

Northern Oklahoma College Foundation, Inc.

Financial Statements

June 30, 2022 and 2021
(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 Audit of the Financial Statements

Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States. Our responsibilities under those standards are further described in the Auditors' 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 these financial statements in accordance with accounting principles generally accepted in the United States, 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 within one year after the date that the financial statements are available to be issued.

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

Auditors' 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 auditors' 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 generally accepted auditing standards 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 generally accepted auditing standards 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.

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

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, 2022 and 2021, as a whole. The combining schedules—statements of activities information for the years ended June 30, 2022 and 2021, on pages 28 and 29 are presented for the purpose of additional analysis and are 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 basic 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. In our opinion, the combining schedules—statements of activities information is fairly stated in all material respects in relation to the financial statements as a whole.

Finley + Cook, PLLC

Shawnee, Oklahoma
October 26, 2022

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

<i>June 30,</i>	<i>2022</i>	<i>2021</i>
Assets		
Current assets:		
Cash	\$ 666,386	582,411
Loans receivable	-	60
Prepaid assets	-	11,500
Investment income receivables	3	3
Total current assets	<u>666,389</u>	<u>593,974</u>
Noncurrent assets:		
Investments	13,474,371	15,097,378
Property and equipment, net	-	-
Total noncurrent assets	<u>13,474,371</u>	<u>15,097,378</u>
Total assets	<u>\$ 14,140,760</u>	<u>15,691,352</u>
Liabilities and Net Assets		
Liabilities:		
Accrued accounts payable	\$ 19,007	20,015
Total liabilities	<u>19,007</u>	<u>20,015</u>
Net assets:		
Without donor restrictions:		
Undesignated	2,576,984	3,029,949
Board-designated for specified purpose	<u>563,657</u>	<u>671,531</u>
Total without donor restrictions	<u>3,140,641</u>	<u>3,701,480</u>
With donor restrictions:		
Restricted in perpetuity—endowment	7,707,112	8,809,966
Restricted for specified purpose	<u>3,274,000</u>	<u>3,159,891</u>
Total with donor restrictions	<u>10,981,112</u>	<u>11,969,857</u>
Total net assets	<u>14,121,753</u>	<u>15,671,337</u>
Total liabilities and net assets	<u>\$ 14,140,760</u>	<u>15,691,352</u>

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

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

Year Ended June 30, 2022

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Revenues, gains, and other support:			
Contributions of cash and other financial assets	\$ 258,650	812,233	1,070,883
Interest and dividends	153,356	97,995	251,351
Net realized and unrealized losses	(417,743)	(1,508,897)	(1,926,640)
Fundraising and other income	-	205,105	205,105
Net assets released from restriction	<u>595,181</u>	<u>(595,181)</u>	<u>-</u>
Total revenues, gains, and other support	<u>589,444</u>	<u>(988,745)</u>	<u>(399,301)</u>
Expenses:			
Program activities:			
College support	517,833	-	517,833
Development and community relations	181,393	-	181,393
Scholarships	<u>296,606</u>	<u>-</u>	<u>296,606</u>
Total program activities	<u>995,832</u>	<u>-</u>	<u>995,832</u>
Supporting activities:			
General and administrative	<u>154,451</u>	<u>-</u>	<u>154,451</u>
Total supporting activities	<u>154,451</u>	<u>-</u>	<u>154,451</u>
Total expenses	<u>1,150,283</u>	<u>-</u>	<u>1,150,283</u>
Change in net assets	(560,839)	(988,745)	(1,549,584)
Net assets at beginning of year	<u>3,701,480</u>	<u>11,969,857</u>	<u>15,671,337</u>
Net assets at end of year	<u>\$ 3,140,641</u>	<u>10,981,112</u>	<u>14,121,753</u>

See Independent Auditors' Report.

See accompanying notes to financial statements.

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

STATEMENTS OF ACTIVITIES, CONTINUED

Year Ended June 30, 2021

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Revenues, gains, and other support:			
Contributions of cash and other financial assets	\$ 249,470	418,217	667,687
Interest and dividends	36,234	175,128	211,362
Net realized and unrealized gains	580,358	2,120,173	2,700,531
Fundraising and other income	26,721	107,911	134,632
Net assets released from restriction	415,898	(415,898)	-
Total revenues, gains, and other support	<u>1,308,681</u>	<u>2,405,531</u>	<u>3,714,212</u>
Expenses:			
Program activities:			
College support	260,915	-	260,915
Development and community relations	132,304	-	132,304
Scholarships	244,139	-	244,139
Total program activities	<u>637,358</u>	<u>-</u>	<u>637,358</u>
Supporting activities:			
General and administrative	169,111	-	169,111
Total supporting activities	<u>169,111</u>	<u>-</u>	<u>169,111</u>
Total expenses	<u>806,469</u>	<u>-</u>	<u>806,469</u>
Change in net assets	502,212	2,405,531	2,907,743
Net assets at beginning of year	<u>3,199,268</u>	<u>9,564,326</u>	<u>12,763,594</u>
Net assets at end of year	<u>\$ 3,701,480</u>	<u>11,969,857</u>	<u>15,671,337</u>

See Independent Auditors' Report.

