

**Northern Oklahoma College
Foundation, Inc.**

**Financial Statements
with Independent Auditors' Reports**

June 30, 2014 and 2013



**Northern Oklahoma College
Foundation, Inc.
Table of Contents
June 30, 2014 and 2013**

Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position.....	3
Statements of Activities and Changes in Net Assets.....	4
Statements of Cash Flows.....	5
Notes to Financial Statements.....	6





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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Northern Oklahoma College Foundation, Inc. (the Foundation) a nonprofit organization, which comprise the statement of financial position as of June 30, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

The Foundation's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Board of Trustees
Northern Oklahoma College
Foundation, Inc.
Page 2

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northern Oklahoma College Foundation, Inc. as of June 30, 2014, 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.

Tulsa, Oklahoma
September 19, 2014

Hill & Company, PC



**Northern Oklahoma College
Foundation, Inc.
Statements of Financial Position
June 30, 2014 and 2013**

<u>Assets</u>	<u>2014</u>	<u>2013</u>
Current Assets		
Cash	\$ 150,799	\$ 157,428
Investments	8,040,577	6,705,331
Loans receivable	2,238	4,645
Related party receivable	510	—
Other receivables	20	84
Total Current Assets	<u>\$ 8,194,144</u>	<u>\$ 6,867,488</u>
Noncurrent Assets		
Property and equipment, net	<u>19,973</u>	<u>30,594</u>
Total Noncurrent Assets	<u>19,973</u>	<u>30,594</u>
Total Assets	<u>\$ 8,214,117</u>	<u>\$ 6,898,082</u>
 <u>Liabilities & Net Assets</u> 		
Net Assets		
Unrestricted	1,253,711	1,112,017
Temporarily restricted	3,416,304	2,416,963
Permanently restricted	<u>3,544,102</u>	<u>3,369,102</u>
Total Net Assets	<u>8,214,117</u>	<u>6,898,082</u>
Total Liabilities and Net Assets	<u>\$ 8,214,117</u>	<u>\$ 6,898,082</u>





Northern Oklahoma College
Foundation, Inc.
Statements of Activities and Changes in Net Assets
June 30, 2014 and 2013

	2014			2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Gains, and Other Support							
Private gifts and contributions	\$ 16,865	\$ 276,628	\$ 175,000	\$ 13,160	\$ 256,101	\$ 35,000	\$304,261
Interest and dividend income	36,755	144,311	—	34,065	122,985	—	157,050
Unrealized gain, net	161,106	759,828	—	54,724	473,896	—	528,620
Other income	7,588	174,998	—	810	136,514	—	137,324
Net assets released from restrictions	<u>356,424</u>	<u>(356,424)</u>	—	<u>280,700</u>	<u>(280,700)</u>	—	—
Total Revenues, Gains, and Other Support	<u>578,738</u>	<u>999,341</u>	<u>175,000</u>	<u>383,459</u>	<u>708,796</u>	<u>35,000</u>	<u>1,127,255</u>
Expenses							
Scholarships	143,408	—	—	96,670	—	—	96,670
General and administrative	39,932	—	—	52,446	—	—	52,446
Program expense	234,968	—	—	194,823	—	—	194,823
Fund-raising	18,736	—	—	14,100	—	—	14,100
Total Expenses	<u>437,044</u>	<u>—</u>	<u>—</u>	<u>358,039</u>	<u>—</u>	<u>—</u>	<u>358,039</u>
Change in Net Assets	141,694	999,341	175,000	25,420	708,796	35,000	769,216
Net Assets, Beginning of Year	<u>1,112,017</u>	<u>2,416,963</u>	<u>3,369,102</u>	<u>1,086,597</u>	<u>1,708,167</u>	<u>3,334,102</u>	<u>6,128,866</u>
Net Assets, End of Year	<u>\$ 1,253,711</u>	<u>\$ 3,416,304</u>	<u>\$ 3,544,102</u>	<u>\$ 1,112,017</u>	<u>\$ 2,416,963</u>	<u>\$ 3,369,102</u>	<u>\$6,898,082</u>

**Northern Oklahoma College
Foundation, Inc.
Statements of Cash Flows
June 30, 2014 and 2013**

Reconciliation of Change in Net Assets to

Net Cash Used in Operating Activities:

