



**NORTHERN
OKLAHOMA COLLEGE
FOUNDATION, INC.**

June 30, 2011

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

June 30, 2011

Audited Financial Statements

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Independent Auditors' Report

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

We have audited the accompanying statements of financial position of Northern Oklahoma College Foundation, Inc. (the "Foundation") as of June 30, 2011, and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluation of the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Northern Oklahoma College Foundation, Inc. at June 30, 2011, and 2010, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Cole & Reed P.C.

Oklahoma City, Oklahoma
October 28, 2011

STATEMENT OF FINANCIAL POSITION

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

	June 30	
	2011	2010
ASSETS		
Cash	\$ 126,686	\$ 98,934
Investments	4,584,692	2,874,634
Loans receivable	15,556	14,043
Contributions receivable	704,500	-
Other receivables	168	494
Property and equipment, net	<u>51,834</u>	<u>92,454</u>
TOTAL ASSETS	<u>\$ 5,483,436</u>	<u>\$ 3,080,559</u>
LIABILITIES		
Accounts payable	\$ 1,250	\$ -
TOTAL LIABILITIES	<u>1,250</u>	<u>-</u>
NET ASSETS		
Unrestricted	757,430	618,381
Temporarily restricted	1,567,972	1,060,441
Permanently restricted	<u>3,156,784</u>	<u>1,401,737</u>
TOTAL NET ASSETS	<u>5,482,186</u>	<u>3,080,559</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,483,436</u>	<u>\$ 3,080,559</u>

See notes to financial statements.

STATEMENT OF ACTIVITIES

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

	Year Ended June 30, 2011				Year Ended June 30, 2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND SUPPORT								
Investment income								
Interest and dividend income	\$ 25,357	\$ 71,706	\$ 358	\$ 97,421	\$ 13	\$ 23,754	\$ -	\$ 23,767
Unrealized gain, net	97,220	447,985	-	545,206	77,842	167,027	-	244,869
Net investment income	122,577	519,691	358	642,626	77,855	190,781	-	268,636
Contributions	33,749	151,260	1,723,739	1,908,748	1,580	157,232	421,000	579,812
Other income	159	91,429	-	91,588	-	80,099	-	80,099
Net assets released from restrictions	223,899	(223,899)	-	-	221,763	(221,763)	-	-
TOTAL REVENUES AND SUPPORT	380,384	538,481	1,724,097	2,642,962	301,198	206,349	421,000	928,547
EXPENSES								
Scholarships to								
Northern Oklahoma College	72,990	-	-	72,990	78,967	-	-	78,967
General and administrative expense	25,958	-	-	25,958	17,182	-	-	17,182
Program expense	132,453	-	-	132,453	98,017	-	-	98,017
Fundraising expense	9,934	-	-	9,934	12,212	-	-	12,212
TOTAL EXPENSES	241,335	-	-	241,335	206,378	-	-	206,378
CHANGE IN NET ASSETS	139,049	538,481	1,724,097	2,401,627	94,820	206,349	421,000	722,169
NET ASSETS AT BEGINNING OF YEAR	618,381	1,060,441	1,401,737	3,080,559	523,561	921,180	913,649	2,358,390
RECLASSIFICATION -- Note H	-	(30,950)	30,950	-	-	(67,088)	67,088	-
NET ASSETS AT BEGINNING OF YEAR AS RECLASSIFIED	618,381	1,029,491	1,432,687	3,080,559	523,561	854,092	980,737	2,358,390
NET ASSETS AT END OF YEAR	\$ 757,430	\$ 1,567,972	\$ 3,156,784	\$ 5,482,186	\$ 618,381	\$ 1,060,441	\$ 1,401,737	\$ 3,080,559

See notes to financial statements.

