are written off when deemed uncollectible. As of June 30, 2023, the Foundation had no outstanding unconditional contributions receivable due from donors.

Contributions are reported as either revenues without donor restrictions or revenues 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.

#### **Program Activities**

The program activities include 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.

# Northern Oklahoma College Foundation, Inc.

## Notes to Financial Statements

June 30, 2023

### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **Program Activities** (Continued)

*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.

*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, fundraising, and monitoring of capital projects and related equipment.

#### **Supporting Activities**

*Management and General* - Management and general expenses include functions necessary to secure and provide proper administrative support for the Foundation's Board of Trustees, maintain an adequate working environment, and manage the financial responsibilities of the Foundation.

*Fundraising* - Fundraising expenses include costs associated with identifying, cultivating, soliciting, and maintaining relationships with current and prospective donors by planning and executing a comprehensive annual giving program.

#### **Functional Allocation of Expenses**

The statement of functional expenses presents 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.

#### **Tax Status**

The Internal Revenue Service has recognized the Foundation as exempt from income taxes under Section 501(a) of the Internal Revenue Code (IRC) as an organization described in Section 501(c)(3) of the IRC. Accordingly, no provision for income taxes is reflected in the accompanying financial statements. The Foundation had no unrelated business income during fiscal year 2023.

# Northern Oklahoma College Foundation, Inc.

## Notes to Financial Statements

June 30, 2023

### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **Concentrations of Credit Risk**

At June 30, 2023, the Foundation did not have a concentration of credit risk with any of its local banking financial institutions. 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 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.

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.

#### **Management Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosures in the notes thereto. 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, 2023, 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, 2020.

#### **Subsequent Events**

Subsequent events have been evaluated through October 16, 2023, which is the date the financial statements were issued.

# Northern Oklahoma College Foundation, Inc.

## Notes to Financial Statements

June 30, 2023

### Note 2: Cash and Cash Equivalents

The Foundation maintains several bank accounts. The table below is designed to disclose the level of custody credit risk assumed by the Foundation based upon how its deposits were insured at June 30, 2023 and 2022. FDIC regulations state time and savings accounts are insured up to a \$250,000 maximum.

Category 1 - Insured by FDIC or collateralized with securities held by the Foundation or by its agent in its name.

Category 2 - Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Foundation's name.

Category 3 - Uninsured and uncollateralized.

Type of Deposits	Total Bank Balance	Custody (Category 1)	Credit Risk (Category 2)	Uninsured (Category 3)
June 30, 2023				
<u>Demand Deposits</u>				
First National Bank of Oklahoma	\$ 586,824	\$ 250,000	\$ 336,824	\$ -
Gateway First Bank	276,040	250,000	-	26,040
RCB Bank	398	398	-	-
Total Deposits	<u>\$ 863,262</u>	<u>\$ 500,398</u>	<u>\$ -</u>	<u>\$ 26,040</u>

### Note 3: Investments

Investments consist of the following at June 30, 2023:

Equity funds	\$ 9,942,215
Fixed income funds	4,101,908
Limited partnership	440,435
Alternative investments	133,369
Cash equivalents	<u>124,548</u>
	<u>\$ 14,742,475</u>

# Northern Oklahoma College Foundation, Inc.

## Notes to Financial Statements

June 30, 2023

### Note 3: Investments (Continued)

Investment income consists of the following at June 30, 2023:

Interest and dividend income	\$ 90,405
Realized gains and (losses)	10,991
Unrealized gains and (losses)	1,378,261
Investment management fees	<u>(51,152)</u>
	<u>\$ 1,428,505</u>

### Note 4: Fair Value Measurements

The Foundation uses quoted market prices to determine the fair value of an asset or liability when available. If quoted market prices are not available, the Foundation determines fair value using valuation techniques that use market-based or independently sourced market data, such as interest rates.

The following methods and assumptions were used to estimate the fair value of assets and liabilities in the financial statements.

*Cash and Cash Equivalents:* The carrying amount approximates the fair value due to the short maturity of such amounts.