See accompanying notes to financial statements.

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended June 30, 2022 and 2021

	Program Activities				Supporting Activities	
	College Support	Development and Community Relations	Scholarships	Programs Subtotal	General and Administrative	Total Expenses
<u>2022</u>						
Direct program distribution	\$ 440,487	83,504	196,654	720,645	-	720,645
Insurance	251	318	325	894	1,151	2,045
Fundraising	1,411	1,786	1,823	5,020	6,466	11,486
Other general and administrative	<u>75,684</u>	<u>95,785</u>	<u>97,804</u>	<u>269,273</u>	<u>146,834</u>	<u>416,107</u>
Total expenses	<u>\$ 517,833</u>	<u>181,393</u>	<u>296,606</u>	<u>995,832</u>	<u>154,451</u>	<u>1,150,283</u>
<u>2021</u>						
Direct program distribution	\$ 224,201	84,696	196,752	505,649	-	505,649
Insurance	297	385	384	1,066	1,369	2,435
Fundraising	737	955	951	2,643	3,394	6,037
Other general and administrative	<u>35,680</u>	<u>46,268</u>	<u>46,052</u>	<u>128,000</u>	<u>164,348</u>	<u>292,348</u>
Total expenses	<u>\$ 260,915</u>	<u>132,304</u>	<u>244,139</u>	<u>637,358</u>	<u>169,111</u>	<u>806,469</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>2022</i>	<i>2021</i>
Reconciliation of changes in net assets to net cash provided by operating activities:		
Changes in net assets	\$ (1,549,584)	2,907,743
Adjustment to reconcile changes in net assets to net cash provided by operating activities:		
Contributions restricted for long-term investment	(20,408)	(192,236)
Net realized and unrealized investment losses (gains)	1,926,640	(2,700,531)
Changes in operating assets and liabilities:		
Contributions receivable	-	50,000
Prepaid assets	11,500	1,250
Loans receivable	60	(60)
Accounts payable	(1,008)	4,953
Net cash provided by operating activities	<u>367,200</u>	<u>71,119</u>
Cash flows from capital and related financing activities:		
Cash received from restricted contributions	<u>20,408</u>	<u>192,236</u>
Net cash provided by capital and related financing activities	<u>20,408</u>	<u>192,236</u>
Cash flows from investing activities:		
Purchase of investments	(218,632)	(684,372)
Proceeds from sales of investments	<u>(85,001)</u>	<u>454,036</u>
Net cash used in investing activities	<u>(303,633)</u>	<u>(230,336)</u>
Net increase in cash and cash equivalents	83,975	33,019
Cash and cash equivalents at beginning of year	<u>582,411</u>	<u>549,392</u>
Cash and cash equivalents at end of year	<u>\$ 666,386</u>	<u>582,411</u>

See Independent Auditors' Report.

See accompanying notes to financial statements.

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

(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.

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 of Trustees 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.

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.

See Independent Auditors’ Report.

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Financial Statement Presentation, Continued

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 statements 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, 2022 and 2021, 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.

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.

See Independent Auditors' Report.

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Concentration of Credit Risk

At June 30, 2022 and 2021, the Foundation did not have a concentration of credit risk with any of their 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 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.

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. There were no loans outstanding at June 30, 2022. There was \$60 of loans outstanding at June 30, 2021.

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 2022 or 2021.

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.

See Independent Auditors' Report.

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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, 2022 or 2021, 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, 2019.

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. 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.

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.

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.

See Independent Auditors' Report.

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

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

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's Board of Trustees, maintain an adequate working environment, and manage the financial responsibilities of the Foundation.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 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 was effective for financial statements issued for fiscal years beginning after December 15, 2019. ASU 2016-02 has been amended numerous times and is currently effective for fiscal years beginning after December 15, 2021. The Foundation is currently evaluating the impact on the financial statements of adopting ASU 2016-02.

See Independent Auditors' Report.

