University of Central Oklahoma Foundation

Financial Report
June 30, 2022

Contents

Independent Auditor's Report

Board of Trustees
University of Central Oklahoma Foundation

Opinion
We have audited the financial statements of University of Central Oklahoma Foundation (the Foundation), which comprise the statements of financial position as of June 30, 2022 and 2021, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of University of Central Oklahoma Foundation as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Foundation to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the group audit of the Foundation. We remain solely responsible for our audit opinion.

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.

RSM US LLP

Oklahoma City, Oklahoma
October 20, 2022

University of Central Oklahoma Foundation

Statements of Financial Position
June 30, 2022 and 2021

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	**$ 623,498**	$ 48,914
Investments	**51,864,421**	50,446,332
Contributions receivable, net	**4,374,703**	781,492
Land and other investment assets, net	**425,970**	464,810
Beneficial interest in assets held by others	**305,430**	369,552
Total assets	**$ 57,594,022**	$ 52,111,100
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	**$ 1,660,269**	$ 871,057
Custodial funds	**2,315,076**	599,162
Note payable	**256,828**	316,374
Total liabilities	**4,232,173**	1,786,593
Net assets:		
Without donor restrictions	**13,020,656**	5,771,936
With donor restrictions	**40,341,193**	44,552,571
Total net assets	**53,361,849**	50,324,507
Total liabilities and net assets	**$ 57,594,022**	$ 52,111,100

See notes to financial statements.

University of Central Oklahoma Foundation

Statements of Activities
Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:						
Contributions of cash and other financial assets	**$ 11,272,773**	**$ 2,779,795**	**$ 14,052,568**	$ 536,897	$ 3,734,179	$ 4,271,076
Contributions of non-financial assets	**7,366,625**	**-**	**7,366,625**	1,256,844	-	1,256,844
Interest and dividends, net	**221,079**	**840,780**	**1,061,859**	112,676	604,558	717,234
Net realized and unrealized investment gains (losses)	**(1,366,505)**	**(5,675,661)**	**(7,042,166)**	(258,522)	6,275,059	6,016,537
Other income	**12,312**	**-**	**12,312**	7,898	-	7,898
Rental income	**60,636**	**-**	**60,636**	60,636	-	60,636
Change in beneficial interest in assets held by others	**-**	**(47,218)**	**(47,218)**	-	82,782	82,782
Net assets released from restrictions	**2,109,074**	**(2,109,074)**	**-**	3,481,868	(3,481,868)	-
Total revenues and support	**19,675,994**	**(4,211,378)**	**15,464,616**	5,198,297	7,214,710	12,413,007
Expenses:						
Program services	**11,057,056**	**-**	**11,057,056**	2,672,652	-	2,672,652
General and administrative	**876,270**	**-**	**876,270**	769,899	-	769,899
Fundraising	**493,948**	**-**	**493,948**	489,208	-	489,208
Total expenses	**12,427,274**	**-**	**12,427,274**	3,931,759	-	3,931,759
Change in net assets	**7,248,720**	**(4,211,378)**	**3,037,342**	1,266,538	7,214,710	8,481,248
Net assets at beginning of year	**5,771,936**	**44,552,571**	**50,324,507**	4,505,398	37,337,861	41,843,259
Net assets at end of year	**$ 13,020,656**	**$ 40,341,193**	**$ 53,361,849**	$ 5,771,936	$ 44,552,571	$ 50,324,507

See notes to financial statements.

University of Central Oklahoma Foundation

Statements of Functional Expenses
Years Ended June 30, 2022 and 2021

	2022				2021			
	Program Services	**General and Administrative**	**Fundraising**	**Total**	Program Services	General and Administrative	Fundraising	Total
Scholarships, tuition and UCO advancement	**$ 8,386,498**	**$ 240,122**	**$ -**	**$ 8,626,620**	$ 2,003,911	$ 102,500	$ -	$ 2,106,411
UCO contributions - maintenance and repairs	**2,134,766**	**760**	**-**	**2,135,526**	38,036		-	38,036
Personnel	**19,122**	**412,313**	**493,948**	**925,383**	35,114	457,566	489,208	981,888
Miscellaneous expenses	**294,469**	**53,498**	**-**	**347,967**	311,956	71,518	-	383,474
General supplies	**139,586**	**73,762**	**-**	**213,348**	79,186	14,770	-	93,956
Professional services	**5,895**	**48,000**	**-**	**53,895**	-	62,191	-	62,191
Specialized supplies and materials	**36,219**	**8,232**	**-**	**44,451**	119,816	22,515	-	142,331
Rent	**35,870**	**-**	**-**	**35,870**	39,511	-	-	39,511
Depreciation	**-**	**38,840**	**-**	**38,840**	-	38,839	-	38,839
Safety and security	**4,631**	**743**	**-**	**5,374**	45,122	-	-	45,122
Total expenses	**$ 11,057,056**	**$ 876,270**	**$ 493,948**	**$ 12,427,274**	$ 2,672,652	$ 769,899	$ 489,208	$ 3,931,759

See notes to financial statements.