*Investments:* Investments in cash and cash equivalents, publicly traded securities and mutual funds are stated at market value based on quoted market prices. Certificates of deposit, government agency bonds, and mortgage-backed securities are stated at market price as determined by the fund manager or quoted market prices in non-active markets. Other investments are stated at fair value based upon current market conditions and other factors deemed relevant to the valuation as provided by the independent valuation specialist and/or Foundation management.

*Accounts Payable and Other Liabilities:* The carrying amount approximates fair value due to the short maturity of those amounts.

# Northern Oklahoma College Foundation, Inc.

## Notes to Financial Statements

June 30, 2023

### Note 4: Fair Value Measurements (Continued)

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. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair value are:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying financial statements at fair value on a recurring basis and the level within the fair market value hierarchy in which the fair value measurements fall at June 30, 2023.

	Level 1	Level 2	Level 3	Net Asset Value per Share	Total
<b>Investments</b>					
Equity funds	\$ 1,863,803	\$ -	\$ -	\$ 8,078,412	\$ 9,942,215
Fixed income funds	791,889	-	-	3,310,019	4,101,908
Limited partnership	-	-	-	440,435	440,435
Alternative investments	133,369	-	-	-	133,369
Cash equivalents	124,548	-	-	-	124,548
<b>Total</b>	<b>\$ 2,913,609</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,828,866</b>	<b>\$ 14,742,475</b>

The following is a description of methodologies used for instruments measured at fair value on a recurring basis:

*Investments:* Where quoted market prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. In certain cases where Level 1 or Level 2 inputs are not available, investments are classified within Level 3 of the hierarchy. Certain investments are removed from the fair value hierarchy as they are measured using net asset value per share as a practical expedient.



# Northern Oklahoma College Foundation, Inc.

## Notes to Financial Statements

June 30, 2023

### Note 5: Net Assets

Net assets without donor restrictions have been designated by the board for specific purposes consist of the following at June 30, 2023:

Scholarships - endowment	\$ 622,166
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Net assets with donor restrictions subject to expenditures consist of the following at June 30, 2023:

Scholarships - endowment	\$ 585,985
College support - endowment	89,112
Scholarships and college support - endowment	272,413
Scholarships and college support	<u>3,654,971</u>
Total	\$ <u>4,602,481</u>

Net assets with donor restrictions not subject to expenditures consist of the following at June 30, 2023:

Scholarships - endowment	\$ 3,877,997
College support - endowment	452,823
Scholarships and college support - endowment	<u>2,957,456</u>
Total	\$ <u>7,288,276</u>

Net assets released from restrictions were as follows at June 30, 2023:

Scholarships and college support	\$ 704,053
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# Northern Oklahoma College Foundation, Inc.

## Notes to Financial Statements

June 30, 2023

### Note 6: Endowments

The Foundation's endowment as of June 30, 2023, consisted of 67 individual donor-restricted funds, respectively, and 6 board-designated endowment funds. 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 a 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 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.

- The duration and preservation of the fund;
- The purpose of the Foundation and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Foundation;
- The investment policies 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), 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.

# Northern Oklahoma College Foundation, Inc.

## Notes to Financial Statements

June 30, 2023

### Note 6: Endowments (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 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.

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.

The Foundation had no underwater endowment funds at June 30, 2023.

Endowment Net Asset Composition by Type of Fund as of June 30, 2023:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-restricted endowment funds	\$ -	\$ 8,235,786	\$ 8,235,786
Board-designated endowment funds	622,166	-	622,166
Total endowment funds	<u>\$ 622,166</u>	<u>\$ 8,235,786</u>	<u>\$ 8,857,952</u>

# Northern Oklahoma College Foundation, Inc.

## Notes to Financial Statements

June 30, 2023

### Note 6: Endowments (Continued)

Changes in Endowment Net Assets for the year ending June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 563,657	\$ 7,707,112	\$ 8,270,769
Investment return	79,690	830,069	909,759
Contributions	7,726	152,572	160,298
Appropriation of endowment assets for expenditure	(28,907)	(453,967)	(482,874)
Endowment net assets, end of year	<u>\$ 622,166</u>	<u>\$ 8,235,786</u>	<u>\$ 8,857,952</u>