Change in net assets	\$ 1,316,035	\$ 769,216
Adjustments to reconcile change in net assets to Net cash provided by (used in) operating activities:		
Permanently restricted contributions	(175,000)	(35,000)
Depreciation	10,621	10,620
Net investments gains/losses	(920,934)	(528,620)
Change in operating assets and liabilities		
Contribution & other receivables	(291)	—
Accrued interest receivable	(446)	28
Related party receivable		13,135
	<u>229,985</u>	<u>229,379</u>
Net Cash Provided by Operating Activities	\$ 229,985	\$ 229,379

Cash Flows from Investing Activities

Purchase of investments	\$ (724,497)	\$ (710,938)
Proceeds from sale of investments	310,476	452,244
Net change in loans receivable	2,407	12,109
Net Cash Used in Operating Activities	<u>(411,614)</u>	<u>(246,585)</u>

Cash Flows from Financing Activities

Cash received from permanently restricted contributions	<u>175,000</u>	<u>35,000</u>
Net Cash Provided by Financing Activities	<u>175,000</u>	<u>35,000</u>

Net Increase (decrease) in Cash and Cash Equivalents	(6,629)	17,794
Cash and Cash Equivalents, Beginning of Year	<u>157,428</u>	<u>139,634</u>
Cash and Cash Equivalents, End of Year	<u>\$ 150,799</u>	<u>\$ 157,428</u>



**Northern Oklahoma College
Foundation, Inc.
Notes to Financial Statements
June 30, 2014 and 2013**

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

Contributions are reported as increases in the appropriate category of net assets. Expenses are reported as decreases in unrestricted net assets. Temporary restrictions on gifts to acquire long-lived assets are considered met in the period in which the assets are acquired or placed in service. Expirations of temporary restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. Contributions received from donors with general use restrictions for the College as a whole, or for specific departments within the College, are reflected as unrestricted to the extent that the College, or departments have expended sufficient dollars which meet these general use restrictions.

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



**Northern Oklahoma College
Foundation, Inc.
Notes to Financial Statements
June 30, 2014 and 2013**

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.



**Northern Oklahoma College
Foundation, Inc.
Notes to Financial Statements
June 30, 2014 and 2013**

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 receivable, the final settlement dates are uncertain. All amounts are expected to be fully collected. There were no contributions receivables at June 30, 2014 and June 30, 2013.

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:



**Northern Oklahoma College
Foundation, Inc.
Notes to Financial Statements
June 30, 2014 and 2013**

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2014.

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, 2014, the Foundation implemented *Improving Disclosures about Fair Value Measurements* (ASU 2010-06) which requires additional disclosures about transfers in and out of Levels 1 and 2 and disaggregation within the reconciliation for fair value measurements using significant unobservable inputs. The update also clarifies existing disclosures regarding disaggregation by class and disclosures about inputs and valuation techniques. Implementation of these new requirements did not have a significant impact on the Foundation's financial statements.

For the year ended June 30, 2013, 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.

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 was not permitted. However, the Foundation applied the provisions of this update beginning with the year ending June 30, 2013. The Foundation's adoption of this new guidance didn't appear to have a significant impact on the financial statements.



**Northern Oklahoma College
Foundation, Inc.
Notes to Financial Statements
June 30, 2014 and 2013**

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2014, approximately 11% of total contribution revenue was received from two donors. In 2013, approximately 8% of total contribution revenue was received from one donor.

Subsequent Events: The Foundation has evaluated subsequent events through September 19, 2014, which is the date that the financial statements were available to be issued. There are no subsequent events requiring recognition or disclosure in the 2014 financial statements.