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Recent Accounting Pronouncements, Continued

In June 2016, FASB issued ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments* (ASU 2016-13), in order to provide more timely recording of credit losses on loans and other financial instruments. ASU 2016-13 adds an impairment model (known as the current expected credit loss (CECL) model) that is based on expected credit losses rather than incurred credit losses. It requires an organization to measure all expected credit losses for financial assets carried at amortized cost at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. ASU 2016-13 was originally effective for financial statements issued for fiscal years beginning after December 15, 2020. ASU 2016-13 has been amended numerous times and is currently effective for fiscal years beginning after December 15, 2022. The Foundation is currently evaluating the impact on the financial statements of adopting ASU 2016-13.

In September 2020, FASB issued ASU No. 2020-07, *“Not-for-Profit Entities” (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets* (ASU 2020-07), which requires not-for-profit entities to present contributed nonfinancial assets as a separate line item in the statements of activities and requires certain additional disclosures related to contributed nonfinancial assets. ASU 2020-07 is effective for fiscal years beginning after June 15, 2021. The Foundation adopted ASU 2020-07 on July 1, 2021, which did not have a significant impact on the Foundation’s financial statements.

Subsequent Events

The Foundation has evaluated subsequent events through October 26, 2022, which is the date that the financial statements were available to be issued. There are no subsequent events requiring recognition or disclosure in the 2022 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.

See Independent Auditors’ Report.

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) INVESTMENTS, CONTINUED

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

	<u>2022</u>	<u>2021</u>
Marketable securities:		
Certificates of deposit	\$ -	4,999
Common stock	918,455	1,046,288
Mutual funds	948,006	1,148,478
Fixed income funds	892,416	896,414
Pooled funds	10,294,163	11,771,608
Total marketable securities	<u>13,053,040</u>	<u>14,867,787</u>
Other investment:		
Limited partnership	421,331	229,591
Total other investments	<u>421,331</u>	<u>229,591</u>
	<u>\$ 13,474,371</u>	<u>15,097,378</u>

The Foundation had a limited partnership interest in Capital Partners VII, L.P. with a total cost of \$266,000 and \$176,000 as of June 30, 2022 and 2021, respectively. The Foundation had an unfunded commitment of \$134,000 and \$224,000 with Capital Partners VII, L.P. as of June 30, 2022 and 2021, respectively.

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>2022</u>			
Interest and dividends	\$ 153,356	97,995	251,351
Net realized and unrealized losses	<u>(417,743)</u>	<u>(1,508,897)</u>	<u>(1,926,640)</u>
Investment loss, net	<u>\$ (264,387)</u>	<u>(1,410,902)</u>	<u>(1,675,289)</u>
<u>2021</u>			
Interest and dividends	\$ 36,234	175,128	211,362
Net realized and unrealized gains	<u>580,358</u>	<u>2,120,173</u>	<u>2,700,531</u>
Investment income, net	<u>\$ 616,592</u>	<u>2,295,301</u>	<u>2,911,893</u>

See Independent Auditors' Report.

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(3) PROPERTY AND EQUIPMENT

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

	<u>2022</u>	<u>2021</u>
Equipment	\$ 148,393	148,393
Less accumulated depreciation	<u>(148,393)</u>	<u>(148,393)</u>
Property and equipment, net	<u>\$ -</u>	<u>-</u>

(4) NET ASSETS WITH DONOR RESTRICTIONS FOR SPECIFIED PURPOSE

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

	<u>2022</u>	<u>2021</u>
Scholarships	\$ 3,016,650	2,722,960
Loans	<u>257,350</u>	<u>436,931</u>
	<u>\$ 3,274,000</u>	<u>3,159,891</u>

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

	<u>2022</u>	<u>2021</u>
College support	\$ 398,527	219,146
Scholarships	<u>196,654</u>	<u>196,752</u>
	<u>\$ 595,181</u>	<u>415,898</u>

See Independent Auditors' Report.

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(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 \$234,301 and \$228,100 for the years ended June 30, 2022 and 2021, respectively.

During the years ended June 30, 2022 and 2021, the Foundation awarded scholarships totaling approximately \$197,000 both years to students of the College. During the year ended June 30, 2022, the Foundation also contributed \$200,000 to the College's library renovation project.

(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 each year ended June 30, 2022 and 2021, the Foundation contributed approximately \$11,000 to OTRS.

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*, or 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.

(7) **ENDOWMENT DISCLOSURES**

The Foundation's endowment as of June 30, 2022 and 2021, consisted of 62 and 61 individual donor-restricted funds, respectively, and 6 Board-designated endowment funds for both years. 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.