University of Central Oklahoma Foundation

Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	$ 3,037,342	$ 8,481,248
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized investment losses (gains)	7,042,166	(6,016,537)
Change in beneficial interest in assets held by others	47,218	(82,782)
Contributions restricted for long-term investment	(1,877,429)	(3,205,378)
Provision for uncollectible contributions receivable	-	10,000
Depreciation expense	38,840	38,839
Change in discount on contributions receivable	(13,084)	(23,052)
Noncash contributions of investments	(11,726)	(91,664)
Proceeds from sales of noncash contributions of investments	11,600	84,249
Change in operating assets and liabilities:		
Contributions receivable	(3,580,127)	42,259
Accounts payable and accrued liabilities	789,212	790,704
Custodial funds	2,088,700	99,355
Net cash provided by operating activities	7,572,712	127,241
Cash flows from investing activities:		
Purchases of investments	(14,323,880)	(5,822,172)
Proceeds from sales and maturities of investments	5,490,965	2,216,053
Proceeds from distribution of beneficial interest in assets held by others	16,904	15,830
Net cash used in investing activities	(8,816,011)	(3,590,289)
Cash flows from financing activities:		
Contributions restricted for long-term investment	1,877,429	3,205,378
Principal payments on note payable	(59,546)	(56,564)
Net cash provided by financing activities	1,817,883	3,148,814
Net increase (decrease) in cash and cash equivalents	574,584	(314,234)
Cash and cash equivalents at beginning of year	48,914	363,148
Cash and cash equivalents at end of year	$ 623,498	$ 48,914
Supplemental disclosures of cash flow information:		
Interest paid	$ 1,084	$ 4,066
Net realized and unrealized investment losses (gains) on funds held for others	$ 372,786	$ (101,991)
Noncash contributions	$ 7,386,620	$ 1,268,460
Noncash expenses	$ (7,383,461)	$ (1,260,875)

See notes to financial statements.

Note 1. Summary of Significant Accounting Policies

Nature of activities: The University of Central Oklahoma Foundation (the Foundation), a nonprofit organization, was incorporated on December 10, 1975, under the laws of the state of Oklahoma for charitable, benevolent and educational purposes. The Foundation, through the contributions it receives, provides support to and funds for the University of Central Oklahoma (the University) projects and programs which cannot be funded by appropriations or grants from state and federal governments, or for which existing appropriations are inadequate.

Operations: The Foundation acts primarily as a fundraising organization, soliciting, receiving, managing and disbursing contributions on behalf of the University. Distributions of amounts held in the funds of the Foundation are subject to the approval of the Foundation and the availability of monies. Accordingly, the accompanying financial statements generally reflect expenditures which have been submitted to and approved by the Foundation as of the financial reporting date.

Basis of presentation: The financial statement presentation follows the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) and has been prepared on the accrual basis of accounting and, accordingly, reflects all significant receivables, payables, and other assets and liabilities.

Accounting pronouncements implemented: On September 17, 2020, the FASB issued Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Non-financial Assets.* The objective of the amendments in this Update is to increase transparency of contributed non-financial assets for not-for-profit (NFP) entities through enhancements in presentation and disclosure requirements. NFP entities will now be required to present contributed non-financial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial contributions. NFPs will also be required to disclose various information related to contributed non-financial assets. ASU No. 2020-07 was adopted by Foundation for the year ending June 30, 2022, and the Foundation split contributions of financial and non-financial assets on the statements of activities and added additional disclosures relating to contributions of non-financial assets.

Revenue recognition: Contributions, including unconditional promises to give, are recognized as revenues in the period received by the Foundation. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Transfers of assets under conditional promises which are received by the Foundation prior to fulfilling these conditions are recorded as a liability until the conditions are substantially met. Contributions of assets other than cash are recorded at their estimated fair value on the gift date. Contributions to be received after one year are recorded at the present value of their estimated future cash flows using a discount rate which is commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in the same net asset class as the original contribution. An allowance is recognized for uncollectible contributions based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience and other relevant factors.

Contributions are reported as increases in the appropriate category of net assets. Expenses are reported as decreases in net assets without donor restrictions. Absent explicit donor stipulations to the contrary, 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 support without restrictions unless explicit donor stipulations specify how the assets must be used, in which case the gift is recorded as support with donor restrictions. Expirations of 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 University as a whole, or for specific colleges or departments within the University, are reflected as without donor restrictions to the extent that the University, colleges, or departments have expended sufficient dollars which meet these general use restrictions. Contributions which are received and whose restrictions are met in the same period are recognized as contributions without donor restrictions.

Note 1. Summary of Significant Accounting Policies (Continued)

Income and gains on investments are reported as increases in net assets with donor restrictions 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 net assets with donor restrictions 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 net assets without donor restrictions in all other cases.