STATEMENT OF CASH FLOWS

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

	June 30	
	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,401,627	\$ 722,169
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Net investments gains	(545,206)	(244,869)
Non-cash contributions restricted for long-term investment	(1,599,267)	-
Contributions restricted for long-term investment	(124,472)	(421,000)
Depreciation	10,620	10,621
Loss on sale of property and equipment	25,546	-
Changes in operating assets and liabilities:		
Accrued interest receivable	326	(404)
Contributions receivable	(704,500)	-
Accounts payable	<u>1,250</u>	<u>550</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>(534,075)</u>	<u>67,067</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	466,030	93,088
Purchase of investments	(1,633,909)	(583,915)
Net change in loans receivable	1,513	307
Proceeds from sale of property and equipment	<u>4,454</u>	<u>-</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(1,161,912)</u>	<u>(490,520)</u>
FINANCING ACTIVITIES		
Contributions restricted for long-term investment	<u>1,723,739</u>	<u>421,000</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>1,723,739</u>	<u>421,000</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	27,752	(2,453)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>98,934</u>	<u>101,387</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 126,686</u>	<u>\$ 98,934</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

JUNE 30, 2011

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.

NOTES TO FINANCIAL STATEMENTS--Continued

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

JUNE 30, 2011

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.

NOTES TO FINANCIAL STATEMENTS--Continued

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

JUNE 30, 2011

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Loans Receivable: The Foundation grants various students 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.

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 2007.

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 receivables, the final settlement dates are uncertain. All amounts are expected to be fully collected. At June 30, 2011 and 2010, contributions receivable were \$704,500 and \$0, respectively.

NOTES TO FINANCIAL STATEMENTS--Continued

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

JUNE 30, 2011

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

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, 2011.

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, 2010, the Foundation implemented *Fair Value Measurements and Disclosures (Topic 820): Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)* which provides amendments to and expands disclosures for the fair value measurement of investments in certain entities that calculate net asset value per share (or its equivalent). Adoption of this new guidance did not have any impact on the Foundation's financial statements because all of the Foundation's investments that calculate net asset value per share have a readily determinable fair value.
- For the year ended June 30, 2011, 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.

NOTES TO FINANCIAL STATEMENTS--Continued

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

JUNE 30, 2011

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Recent Accounting Pronouncements: The FASB has issued additional clarification related to Topic 820, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs* (ASU 2011-04) that are effective for periods beginning after December 15, 2011. Early adoption of this update for the year ended June 30, 2012 is not permitted. The Foundation will apply the provisions of this update prospectively beginning with the year ending June 30, 2013. The Foundation does not anticipate adoption of this new guidance to have a significant impact on the financial statements.

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 2011, approximately 84% of total contribution revenue was received from one donor. In 2010, approximately 73% of total contribution revenue was received from one donor. Contributions receivable are due from one donor at June 30, 2011.

Subsequent Events: The Foundation has evaluated subsequent events through October 28, 2011, which is the date that the financial statements were available to be issued. There are no subsequent events requiring recognition or disclosure in the 2011 financial statements.

NOTES TO FINANCIAL STATEMENTS--Continued

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

JUNE 30, 2011

NOTE B--INVESTMENTS

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

	June 30	
	2011	2010
Cash and cash equivalents	\$ 26,008	\$ -
Certificates of deposit	567,311	318,076
Common stock - domestic	755,335	69,927
Mutual funds	25,153	21,505
Pooled funds - equities	1,867,924	1,322,321
Pooled funds - fixed income	1,250,758	1,051,419
Private pool investments	92,203	91,386
	<u>\$ 4,584,692</u>	<u>\$ 2,874,634</u>

NOTE C--PROPERTY AND EQUIPMENT

Property and equipment by category is summarized as follows:

	June 30	
	2011	2010
Land	\$ -	\$ 30,000
Equipment	106,203	106,203
	106,203	136,203
Less accumulated depreciation	(54,369)	(43,749)
Net property and equipment	<u>\$ 51,834</u>	<u>\$ 92,454</u>