See Independent Auditors' Report.

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(7) ENDOWMENT DISCLOSURES, CONTINUED

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.

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>2022</u>			
Donor-restricted endowment funds	\$ -	7,707,112	7,707,112
Board-designated endowment funds	<u>563,657</u>	<u>-</u>	<u>563,657</u>
Total funds invested	<u>\$ 563,657</u>	<u>7,707,112</u>	<u>8,270,769</u>
<u>2021</u>			
Donor-restricted endowment funds	\$ -	8,809,966	8,809,966
Board-designated endowment funds	<u>671,531</u>	<u>-</u>	<u>671,531</u>
Total funds invested	<u>\$ 671,531</u>	<u>8,809,966</u>	<u>9,481,497</u>

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 assets with donor restrictions were restricted for the following purposes and composition by type as of June 30:

	<u>2022</u>	<u>2021</u>
Scholarships	\$ 7,593,618	8,706,001
Lectureship	<u>113,494</u>	<u>103,965</u>
	<u>\$ 7,707,112</u>	<u>8,809,966</u>
Original donor-restricted gift amounts and amounts to be maintained in perpetuity by donor	\$ 4,052,029	4,031,621
Accumulated investment earnings	<u>3,655,083</u>	<u>4,778,345</u>
	<u>\$ 7,707,112</u>	<u>8,809,966</u>

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>2022</u>			
Endowment net assets at beginning of year	\$ 671,531	8,809,966	9,481,497
Investment loss, net	(91,901)	(1,030,461)	(1,122,362)
Contributions	-	20,408	20,408
Appropriation of endowment assets for expenditure	<u>(15,973)</u>	<u>(92,801)</u>	<u>(108,774)</u>
Endowment net assets at end of year	<u>\$ 563,657</u>	<u>7,707,112</u>	<u>8,270,769</u>

See Independent Auditors' Report.

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

(7) ENDOWMENT DISCLOSURES, CONTINUED**Interpretation of Relevant Law, Continued**

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
<u>2021</u>			
Endowment net assets at beginning of year	\$ 528,775	6,942,600	7,471,375
Investment return, net	154,581	1,765,495	1,920,076
Contributions	-	192,236	192,236
Appropriation of endowment assets for expenditure	<u>(11,825)</u>	<u>(90,365)</u>	<u>(102,190)</u>
Endowment net assets at end of year	<u>\$ 671,531</u>	<u>8,809,966</u>	<u>9,481,497</u>

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.

See Independent Auditors' Report.

(7) **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 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, 2022 or June 30, 2021.

(8) FAIR VALUE MEASUREMENTS

The Foundation reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1—Quoted prices (unadjusted) in active markets for identical assets that the Foundation can access at the measurement date.

Level 2—Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3—Unobservable inputs for the asset. In these situations, the Foundation develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Foundation's assessment of the quality, risk, or liquidity profile of the asset or liability.

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

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(8) FAIR VALUE MEASUREMENTS, CONTINUED

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, 2022 or 2021.

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:

		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)
	Assets Measured at Fair Value			
<u>2022</u>				
Common stock	918,455	918,455	-	-
Mutual funds	948,006	948,006	-	-
Fixed income funds	892,416	892,416	-	-
Pooled funds	10,294,163	-	-	10,294,163
Limited partnership	421,331	-	-	421,331
	<u>\$ 13,474,371</u>	<u>2,758,877</u>	<u>-</u>	<u>10,715,494</u>
<u>2021</u>				
Certificates of deposit	\$ 4,999	-	4,999	-
Common stock	1,046,288	1,046,288	-	-
Mutual funds	1,148,478	1,148,478	-	-
Fixed income funds	896,414	896,414	-	-
Pooled funds	11,771,608	-	-	11,771,608
Limited partnership	229,591	-	-	229,591
	<u>\$ 15,097,378</u>	<u>3,091,180</u>	<u>4,999</u>	<u>12,001,199</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>2022</u>		
Balance at beginning of year	\$ 11,771,608	229,591
Purchases	-	90,000
Sales	-	-
Investment (loss) income, net	<u>(1,477,445)</u>	<u>101,740</u>
Balance at end of year	<u>\$ 10,294,163</u>	<u>421,331</u>
<u>2021</u>		
Balance at beginning of year	\$ 9,551,376	133,303
Purchases	480,000	46,000
Sales	(500,000)	-
Investment income, net	<u>2,240,232</u>	<u>50,288</u>
Balance at end of year	<u>\$ 11,771,608</u>	<u>229,591</u>

See Independent Auditors' Report.