NOTE B: INVESTMENTS

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

	June 30	
	2014	2013
Cash and cash equivalents	\$ 88,130	\$ 41,325
Certificates of deposit	42,939	245,370
Common stock - domestic	1,267,205	1,120,450
Common stock - fixed income	838,527	785,773
Government/Agency Securities	-	-
Unit Trusts	-	-
Mutual funds	34,442	29,455
Pooled funds - equities	3,698,252	2,721,430
Pooled funds - fixed income	1,985,643	1,674,976
Private pool investments	85,439	86,552
	<u>\$ 8,040,577</u>	<u>\$ 6,705,331</u>



**Northern Oklahoma College
Foundation, Inc.
Notes to Financial Statements
June 30, 2014 and 2013**

NOTE C: PROPERTY AND EQUIPMENT

Property and equipment by category is summarized as follows:

	June 30	
	2014	2013
Land	\$ -	\$ -
Equipment	106,203	106,203
	106,203	106,203
Less accumulated depreciation	(86,230)	(75,609)
Net property and equipment	\$ 19,973	\$ 30,594

NOTE D: RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted for the following purposes:

	June 30	
	2014	2013
Scholarships	\$ 3,333,107	\$ 2,314,841
Loans	83,196	102,122
	\$ 3,416,303	\$ 2,416,963

Permanently restricted net assets are restricted for the following purposes:

	June 30	
	2014	2013
Scholarships	\$ 3,280,095	\$ 3,130,095
Loans	164,007	139,007
Lectureship	100,000	100,000
	\$ 3,544,102	\$ 3,369,102



**Northern Oklahoma College
Foundation, Inc.
Notes to Financial Statements
June 30, 2014 and 2013**

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, 2014 and 2013, the Foundation awarded scholarships totaling approximately \$143,000 and \$97,000, respectively, to students of the College.

NOTE F: ENDOWMENT DISCLOSURES

The Foundation's endowment consists of 41 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.



**Northern Oklahoma College
Foundation, Inc.
Notes to Financial Statements
June 30, 2014 and 2013**

NOTE F: ENDOWMENT DISCLOSURES (Continued)

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by OK UPMIFA. In accordance with OK UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds.

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

Endowment Net Asset Composition by Type of Fund as of June 30, 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (33,137)	\$ 1,550,989	\$ 3,481,485	\$ 4,999,337
Board-designated endowment funds	<u>513,225</u>	<u>-</u>	<u>-</u>	<u>513,225</u>
Total Funds Invested	<u>\$ 480,088</u>	<u>\$ 1,550,989</u>	<u>\$ 3,481,485</u>	<u>\$ 5,512,562</u>



**Northern Oklahoma College
Foundation, Inc.
Notes to Financial Statements
June 30, 2014 and 2013**

NOTE F: ENDOWMENT DISCLOSURES (Continued)

Changes in Endowment Net Assets for the Year Ended June 30, 2014:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year - reclassified	\$ 398,330	\$ 949,004	\$ 3,305,509	\$ 4,652,843
Investment return:				
Investment income	7,637	99,273	976	107,886
Net investment return (realized and unrealized)	<u>67,875</u>	<u>552,616</u>	<u>-</u>	<u>620,491</u>
Net investment return	75,512	651,889	976	728,377
Contributions	-	26,078	175,000	201,078
Transferred to recover Underwater funds	11,187	19,790	-	30,977
Appropriation of endowment assets for expenditure	<u>(4,941)</u>	<u>(95,772)</u>	<u>-</u>	<u>(100,713)</u>
Endowment Net Assets	<u>\$ 480,088</u>	<u>\$ 1,550,989</u>	<u>\$ 3,481,485</u>	<u>\$ 5,512,562</u>

Endowment Net Asset Composition by Type of Fund as of June 30, 2013:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (44,324)	\$ 949,004	\$ 3,305,509	\$ 4,210,189
Board-designated endowment funds	<u>442,654</u>	<u>-</u>	<u>-</u>	<u>442,654</u>
Total Funds Invested	<u>\$ 398,330</u>	<u>\$ 949,004</u>	<u>\$ 3,305,509</u>	<u>\$ 4,652,843</u>



**Northern Oklahoma College
Foundation, Inc.
Notes to Financial Statements
June 30, 2014 and 2013**

NOTE F: ENDOWMENT DISCLOSURES (Continued)