NOTES TO FINANCIAL STATEMENTS--Continued

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

JUNE 30, 2011

NOTE D--RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted for the following purposes:

	June 30	
	2011	2010
Scholarships	\$ 1,496,866	\$ 1,021,888
Loans	71,106	38,553
	<u>\$ 1,567,972</u>	<u>\$ 1,060,441</u>

Permanently restricted net assets are restricted for the following purposes:

	June 30	
	2011	2010
Scholarships	\$ 2,917,777	\$ 1,200,230
Loans	139,007	101,507
Lectureship	100,000	100,000
	<u>\$ 3,156,784</u>	<u>\$ 1,401,737</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. Thus, the Foundation has no employees. In exchange, the College receives scholarships, funds for capital improvement, and other services from the Foundation. The value of services provided by the College is not reasonably estimated; therefore the Foundation has not recorded any amounts as contributions or expenses.

During the years ended June 30, 2011 and 2010, the Foundation awarded scholarships totaling approximately \$73,000 and \$79,000, respectively, to students of the College.

NOTES TO FINANCIAL STATEMENTS--Continued

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

JUNE 30, 2011

NOTE F--ENDOWMENT DISCLOSURES

The Foundation's endowment consists of 40 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

NOTES TO FINANCIAL STATEMENTS--Continued

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

JUNE 30, 2011

NOTE F--ENDOWMENT DISCLOSURES--Continued

Endowment Net Asset Composition by Type of Fund as of June 30, 2011:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (77,580)	\$ 540,773	\$ 3,156,784	\$ 3,619,977
Board-designated endowment funds	<u>60,050</u>	<u>-</u>	<u>-</u>	<u>60,050</u>
Total Funds Invested	<u>\$ (17,530)</u>	<u>\$ 540,773</u>	<u>\$ 3,156,784</u>	<u>\$ 3,680,027</u>

Changes in Endowment Net Assets for the Year Ended June 30, 2011:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year - reclassified	\$ (56,378)	\$ 169,844	\$ 1,432,687	\$ 1,546,153
Investment return:				
Investment income	756	56,531	358	57,645
Net investment return (realized and unrealized)	<u>22,131</u>	<u>330,958</u>	<u>-</u>	<u>353,089</u>
Net investment return	22,887	387,489	358	410,734
Contributions	19,500	-	1,723,739	1,743,239
Transferred to recover Underwater funds	(3,139)	3,139	-	-
Appropriation of endowment assets for expenditure	<u>(400)</u>	<u>(19,699)</u>	<u>-</u>	<u>(20,099)</u>
Endowment Net Assets	<u>\$ (17,530)</u>	<u>\$ 540,773</u>	<u>\$ 3,156,784</u>	<u>\$ 3,680,027</u>

NOTES TO FINANCIAL STATEMENTS--Continued

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

JUNE 30, 2011

NOTE F--ENDOWMENT DISCLOSURES—Continued

Endowment Net Asset Composition by Type of Fund as of June 30, 2010:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (90,925)	\$ 169,844	\$ 1,401,737	\$ 1,480,656
Board-designated endowment funds	<u>34,632</u>	<u>-</u>	<u>-</u>	<u>34,632</u>
Total Funds Invested	<u>\$ (56,293)</u>	<u>\$ 169,844</u>	<u>\$ 1,401,737</u>	<u>\$ 1,515,288</u>

Changes in Endowment Net Assets for the Year Ended June 30, 2010:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year - reclassified	\$ (43,013)	\$ 32,257	\$ 980,737	\$ 969,981
Investment return:				
Investment income	-	8,119	-	8,119
Net investment return (realized and unrealized)	<u>(13,280)</u>	<u>140,868</u>	<u>-</u>	<u>127,588</u>
Net investment return	(13,280)	148,987	-	135,707
Contributions	-	-	421,000	421,000
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(11,400)</u>	<u>-</u>	<u>(11,400)</u>
Endowment Net Assets	<u>\$ (56,293)</u>	<u>\$ 169,844</u>	<u>\$ 1,401,737</u>	<u>\$ 1,515,288</u>