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(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 at June 30:

	<u>2022</u>	<u>2021</u>
Cash	\$ 666,386	582,411
Investments	13,474,371	15,097,378
Loans receivable	-	60
Investment income receivables	<u>3</u>	<u>3</u>
Total financial assets available within 1 year	<u>14,140,760</u>	<u>15,679,852</u>
Less:		
Amounts unavailable for general expenditures within 1 year due to:		
Restricted in perpetuity—endowment	7,707,112	8,809,966
Restricted for specific purpose or passage of time	<u>3,274,000</u>	<u>3,159,891</u>
	<u>10,981,112</u>	<u>11,969,857</u>
Total financial assets available to management for general expenditure within 1 year	<u>\$ 3,159,648</u>	<u>3,709,995</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.

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.

See Independent Auditors' Report.

(9) **LIQUIDITY AND AVAILABILITY OF RESOURCES, CONTINUED**

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.

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

COMBINING SCHEDULES—STATEMENTS OF ACTIVITIES INFORMATION

Year Ended June 30, 2022

	Tonkawa		Stillwater		Enid		Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	
Revenues, gains, and other support:							
Investment (loss) income:							
Net realized and unrealized losses	\$ (416,765)	(1,373,097)	-	-	(978)	(135,800)	(1,926,640)
Interest and dividend income	153,161	97,934	-	-	195	61	251,351
Total investment income	(263,604)	(1,275,163)	-	-	(783)	(135,739)	(1,675,289)
Contributions of cash and other financial assets	138,725	745,127	-	9,055	119,925	58,051	1,070,883
Fundraising and other income	-	140,920	-	6,953	-	57,232	205,105
Net assets released from restriction	468,502	(468,502)	10,055	(10,055)	116,624	(116,624)	-
Total revenues, gains, and other support	343,623	(857,618)	10,055	5,953	235,766	(137,080)	(399,301)
Expenses:							
Scholarships	149,007	-	9,750	-	37,897	-	196,654
Development and community relations	83,504	-	-	-	-	-	83,504
General and administrative	298,957	-	-	-	117,150	-	416,107
College support	361,455	-	305	-	78,727	-	440,487
Insurance expense	2,045	-	-	-	-	-	2,045
Fundraising expense	11,486	-	-	-	-	-	11,486
Total expenses	906,454	-	10,055	-	233,774	-	1,150,283
Changes in net assets	(562,831)	(857,618)	-	5,953	1,992	(137,080)	(1,549,584)
Net assets (deficits) at beginning of year	3,618,536	10,750,440	636	(8,118)	82,308	1,227,535	15,671,337
Net assets (deficits) at end of year	\$ 3,055,705	9,892,822	636	(2,165)	84,300	1,090,455	14,121,753

See Independent Auditors' Report.

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

COMBINING SCHEDULES—STATEMENTS OF ACTIVITIES INFORMATION, CONTINUED

Year Ended June 30, 2021

	Tonkawa		Stillwater		Enid		
	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Revenues, gains, and other support:							
Investment income:							
Net realized and unrealized gains	\$ 578,980	1,921,885	-	-	1,377	198,289	2,700,531
Interest and dividend income	36,097	161,589	-	-	137	13,539	211,362
Total investment income	615,077	2,083,474	-	-	1,514	211,828	2,911,893
Contributions of cash and other financial assets	117,695	367,499	-	2,870	131,775	47,848	667,687
Fundraising and other income	26,721	50,057	-	1,806	-	56,048	134,632
Net assets released from restriction	329,802	(329,802)	10,980	(10,980)	75,117	(75,117)	-
Total revenues, gains, and other support	1,089,295	2,171,228	10,980	(6,304)	208,406	240,607	3,714,212
Expenses:							
Scholarships	157,435	-	10,850	-	28,467	-	196,752
Development and community relations	84,696	-	-	-	-	-	84,696
General and administrative	178,298	-	-	-	114,050	-	292,348
College support	172,697	-	130	-	51,374	-	224,201
Insurance expense	2,435	-	-	-	-	-	2,435
Fundraising expense	6,037	-	-	-	-	-	6,037
Total expenses	601,598	-	10,980	-	193,891	-	806,469
Changes in net assets	487,697	2,171,228	-	(6,304)	14,515	240,607	2,907,743
Net assets (deficits) at beginning of year	3,130,839	8,579,212	636	(1,814)	67,793	986,928	12,763,594
Net assets (deficits) at end of year	\$ 3,618,536	10,750,440	636	(8,118)	82,308	1,227,535	15,671,337

See Independent Auditors' Report.