Changes in Endowment Net Assets for the Year Ended June 30, 2013:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year - reclassified	\$ 290,531	\$ 592,884	\$ 3,334,102	\$ 4,217,517
Investment return:				
Investment income	2,551	81,972	704	85,227
Net investment return (realized and unrealized)	<u>72,353</u>	<u>304,115</u>	<u>-</u>	<u>376,468</u>
Net investment return	74,904	386,087	704	461,695
Contributions	-	25,970	36,000	61,970
Transferred to recover Underwater funds	33,820	(17,734)	(55,000)	(38,914)
Appropriation of endowment assets for expenditure	<u>(925)</u>	<u>(38,203)</u>	<u>(10,297)</u>	<u>(49,425)</u>
Endowment Net Assets	<u>\$ 398,330</u>	<u>\$ 949,004</u>	<u>\$ 3,305,509</u>	<u>\$ 4,652,843</u>

Description of amounts classified as Permanently Restricted Net Assets and Temporarily Restricted Net Assets (Endowment Only) at June 30, 2014:

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>\$ 3,481,485</u>
Total endowment funds classified as permanently restricted net assets	<u>\$ 3,481,485</u>

Temporarily Restricted Net Assets

The portion of perpetual endowment funds subject to time restriction under OK UPMIFA with purpose restrictions	<u>\$ 1,550,990</u>
Total endowment funds classified as temporarily restricted net assets	<u>\$ 1,550,990</u>



**Northern Oklahoma College
Foundation, Inc.
Notes to Financial Statements
June 30, 2014 and 2013**

NOTE F: ENDOWMENT DISCLOSURES (Continued)

Description of amounts classified as Permanently Restricted Net Assets and Temporarily Restricted Net Assets (Endowment Only) at June 30, 2013:

Permanently Restricted Net Assets

The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by OK UPMIFA	\$ 3,305,509
Total endowment funds classified as permanently restricted net assets	<u>\$ 3,305,509</u>

Temporarily Restricted Net Assets

The portion of perpetual endowment funds subject to time restriction under OK UPMIFA with purpose restrictions	\$ 949,004
Total endowment funds classified as temporarily restricted net assets	<u>\$ 949,004</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 \$33,137 and \$44,324 for years ending June 30, 2014 and 2013, respectively. These deficiencies resulted from unfavorable market fluctuations. As a result, appropriations were limited to appropriations that were deemed prudent and necessary for the programs of the Foundation.

Return Objectives and Risk Parameters

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



**Northern Oklahoma College
Foundation, Inc.
Notes to Financial Statements
June 30, 2014 and 2013**

NOTE F: ENDOWMENT DISCLOSURES (Continued)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places an equal emphasis on equity and fixed income based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year amounts up to, but not to exceed actual investment performance for that year, as well as prior year accumulations.

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

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



**Northern Oklahoma College
Foundation, Inc.
Notes to Financial Statements
June 30, 2014 and 2013**

NOTE G: FAIR VALUE MEASUREMENTS (Continued)

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, 2014			
	Level 1	Level 2	Level 3	Total
ASSETS				
Cash and cash equivalents	\$ 88,130	\$ -	\$ -	\$ 88,130
Certificates of deposit	-	42,939	-	42,939
Common stock	1,267,205	-	-	1,267,205
Government agency securities	-	-	-	-
Mutual fund-fixed income	838,527	-	-	838,527
Mutual fund-equity	34,442	-	-	34,442
Pooled fund - fixed income	-	1,985,643	-	1,985,643
Pooled fund - equities	-	3,698,252	-	3,698,252
Private pool	-	85,439	-	85,439
	<u>\$ 2,228,304</u>	<u>\$ 5,812,273</u>	<u>\$ -</u>	<u>\$ 8,040,577</u>

	As of June 30, 2013			
	Level 1	Level 2	Level 3	Total
ASSETS				
Cash and cash equivalents	\$ 41,325	\$ -	\$ -	\$ 41,325
Certificates of deposit	-	245,370	-	245,370
Common stock	1,120,450	-	-	1,120,450
Government agency securities	-	-	-	-
Mutual fund-fixed income	785,773	-	-	785,773
Mutual fund-equity	29,455	-	-	29,455
Pooled fund - fixed income	-	2,721,430	-	2,721,430
Pooled fund - equities	-	1,674,976	-	1,674,976
Private pool	-	86,552	-	86,552
	<u>\$ 1,977,003</u>	<u>\$ 4,728,328</u>	<u>\$ -</u>	<u>\$ 6,705,331</u>