Contributions of non-financial assets: For the years ended June 30, 2022 and 2021, the Foundation recognized non-financial assets within the statements of activities as follows:

	2022	2021
Personnel	$ 878,906	$ 864,444
University advancement	429,618	346,791
University advancement - equipment	6,020,420	-
Rent	35,870	35,511
Miscellaneous expenses	1,811	10,098
	$ 7,366,625	$ 1,256,844

The Foundation recognized contributed non-financial assets within revenue, including personnel costs, University advancement expenses, University advancement – equipment, rent and miscellaneous expenses. Contributed non-financial assets did not have donor-imposed restrictions.

Personnel costs, University advancement, rent and miscellaneous expenses were services received from personnel and expenses of the University that directly benefit the Foundation. The amount of in-kind contributions was determined based on the direct cost recognized for services provided by the University. In-kind expenses are allocated on a functional basis consistent with the allocation of resources expended on all other programs and activities. The Foundation recorded approximately $1,346,000 and $1,257,000 for in-kind contributions and related in-kind expenses for the periods ended June 30, 2022 and 2021, respectively.

University advancement – equipment was donated that was subsequently contributed to the University. The equipment was valued based on a third-party appraisal of the equipment and estimated at current market value at the time of the donation.

Net asset classification: The Foundation follows the ASC's guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The State of Oklahoma enacted the Uniform Prudent Management of Institutional Funds Act (OK UPMIFA) effective November 1, 2007. Net assets and revenues and gains and losses are classified based on the existence or absence of donor-imposed restrictions:

- ***Without donor restriction:*** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. Contributions received with time and/or purpose restrictions which are fully expended in the same period are classified as without donor restriction.

- ***With donor restriction:*** Net assets subject to stipulations imposed by donors, and grantors. Certain donor-imposed restrictions are temporary in nature and will be met, either by actions of the Foundation and/or the passage of time. Other donor-imposed restrictions are perpetual in nature, and require the foundation to maintain the contributed resources in perpetuity. Generally, the donors of assets with perpetual restrictions permit the Foundation to use all or part of the income earned on these resources for general or specific purposes.

Note 1. Summary of Significant Accounting Policies (Continued)

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Cash and cash equivalents: The Foundation considers all highly liquid investments with a maturity of three months or less when purchased, excluding cash and cash equivalent funds held in the Foundation's investment portfolio, to be cash equivalents.

Investments: Marketable securities are stated at fair market value and consist primarily of cash and cash equivalent funds, mutual funds and common and preferred stock. Investments acquired by gift or bequest are recorded at fair market value at the date donated. Fair value is determined by quoted market prices, if available, or by a reasonable estimate of fair value provided by an investment manager. The Foundation has investments in various investment securities, which in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Further, due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes could materially affect the amounts reported in the Foundation's financial statements. Investments are carried at fair value, and realized gains and losses on sales of investments are calculated on the first-in, first-out basis.

Land and other investment assets: Land and other investment assets are carried at cost or fair value on the contribution date, if donated, net of accumulated depreciation and consist primarily of real property and forms of real property interests donated to or purchased by the Foundation. The Foundation holds these assets until such time that they are transferred to the University for its use or they are sold. No attempt is made by the Foundation's management to revalue the real property assets at subsequent dates prior to transfer or sale due to the prohibitive cost of obtaining periodic appraisals. The Foundation evaluates these investments for impairment when events or changes in circumstances are identified that may have a significant adverse effect on the fair value of the assets. If the fair value of the asset is less than the carrying value, then the asset is considered impaired. If this occurs, the Foundation performs an evaluation to determine whether this impairment is other than temporary. If the impairment is determined to be temporary, then no impairment is recognized. If the impairment is determined to be other than temporary, the investment is written down to its estimated fair value. Once impairment is recognized, the asset will not be written back to original cost, even if the investment subsequently increases in fair value. No impairment was recognized during the years ended June 30, 2022 or 2021.

Beneficial interest in assets held by others: The Foundation follows the ASC Topic, Transfers of Assets to Not-for-Profit Entity or Charitable Trust that Raises or Holds Contributions for Others, which requires a not-for-profit organization that transfers assets to a community foundation and specifies itself as the beneficiary to recognize its beneficial interest in the assets transferred (see Note 4). The Foundation carries its beneficial interest in the assets held by the Oklahoma City Community Foundation, Inc. (the Community Foundation) at fair value.

Collections: The Foundation does not include either the cost or the value of its collections in the statement of financial position, nor does it recognize gifts of collection items as revenues in the statement of activities (see Note 5).

Note 1. Summary of Significant Accounting Policies (Continued)

Custodial funds: Custodial liabilities represent assets held on behalf of the University of Central Oklahoma Alumni Association (the Alumni Association) and other campus organizations for which the Foundation acts as a custodian. The assets held are invested, and investment income, distributions and other revenues and expenses of these funds increase and/or decrease the carrying value of the asset and custodial funds liability. For financial reporting purposes, distributions from the custodial funds and contributions to the custodial funds are not included in the expenses and revenue of the University. The related assets are distributable to the organizations upon request.