NOTES TO FINANCIAL STATEMENTS--Continued

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

JUNE 30, 2011

NOTE F--ENDOWMENT DISCLOSURES—Continued

Description of amounts classified as Permanently Restricted Net Assets and Temporarily Restricted Net Assets (Endowment Only) at June 30, 2011:

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>\$ 3,156,784</u>
Total endowment funds classified as permanently restricted net assets	<u>\$ 3,156,784</u>

Temporarily Restricted Net Assets

The portion of perpetual endowment funds subject to time restriction under OK UPMIFA with purpose restrictions	<u>\$ 540,773</u>
Total endowment funds classified as temporarily restricted net assets	<u>\$ 540,773</u>

Description of amounts classified as Permanently Restricted Net Assets and Temporarily Restricted Net Assets (Endowment Only) at June 30, 2010:

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>\$ 1,401,737</u>
Total endowment funds classified as permanently restricted net assets	<u>\$ 1,401,737</u>

Temporarily Restricted Net Assets

The portion of perpetual endowment funds subject to time restriction under OK UPMIFA with purpose restrictions	<u>\$ 169,844</u>
Total endowment funds classified as temporarily restricted net assets	<u>\$ 169,844</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 \$77,580 and \$90,925 for years ending June 30, 2011 and 2010, 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.

NOTES TO FINANCIAL STATEMENTS--Continued

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

JUNE 30, 2011

NOTE F--ENDOWMENT DISCLOSURES—Continued

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s). 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.

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 feels 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.

NOTES TO FINANCIAL STATEMENTS--Continued

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

JUNE 30, 2011

NOTE G--FAIR VALUE MEASUREMENTS

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 of the asset approximates fair value due to the short maturity of such amounts.

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.

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.

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

	As of June 30, 2011			
	Level 1	Level 2	Level 3	Total
ASSETS				
Cash and cash equivalents	\$ 26,008	\$ -	\$ -	\$ 26,008
Certificates of deposit	-	567,311	-	567,311
Common stock - domestic	755,335	-	-	755,335
Mutual fund	25,153	-	-	25,153
Pooled fund - fixed income	-	1,250,758	-	1,250,758
Pooled fund - equities	-	1,867,924	-	1,867,924
Private pool	-	92,203	-	92,203
	<u>\$ 806,496</u>	<u>\$ 3,778,196</u>	<u>\$ -</u>	<u>\$ 4,584,692</u>

NOTES TO FINANCIAL STATEMENTS--Continued

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

JUNE 30, 2011

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, 2010			
	Level 1	Level 2	Level 3	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Certificates of deposit	-	318,076	-	318,076
Common stock - domestic	69,927	-	-	69,927
Mutual fund	21,505	-	-	21,505
Pooled fund - fixed income	-	1,051,419	-	1,051,419
Pooled fund - equities	-	1,322,321	-	1,322,321
Private pool	-	91,386	-	91,386
	<u>\$ 91,432</u>	<u>\$ 2,783,202</u>	<u>\$ -</u>	<u>\$ 2,874,634</u>

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.

NOTES TO FINANCIAL STATEMENTS--Continued

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

JUNE 30, 2011

NOTE G--FAIR VALUE MEASUREMENTS - Continued

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.

NOTE H--RECLASSIFICATION OF NET ASSETS

The Foundation's management identified certain funds which should be classified as permanently restricted based on the donor-imposed restrictions. A reclass entry to properly reflect the donors' restriction has been recorded to increase permanently restricted net assets, and decrease temporarily restricted net assets by \$30,950, and \$67,088, as of July 1, 2010 and 2009, respectively. Total net assets did not change.