**Northern Oklahoma College
Foundation, Inc.
Notes to Financial Statements
June 30, 2014 and 2013**

NOTE G: FAIR VALUE MEASUREMENTS (Continued)

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

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

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

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





Northern Oklahoma College
Foundation, Inc.
Combining Statements of Activities
June 30, 2014

	Unrestricted	Restricted	Restricted	Unrestricted	Restricted	Restricted	Total
REVENUES AND SUPPORT							
Investment income							
Unrealized gain, net	\$ 161,174	\$ 690,160	\$ -	\$ (68)	\$ 69,668	\$ -	\$ 920,934
Interest and dividend income	36,677	13,128	-	78	13,093	-	101,066
Total investment income	197,851	821,378	-	10	82,761	-	1,022,000
Contributions	16,265	204,203	155,000	600	72,425	20,000	468,493
Other income	7,588	111,503	-	-	63,495	-	182,586
Net assets released from restriction	283,523	(283,523)	-	72,901	(72,901)	-	-
TOTAL REVENUES AND SUPPORT	505,227	853,561	155,000	73,511	145,780	20,000	1,753,079
EXPENSES							
Scholarships to Northern Oklahoma College	104,077	-	-	39,331	-	-	143,408
General and administrative expense	39,937	-	-	(5)	-	-	39,932
Program expense	201,403	-	-	33,565	-	-	234,968
Fundraising expense	18,736	-	-	-	-	-	18,736
TOTAL EXPENSES	364,153	-	-	72,891	-	-	437,044
CHANGE IN NET ASSETS	141,074	853,561	155,000	620	145,780	20,000	1316,035
NET ASSETS AT BEGINNING OF YEAR	119,264	2,156,665	3,042,777	(7,246)	280,297	326,325	6,898,082
NET ASSETS AT END OF YEAR	\$ 1260,338	\$ 3,010,226	\$ 3,197,777	\$ (6,626)	\$ 406,077	\$ 346,325	\$ 8,214,117



Northern Oklahoma College
Foundation, Inc.
Combining Statements of Activities
June 30, 2013

	Tonkawa		Tonkawa		Tonkawa		Enid		Enid		Total
	Unrestricted	Temporarily Restricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Temporarily Restricted	Permanently Restricted			
REVENUES AND SUPPORT											
Investment income											
Unrealized gain, net	\$ 54,724	\$ 43,560	\$ -	\$ -	\$ -	\$ -	\$ 42,336	\$ -	\$ -	\$ 528,620	
Interest and dividend income	34,054	12,283	-	-	11	-	10,702	-	-	157,050	
Total investment income	88,778	543,843	-	-	11	-	53,038	-	-	685,670	
Contributions	12,610	24,008	15,000	15,000	550	550	42,093	20,000	20,000	304,261	
Other income	810	126,173	-	-	-	-	10,341	-	-	137,324	
Net assets released from restriction	237,726	(237,726)	-	-	42,974	-	(42,974)	-	-	-	
TOTAL REVENUES AND SUPPORT	339,924	646,298	15,000	15,000	43,535	43,535	62,498	20,000	20,000	1,127,255	
EXPENSES											
Scholarships to Northern Oklahoma College	70,921	-	-	-	25,849	-	-	-	-	96,670	
General and administrative expense	52,438	-	-	-	8	-	-	-	-	52,446	
Program expense	177,698	-	-	-	17,125	-	-	-	-	194,823	
Fundraising expense	14,100	-	-	-	-	-	-	-	-	14,100	
TOTAL EXPENSES	315,057	-	-	-	42,982	-	-	-	-	358,039	
CHANGE IN NET ASSETS	24,867	646,298	15,000	15,000	553	553	62,498	20,000	20,000	769,215	
NET ASSETS AT BEGINNING OF YEAR	1,094,397	1510,368	3,027,777	3,027,777	(7,800)	(7,800)	197,799	306,325	306,325	6,128,866	
NET ASSETS AT END OF YEAR	\$ 1,119,264	\$ 2,156,666	\$ 3,042,777	\$ 3,042,777	\$ (7,247)	\$ (7,247)	\$ 260,297	\$ 326,325	\$ 326,325	\$ 6,898,082	