Administrative fee income: The Foundation assesses administrative fees on certain funds managed and receives an administrative fee for certain services it provides. The income from these fees is used to provide for the general and administrative expenses of the Foundation.

Functional allocation of expenses: The costs of providing various programs and other activities have been summarized in the statements of activities. Costs are allocated between program services, general and administrative and fundraising based on management's evaluation of the resources expended in the related activities. General and administrative expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Foundation.

Income tax: The Foundation is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code (the Code) and has been determined not to be a private foundation under section 509(a) of the Code. The organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code, except to the extent it has unrelated business activities. As such, no provision for federal income taxes has been made in the accompanying financial statements. The organization is subject to tax under section 511(a) to the extent is has unrelated business taxable income. The organization has no material unrelated business taxable income for the years ended June 30, 2022 and 2021.

Accounting for uncertain tax positions: The ASC provides guidance on the accounting for uncertainty in income taxes. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Foundation's tax return to determine whether the tax positions are "more-likely-than-not" of being sustained "when examined" by the applicable tax authority. Tax positions not deemed to meet the "more-likely-than-not" threshold would be recorded as a tax benefit or expense and asset/liability in the current year. Management has determined that there are no material uncertain income tax positions.

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. During the years ended June 30, 2022 and 2021, the Foundation had a concentration of contributions of 74% from one donor and no concentration of contributions, respectively. At June 30, 2022 and 2021, net contributions receivable of 76% and 45%, respectively, are due from one donor.

Fair value measurements: The Foundation follows ASC Topic 820, Fair Value Measurements, which provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Note 1. Summary of Significant Accounting Policies (Continued)

The inputs to the three levels of the fair value hierarchy under Topic 820 are described as follows:

Level 1: Unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access data by correlation to other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from, or corroborated by, observable market

Level 3: Unobservable and significant to the fair value measurement.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. All transfers between fair value hierarchy levels are recognized by the Foundation at the beginning of each reporting period. Financial assets and liabilities carried at fair value on a recurring basis include investments, beneficial interest in assets held by others, and custodial funds liability. The Foundation has no assets or liabilities carried at fair value on a nonrecurring basis at June 30, 2022 or 2021.

Recently issued accounting pronouncements: In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This guidance affects any entity that enters into a lease transaction. The primary change from this guidance is that the lessee should recognize the assets and liabilities that arise from all leases over 12 months in length. If the lease is 12 months or less in length, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and liabilities. If this election is made, the lessee should recognize the lease expense on a straight-line basis over the lease term. This amendment is effective for the Foundation for the year ending June 30, 2023. Early adoption is permitted. The Foundation is currently evaluating the effect implementation of ASU No. 2016-02 will have on its financial statements.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies 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. Management’s estimate of contributions receivable and the related allowance for doubtful accounts is based on consideration of all relevant available information and an analysis of the collectability of individual contributions, which arise primarily from pledges at the financial statement date.

Significant estimates: Estimates that are particularly susceptible to significant change include the valuation of investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments and beneficial interests, it is reasonably possible that changes in the values of these assets will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position. Significant fluctuations in fair values could occur from year to year, and the amounts the Foundation will ultimately realize could differ materially.

Reclassifications: Amounts previously shown have been reclassified to conform to the current year presentation, with no effect to change in net assets.

Note 1. Summary of Significant Accounting Policies (Continued)

Subsequent events: Management has evaluated and disclosed subsequent events up to and including October 20, 2022, which is the date the financial statements were available to be issued.

Note 2. Investments

The Foundation's investments at June 30 are summarized as follows:

	2022	2021
Cash and cash equivalent funds	$ 2,156,755	$ 3,465,525
Mutual funds:		
Equity	22,449,746	23,114,151
Fixed income	21,146,724	19,675,093
Other	106,185	79,940
Other investments	6,005,011	4,111,623
	$ 51,864,421	$ 50,446,332

Investment performance at June 30 consists of the following:

	2022	2021
Interest and dividends:		
Interest	$ 258,946	$ 161,319
Dividends	1,026,574	755,840
Investment management fees	(223,661)	(199,925)
Net interest and dividends	1,061,859	717,234
Net realized and unrealized investment gains (losses)	(7,042,166)	6,016,537
Total investment performance	$ (5,980,307)	$ 6,733,771

Note 3. Fair Value Measurements

The methods and assumptions used to estimate the fair value of each financial instrument, including a description of the methodologies used for classifications within the fair value hierarchy, are as follows:

Investments: Cash and cash equivalents, mutual funds and common stocks are stated at fair value as provided by the investment manager or custodian. Fair values are based on quoted market prices, when available and are classified as Level 1 in the fair value hierarchy. Investment held at net asset value are carried at fair value which is based on the net asset value per share (NAV) as provided by the fund manager and/or adjusted by the Foundation. The Foundation uses management agreements, analyst notes, audited financial statements, and underlying investment holdings to evaluate the fund manager's valuation methodology (i.e., in determining whether the fund manager follows ASC 820) and considers various other factors including contributions and withdrawals to the fund and monitoring unaudited interim reporting to determine if any adjustment to the NAV is necessary.