COMBINING STATEMENT OF ACTIVITIES

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

Year Ended June 30, 2011

	<u>Tonkawa Unrestricted</u>	<u>Tonkawa Temporarily Restricted</u>	<u>Tonkawa 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							
Interest and dividend income	\$ 25,345	\$ 66,322	\$ 309	\$ 12	\$ 5,384	\$ 49	\$ 97,421
Unrealized gain, net	97,220	427,496	-	-	20,490	-	545,206
Total investment income	122,565	493,818	309	12	25,874	49	642,626
Contributions	31,134	116,268	1,663,739	2,615	34,992	60,000	1,908,748
Other income	159	80,754	-	-	10,675	-	91,588
Net assets released from restriction	198,185	(198,185)	-	25,714	(25,714)	-	-
TOTAL REVENUES AND SUPPORT	352,043	492,655	1,664,048	28,341	45,826	60,049	2,642,962
EXPENSES							
Scholarships to							
Northern Oklahoma College	57,894	-	-	15,096	-	-	72,990
General and administrative expense	25,885	-	-	73	-	-	25,958
Program expense	119,935	-	-	12,518	-	-	132,453
Fundraising expense	9,934	-	-	-	-	-	9,934
TOTAL EXPENSES	213,648	-	-	27,687	-	-	241,335
CHANGE IN NET ASSETS	138,395	492,655	1,664,048	654	45,826	60,049	2,401,627
NET ASSETS AT BEGINNING OF YEAR	631,062	920,535	1,236,606	(12,681)	139,906	165,131	3,080,559
RECLASSIFICATION -- Note H	-	(30,950)	30,950	-	-	-	-
NET ASSETS AT BEGINNING OF YEAR AS RECLASSIFIED	631,062	889,585	1,267,556	(12,681)	139,906	165,131	3,080,559
NET ASSETS AT END OF YEAR	\$ 769,457	\$ 1,382,240	\$ 2,931,604	\$ (12,027)	\$ 185,732	\$ 225,180	\$ 5,482,186

COMBINING STATEMENT OF ACTIVITIES

NORTHERN OKLAHOMA COLLEGE FOUNDATION, INC.

Year Ended June 30, 2010

	<u>Tonkawa Unrestricted</u>	<u>Tonkawa Temporarily Restricted</u>	<u>Tonkawa 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							
Interest and dividend income	\$ -	\$ 17,414	\$ -	\$ 13	\$ 6,340	\$ -	\$ 23,767
Unrealized gain	77,842	151,850	-	-	15,177	-	244,869
Total investment income	77,842	169,264	-	13	21,517	-	268,636
Contributions	-	145,744	421,000	1,580	11,488	-	579,812
Other income	-	68,533	-	-	11,566	-	80,099
Net assets released from restriction	205,067	(205,067)	-	16,696	(16,696)	-	-
TOTAL REVENUES AND SUPPORT	282,909	178,474	421,000	18,289	27,875	-	928,547
EXPENSES							
Scholarships to							
Northern Oklahoma College	64,030	-	-	14,937	-	-	78,967
General and administrative expense	17,182	-	-	-	-	-	17,182
Program expense	86,312	-	-	11,705	-	-	98,017
Fundraising expense	12,212	-	-	-	-	-	12,212
TOTAL EXPENSES	179,736	-	-	26,642	-	-	206,378
CHANGE IN NET ASSETS	103,173	178,474	421,000	(8,353)	27,875	-	722,169
NET ASSETS AT BEGINNING OF YEAR	527,889	809,149	748,518	(4,328)	112,031	165,131	2,358,390
RECLASSIFICATION -- Note H	-	(67,088)	67,088	-	-	-	-
NET ASSETS AT BEGINNING OF YEAR AS RECLASSIFIED	527,889	742,061	815,606	(4,328)	112,031	165,131	2,358,390
NET ASSETS AT END OF YEAR	\$ 631,062	\$ 920,535	\$ 1,236,606	\$ (12,681)	\$ 139,906	\$ 165,131	\$ 3,080,559