### Note 7: Liquidity and Availability of Financial Assets

Financial assets available within 1 year of the statement of financial position date for general expenditures were as follows at June 30, 2023:

Financial Assets	
Cash and cash equivalents	\$ 800,625
Investments	14,742,475
Less those unavailable for general expenditure within one year, due to:	
Donor-imposed restrictions subject to expenditures	
Donor restriction for scholarships	585,985
Donor restriction for college support	89,112
Donor restriction for scholarships and college support	3,927,384
Donor-imposed restrictions not subject to appropriation or expenditures	
Donor restriction for scholarships	3,877,997
Donor restriction for college support	452,823
Donor restriction for scholarships and college support	2,957,456
Board designations	
Board designation for scholarships	622,166
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,030,177</u>

The Foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs. In addition, the Foundation receives support without donor restrictions as well as investment income without donor restrictions which it utilizes to pay its general operating expenses. Such support has historically been sufficient to pay the majority of the Foundation's general operating expenses each year.

# **Northern Oklahoma College Foundation, Inc.**

## **Notes to Financial Statements**

**June 30, 2023**

### **Note 7: Liquidity and Availability of Financial Assets (Continued)**

The Foundation considers investment income without donor restrictions, appropriated earnings from donor-restricted endowments, contributions without donor restrictions and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses and fundraising expenses. Annual operations are defined as activities occurring during the Foundation's fiscal year.

The Foundation manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that obligations under endowments with donor restrictions that support mission fulfillment will continue to be met, ensuring the sustainability of the Foundation.

### **Note 8: 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 the 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 donated facilities and services received from the College in the accompanying financial statements in the amount of \$236,590 for the year ended June 30, 2023.

During the year ended June 30, 2023, the Foundation awarded scholarships totaling approximately \$228,452 to students of the College and the Foundation provided approximately \$357,152 of financial support to the College.

## **Supplementary Information**

**Northern Oklahoma College Foundation, Inc.**  
Combining Statement of Activities  
Year Ended June 30, 2023

	Tonkawa		Stillwater		Enid		
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues</b>							
Contributions of cash and other financial assets	\$ -	\$ 467,300	\$ -	\$ 17,607	\$ 1,080	\$ 106,729	\$ 592,716
In-kind contributions	15,000	163,475	-	-	-	4,860	183,335
Donated facilities and services	118,295	-	-	-	118,295	-	236,590
Investment return, net	331,951	982,489	-	-	801	113,264	1,428,505
Lectureship program service revenue	-	23,160	-	-	-	-	23,160
Net assets released from restrictions	656,188	(656,188)	3,215	(3,215)	44,650	(44,650)	-
Total Revenues	<u>1,121,434</u>	<u>980,236</u>	<u>3,215</u>	<u>14,392</u>	<u>164,826</u>	<u>180,203</u>	<u>2,464,306</u>
<b>Expenses</b>							
Program services							
College support	328,586	-	-	-	56,874	-	385,460
Scholarships	218,035	-	3,215	-	43,798	-	265,048
Supporting services							
Management and general	200,844	-	-	-	64,106	-	264,950
Fundraising	110,189	-	-	-	18,305	-	128,494
Total Expenses	<u>857,654</u>	<u>-</u>	<u>3,215</u>	<u>-</u>	<u>183,083</u>	<u>-</u>	<u>1,043,952</u>
<b>Change in Net Assets</b>	263,780	980,236	-	14,392	(18,257)	180,203	1,420,354
<b>Net Assets, Beginning of Year</b>	<u>3,357,054</u>	<u>9,616,038</u>	<u>636</u>	<u>21,562</u>	<u>48,137</u>	<u>1,078,326</u>	<u>14,121,753</u>
<b>Net Assets, End of Year</b>	<u>\$ 3,620,834</u>	<u>\$ 10,596,274</u>	<u>\$ 636</u>	<u>\$ 35,954</u>	<u>\$ 29,880</u>	<u>\$ 1,258,529</u>	<u>\$ 15,542,107</u>

See Accompanying Independent Auditor's Report.