Note 3. Fair Value Measurements (Continued)

Beneficial interest in assets held by others: The fair value of the asset is determined using the income approach (expected future cash flows) and is based on the fair value of the assets held by the Community Foundation and reported to the Foundation. The Foundation's interest is in a pooled investment fund held and managed by the Community Foundation, which the Foundation does not have the ability to redeem. Based on the methodology of determining fair value of beneficial interest in assets held by others and the non-redeemable nature of the assets, they are categorized as Level 3 within the hierarchy.

Custodial funds: The fair value of the liability is determined using the income approach (expected future cash flows) and is based on the fair value of the investment assets held by the Foundation for the benefit of the recipient agencies. The specific assets held for the benefit of the agencies have been classified within the hierarchy for investments (as discussed above). The related and associated liability is classified as Level 3 in the hierarchy because there is no market for a similar liability, and certain principal inputs are unobservable and significant to the overall fair value measurement.

Assets and liabilities carried at fair value are classified within the fair value hierarchy as follows:

	As of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities:				
Cash and cash equivalents	$ 2,156,755	$ -	$ -	$ 2,156,755
Mutual funds:				
Equity	22,449,746	-	-	22,449,746
Fixed income	21,146,724	-	-	21,146,724
Other	106,185	-	-	106,185
Total investments held at fair value	45,859,410	-	-	45,859,410
Commingled trust and pooled funds (a)	-	-	-	6,005,011
Total investments	45,859,410	-	-	51,864,421
Beneficial interest in assets held by others	-	-	305,430	305,430
Total assets measured at fair value on a recurring basis	$ 45,859,410	$ -	$ 305,430	$ 52,169,851
Liabilities, custodial funds	$ -	$ -	$ 2,315,076	$ 2,315,076

Note 3. Fair Value Measurements (Continued)

	As of June 30, 2021			
	Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities:				
Cash and cash equivalents	$ 3,465,525	$ -	$ -	$ 3,465,525
Mutual funds:				
Equity	23,114,151	-	-	23,114,151
Fixed income	19,675,093	-	-	19,675,093
Other	79,940	-	-	79,940
Fixed income securities	-	250,250	-	250,250
Total investments held at fair value	46,334,709	250,250	-	46,584,959
Commingled trust and pooled funds (a)	-	-	-	3,861,373
Total investments	46,334,709	250,250	-	50,446,332
Beneficial interest in assets held by others	-	-	369,552	369,552
Total assets measured at fair value on a recurring basis	$ 46,334,709	$ 250,250	$ 369,552	$ 50,815,884
Liabilities, custodial funds	$ -	$ -	$ 599,162	$ 599,162

(a) In accordance with Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

The following table summarizes the changes in the fair value of the Foundation's Level 3 financial assets and liabilities:

	Assets	Liabilities
	Beneficial Interest in Assets Held by Others	Custodial Funds
June 30, 2021		
Distributions	$ (15,830)	$ (12,738)
June 30, 2022		
Contributions	2,109,772	-
Distributions	(16,904)	(16,955)

Note 3. Fair Value Measurements (Continued)

The following table summarizes the valuation techniques and significant unobservable inputs used for the Foundation's investments that are categorized within Level 3 of the fair value hierarchy at June 30:

	Fair Value at		Valuation	Unobservable
Investment Type	2022	2021	Techniques	Input
Beneficial interest in assets held by others	$ 305,430	$ 369,552	Discounted cash flows (a)	Market risk discount (b)
Custodial funds	2,315,076	599,162	Discounted cash flows (a)	Market risk discount (b)

Fair value of the asset/liability is the expected future cash inflows/ outflows, which are based on the fair value of the underlying investment assets, and at this time management believes no discount to the fair values is appropriate.

(a) Represents amounts used when reporting entity has determined that market participants would take into account these returns when pricing the investments.

(b) Significant increases or decreases in any of the above unobservable inputs in isolation may result in a significantly lower or higher fair value measurement.

The Foundation's investments in certain entities that calculate net asset value per share, which are measured at fair value, include the following:

	Fair Value June 30		Redemption	Redemption	Unfunded
	2022	2021	Frequency	Notice Period	Commitment
Commingled trust and pooled funds:					
Growth funds (a)	$ 1,928,730	$ 1,608,426	Monthly	20 days	$ 1,384,586
Credit funds (b)	796,992	762,064	Quarterly	95 days	-
Multi-strategy funds (c)	-	317,096	Quarterly	45 days	-
Multi-strategy funds (d)	774,171	696,954	Quarterly	105 days	-
Real estate funds (e)	944,623	476,833	N/A	N/A	308,280
Credit funds (f)	584,960	-	Quarterly	60 days	-
Credit funds (g)	272,923	-	N/A	N/A	1,200,000
Merger arbitrage funds (h)	702,612	-	Monthly	30 days	-
	$ 6,005,011	$ 3,861,373			$ 2,892,866

(a) This class is invested in funds with the objective of achieving maximum capital appreciation by investing in equity securities of United States and foreign companies that are well positioned to benefit from demand for their services, including companies that can innovate or grow rapidly relative to their peers in the market.

(b) This class is invested in funds with the objective to generate superior risk-adjusted returns by investing in a customized portfolio of dislocated, stressed and distressed credit opportunities over an investment cycle of approximately two to three years. The Fund seeks to achieve its investment objective primarily through the identification, selection, allocation among and monitoring of a limited number of alternative asset managers.

Note 3. Fair Value Measurements (Continued)

(c) This class is invested in funds with the objective of providing superior capital appreciation by allocating its assets among a variety of proprietary investment strategies to capture alpha from systematic inefficiencies and idiosyncratic opportunities across asset classes and market cycles.

(d) This class is invested in funds with the objective of providing capital appreciation by identifying early signs of long-term changes in the marketplace and focusing on those companies that may benefit from opportunities created by these changes by examining technological advances, product innovation, economic plans, demographics, social attitudes, and other factors, which can lead to investments in small and medium-sized companies.

(e) This class is invested in funds in which substantially all of their assets in a either a master fund which seeks to provide liquidity to new borrowers with a primary strategy of to invest in public and private real estate, or investment in private equity real estate funds.

(f) This class is invested in funds with the objective of generating current income and, to a lesser extent, long-term capital appreciation by focusing on investing primarily in privately originated and privately negotiated U.S. first lien senior secured floating rate loans.

(g) This class seeks to generate returns through a combination of current income and capital appreciation by investing opportunistically in the corporate bonds, bank debt and other debt (which may include land banking interests) and equity securities and financial instruments of stressed and distressed companies located primarily in North America and Europe.

(h) This class pursues a merger arbitrage strategy, seeking to invest primarily in securities of entities involved in announced mergers, acquisitions or contests for control (including by shorting such securities); however, the Fund also may make investments in entities involved in other types of restructuring or corporate events when, in the Investment Manager's opinion, attractive opportunities exist.

Note 4. Beneficial Interest in Assets Held by Others

The statements of financial position at June 30, 2022 and 2021 include beneficial interest in assets held by others and net assets with donor restrictions of $305,430 and $369,552, respectively. The statements of activities for the years ended June 30, 2022 and 2021 include a decrease of $47,218 and an increase of $82,782, respectively, related to the change in value of the Foundation's beneficial interest in assets held by others. The Foundation received distributions of $16,904 and $15,830 related to the reciprocal transfers for the years ended June 30, 2022 and 2021, respectively. In addition to the funds discussed above, the Community Foundation maintains other assets that have been contributed by various donors to the Community Foundation for the benefit of the Foundation. Annually, distributions from the funds are paid to the Foundation according to the Community Foundation's spending policy. The Community Foundation maintains variance power over these funds. Variance power assures donors that if the charitable purpose of their contribution becomes impractical or impossible, the distributions will be directed to similar purposes in the community. The Community Foundation also maintains legal ownership of the funds. These funds are not included as assets of the Foundation. The earnings from these funds are paid to the Foundation each year in accordance with the Community Foundation's spending policy. For the years ended June 30, 2022 and 2021, the Foundation received $17,413 and $17,599, respectively, from these funds. At June 30, 2022 and 2021, the fair value of the funds is approximately $351,000 and $418,000, respectively. The Foundation has no remainder interest in the corpus of these funds.

Note 5. Collections

The Foundation maintains various collections of African art, crystals, artifacts, memorabilia, and similar assets. These collections are maintained for public exhibition, education, research, and furtherance of public service rather than for financial gain. These assets are protected, kept unencumbered, cared for, and preserved by the University. As a matter of policy, the proceeds of items in the collections that are sold are used to acquire other items for collection.

Note 6. Note Payable

The Foundation entered into an agreement with the Edmond Economic Development Authority (the EEDA) for the financing and construction of a music building. Under this agreement, the Foundation received proceeds from the sale of a Series 2000 note in the amount of $1,135,000. The note is secured by a first mortgage lien on the land and music building (see Note 10). The Foundation makes monthly payments of principal and interest of $5,053 for 25 years with an adjustable interest rate equal to the five-year rate on U.S. Treasury obligations. The rate adjusts every five years during the term of the obligation on the anniversary date. The rate was last adjusted in February 2021 to .375%. In addition, the Foundation pays the EEDA an annual administration fee of 1/8th of 1% of the outstanding principal balance on the note.

Maturities of long-term debt are as follows at June 30, 2022:

2023	$ 59,399
2024	59,603
2025	59,808
2026	60,014
2027	18,004
	$ 256,828

The Foundation incurred interest expense of $4,000 and $4,100 during the years ended June 30, 2022 and 2021, respectively.

Note 7. Leases

The Foundation entered into a lease agreement with the University whereby the University agreed to lease the music facility for a period of 25 years. The lease commenced in January 2002 and will terminate at the end of the 300th month. In accordance with the agreement, the monthly rent adjusts every 5 years to mirror the change in the interest rate paid by the Foundation. Effective February 1, 2016, the rent per month was adjusted to $5,053. In addition, the University agreed to pay the Foundation an additional sum of $1,200 per year plus the EEDA's annual administrative fee which is 1/8th of 1% of the declining principal balance of the loan on the property (see Note 6). This lease may be cancelled at the end of any year should funding for the lease not be approved by the Regional University System of Oklahoma and budgeted and approved by the University's administration.

The Foundation utilizes certain property and equipment of the University for no charge. The Foundation had rent expense of approximately $36,000 and $40,000 during the years ended June 30, 2022 and 2021, respectively.

Note 8. Contributions Receivable

Unconditional contributions receivable, including amounts due under pledge agreements with donors at June 30 are summarized as follows:

	2022	2021
Less than one year	$ 3,669,082	$ 110,708
One year to five years	792,285	770,532
	4,461,367	881,240
Less unamortized discount (0.25% to 5.25%)	(86,664)	(99,748)
	$ 4,374,703	$ 781,492

Gross unconditional contributions receivable at June 30 are comprised of the following:

	2022	2021
Contributions receivable with donor restrictions:		
Scholarships and awards	$ 787,457	$ 871,337
University support	3,673,910	9,903
Total contributions receivable with donor restrictions	$ 4,461,367	$ 881,240

No provision has been made to establish an allowance for doubtful accounts as the Foundation believes all contributions to be fully collectible.

Conditional promises to give totaling approximately $5,848,000 and $5,838,000 at June 30, 2022 and 2021, respectively, have been estimated based on information provided to the Foundation and primarily result from the Foundation being named in wills and contingent gifts and are not recorded in the financial statements. Additional conditional promises to give cannot be estimated due to the insufficiency of information available to the Foundation.

Note 9. Land and Other Investment Assets

The carrying value of the Foundation's land and other investment assets as of June 30 is as follows:

	2022	2021
Land	$ 60,000	$ 60,000
Buildings	1,151,836	1,151,836
Mineral interests	1,600	1,600
	1,213,436	1,213,436
Less accumulated depreciation	(787,466)	(748,626)
	$ 425,970	$ 464,810

Depreciation is based on the estimated useful life of the assets using the straight-line method. Depreciable other investment assets consist of three buildings, and the useful lives are estimated at 30 years.

Depreciation expense of approximately $39,000 was recognized on other investment assets during each of the years ended June 30, 2022 and 2021.

Note 10. Related Parties

Substantially all expenses are for the benefit of the students, faculty or activities of the University. Transactions between the Foundation and the University are covered under a written agreement between the Foundation and the University. Under this agreement, the University agrees to provide certain administrative services and office space to the Foundation in exchange for scholarships, endowments, grants, and payment of services for the benefit of the University (see Note 1).

The Foundation has entered into a lease agreement with the University (see Note 7) resulting in rental income of $60,640 during the each of the years ended June 30, 2022 and 2021, which is included in rental income in the statement of activities.

From time to time the Foundation will advance funds to the University and/or pay expenses which are later reimbursed by the University. There were no advances or payments during each of the years ended June 30, 2022 and 2021.

Note 11. Net Asset Composition

Net assets are available for the following programs and purposes at June 30:

	2022	2021
Net assets with donor restrictions:		
Perpetual in nature		
Original donor-restricted endowment gift amount and amounts required to be retained by donor:		
Scholarships and awards	$ 23,951,006	$ 22,812,214
Foundation operations and university support	3,297,949	2,673,181
Endowed chairs	5,082,081	4,986,267
Total perpetual net assets	$ 32,331,036	$ 30,471,662
Purpose or time restrictions:		
Scholarships and awards	$ 5,346,554	$ 9,701,109
Foundation operations and university support	1,679,662	2,491,521
Endowed chairs	983,941	1,888,279
Total purpose or time restrictions	8,010,157	14,080,909
Total net assets with donor restrictions	$ 40,341,193	$ 44,552,571

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. During the years ended June 30, 2022 and 2021, the Foundation released restrictions of net assets with donor restrictions for the following purposes:

	2022	2021
University advancement/special projects	$ 95,241	$ 1,259,158
Scholarships, awards and endowed chairs	1,921,254	1,961,846
Foundation operations and other	92,579	260,864
	$ 2,109,074	$ 3,481,868

Note 12. Endowment Disclosures

The Foundation's endowment consists of over 500 individual donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. All endowment funds held by the Foundation are managed and controlled by the Foundation in accordance with the following policies.

Interpretation of relevant law: The Board of Trustees (the Trustees) of the Foundation has interpreted OK UPMIFA as requiring the preservation of the original gift amount 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 net assets with donor restrictions in perpetuity (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 net assets with donor imposed restrictions in perpetuity is classified as net assets with donor imposed restrictions 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 at June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 34,830,647	$ 34,830,647
Total endowment funds	$ -	$ 34,830,647	$ 34,830,647

Endowment net asset composition by type of fund at June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 39,358,150	$ 39,358,150
Total endowment funds	$ -	$ 39,358,150	$ 39,358,150

Note 12. Endowment Disclosures (Continued)

Change in endowment net assets for the years ended June 30, 2022 and 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at June 30, 2020	$ -	$ 31,190,979	$ 31,190,979
Investment return:			
Interest and dividends	-	755,840	755,840
Investment fees	-	(150,727)	(150,727)
Net realized and unrealized investment gains	-	6,275,059	6,275,059
Total investment return	-	6,880,172	6,880,172
Contributions	-	2,628,952	2,628,952
Appropriations	-	(1,341,953)	(1,341,953)
Endowment net assets at June 30, 2021	-	39,358,150	39,358,150
Investment return:			
Interest and dividends	-	1,026,573	1,026,573
Investment fees	-	(185,794)	(185,794)
Net realized and unrealized investment gains	-	(5,675,662)	(5,675,662)
Total investment return	-	(4,834,883)	(4,834,883)
Contributions	-	1,859,374	1,859,374
Appropriations	-	(1,551,994)	(1,551,994)
Endowment net assets at June 30, 2022	$ -	$ 34,830,647	$ 34,830,647

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 are reported in net assets with donor restrictions and totaled $735,195 and $0, at June 30, 2022 and 2021, 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 endowment while seeking to maintain the purchasing power of the endowment assets.

Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity as well as other endowment funds with a donor restricted purpose (i.e., scholarships) that are board-designated for endowment. Under this policy, as approved by the Trustees, the endowment assets are invested with the primary objective of realizing appreciation on investment values and the secondary goal of providing current income to support University programs. The asset allocation policies (see below) reflect and are consistent with the investment objectives and risk tolerances expressed through the investment policy. These policies, developed after examining the historical relationships of risk and return among asset classes, are designed to provide the highest probability of meeting or exceeding the return objectives at the lowest level of risk. Actual returns in any given year may vary from this amount.

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 to achieve its long-term return objectives within prudent risk constraints.

Note 12. Endowment Disclosures (Continued)

Spending policy and how the investment objectives relate to spending policy: Generally, the Foundation has a policy of appropriating for distribution semiannually based on a 5.50% annualized rate (2.75% each semiannual period). The distribution rate is applied to the value of the endowment fund assets, including certain income producing real estate holdings, over an average of three years (i.e., using the average of the last six semiannual values of endowment assets). In the event that any endowment account has a fair value which is less than the historic gift value, the Trustees meet and specifically evaluate and approve the spending policy amount prior to distribution. The spending policy is evaluated annually (and/or semiannually), based on market fluctuations and historical trends to ensure that it remains in accordance with the long-term objectives of the Foundation. For both of the years ended June 30, 2022 and 2021, the Trustees approved a spending policy distribution of 2.75% for each semiannual distribution period.

Note 13. Liquidity and Availability

Financial assets are considered unavailable when liquid or not convertible to cash within one year, donor restricted for endowment, including accumulated and unappropriated earnings, designated by the Board for endowment and/or other purposes, or include donor purpose or time restrictions which are not anticipated to be fulfilled within one year. The following reflects the Foundation's financial assets, reduced by amounts not available for general expenditures within one year for the years ended June 30, 2022 and 2021:

	2022	2021
Financial assets at year end:		
Cash and cash equivalents	$ 623,498	$ 48,914
Investments	51,864,421	50,446,332
Contributions receivable, net	4,374,703	781,492
Total financial assets	56,862,622	51,276,738
Less amounts unavailable for general expenditure within one year:		
Custodial funds	(2,315,076)	(599,162)
Endowments with donor restrictions not available for expenditure	(32,331,036)	(30,471,662)
Purpose restricted funds, net of amounts available for spending within one year	(5,400,955)	(11,658,453)
Financial assets available to meet general expenditures within one year	$ 16,815,555	$ 8,547,461

The Foundation invests its excess cash funds with a goal of maintaining liquidity sufficient to cover one year of general expenditures. The Foundation's management monitors the budget and cash needs throughout the year and will recommend to the Board additional designations for endowment or other purposes, when deemed appropriate and approved by the Board.