



Board of Trustees  
Rose State College Foundation, Inc.  
Midwest City, Oklahoma

We have audited the financial statements of Rose State College Foundation, Inc., as of and for the years ended June 30, 2023 and 2022, and have issued our report thereon dated September 15, 2023. Professional standards require that we advise you of the following matters relating to our audit.

#### **Our Responsibility under Generally Accepted Auditing Standards**

As communicated in our engagement letter dated June 8, 2023, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of Rose State College Foundation, Inc. solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

#### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

#### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

### **Significant Accounting Policies**

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Rose State College Foundation, Inc. is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2023. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### **Significant Accounting Estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are the fair value of investments.

Management's estimate of the fair value of investments is based on the market value of the investments at year-end. We evaluated the key factors and assumptions used to develop the fair value of investments and determined that it is reasonable in relation to the basic financial statements taken as a whole.

### **Financial Statement Disclosures**

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting Rose State College Foundation, Inc.'s financial statements relate to revenue recognition and fair value estimates.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. There were no corrected or uncorrected misstatements.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Rose State College Foundation, Inc.'s financial statements or the auditor's report. No such disagreements arose during the course of the audit.



### **Representations Requested from Management**

We have requested certain written representations from management, which were agreed to in letter dated September 15, 2023.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with Rose State College Foundation, Inc., we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Rose State College Foundation, Inc.'s auditors.

This report is intended solely for the information and use of the Board of Trustees and Management of Rose State College Foundation, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

*Hick & Company, PC*

Tulsa, Oklahoma  
September 15, 2023



**Rose State College Foundation, Inc.**

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

**June 30, 2023 and 2022**



**HINKLE &  
COMPANY**  
*Strategic* <sup>PC</sup>  
*Business Advisors*

**Rose State College Foundation, Inc.**

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**HINKLE &  
COMPANY**

Strategic <sup>PC</sup>  
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## Independent Auditor's Report

Board of Trustees  
Rose State College Foundation, Inc.  
Midwest City, Oklahoma

### Opinion

We have audited the financial statements of Rose State College Foundation, Inc. (the Foundation), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

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

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

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

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

*Hick & Company, PC*

Tulsa, Oklahoma  
September 15, 2023



**Rose State College Foundation, Inc.**  
 Statements of Financial Position  
 June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b><u>ASSETS</u></b>		
<b>Assets</b>		
Cash and cash equivalents	\$ 897,704	\$ 806,591
Investments	1,919,842	1,680,980
Atkinson Heritage Center Property	2,863,000	2,863,000
Artwork Collection	-	7,000
<b>Total Assets</b>	<b>\$ 5,680,546</b>	<b>\$ 5,357,571</b>
 <b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 12,161	\$ 13,285
<b>Total Liabilities</b>	12,161	13,285
<b>Net Assets</b>		
Without donor restrictions		
Board-designated endowment	40,452	34,743
Undesignated	555,892	396,986
With donor restrictions	5,072,041	4,912,557
<b>Total Net Assets</b>	5,668,385	5,344,286
<b>Total Liabilities and Net Assets</b>	<b>\$ 5,680,546</b>	<b>\$ 5,357,571</b>

# Rose State College Foundation, Inc.

## Statement of Activities Year Ended June 30, 2023

	<b>2023</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenues, Gains, and Other Support</b>			
Contributions	\$ 91,885	\$ 166,101	\$ 257,986
Investment income (loss), net	177,990	118,091	296,081
Other income	7,502	-	7,502
In-kind contributions	105,000	-	105,000
	<u>382,377</u>	<u>284,192</u>	<u>666,569</u>
Gross special events revenue	137,606	-	137,606
Special events gifts in-kind	26,436	-	26,436
Less cost of direct benefits to donors	(71,192)	-	(71,192)
Net Special events revenue	<u>92,850</u>	<u>-</u>	<u>92,850</u>
Net assets release from restrictions	<u>124,708</u>	<u>(124,708)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>599,935</u>	<u>159,484</u>	<u>759,419</u>
<b>Expenses</b>			
Program services	263,471	-	263,471
Supporting services			
Management and general	145,413	-	145,413
Fundraising	26,436	-	26,436
Total Expenses	<u>435,320</u>	<u>-</u>	<u>435,320</u>
<b>Change in Net Assets</b>	164,615	159,484	324,099
<b>Net Assets, Beginning of Year</b>	<u>431,729</u>	<u>4,912,557</u>	<u>5,344,286</u>
<b>Net Assets, End of Year</b>	<u>\$ 596,344</u>	<u>\$ 5,072,041</u>	<u>\$ 5,668,385</u>

**Rose State College Foundation, Inc.**  
Statement of Activities  
Year Ended June 30, 2022

	<b>2022</b>		<b>Total</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	
<b>Revenues, Gains, and Other Support</b>			
Contributions	\$ 54,211	\$ 205,848	\$ 260,059
Investment income, net	(164,284)	(100,715)	(264,999)
Other income	602	-	602
In-kind contributions	105,000	-	105,000
	<u>(4,471)</u>	<u>105,133</u>	<u>100,662</u>
Gross special events revenue	120,923	-	120,923
Special events gifts in-kind	6,900	-	6,900
Less cost of direct benefits to donors	(52,392)	-	(52,392)
Net Special events revenue	<u>75,431</u>	<u>-</u>	<u>75,431</u>
Net assets release from restrictions	<u>85,342</u>	<u>(85,342)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>156,302</u>	<u>19,791</u>	<u>176,093</u>
<b>Expenses</b>			
Program services	212,137	-	212,137
Supporting services			
Management and general	136,904	-	136,904
Fundraising	6,900	-	6,900
Total Expenses	<u>355,941</u>	<u>-</u>	<u>355,941</u>
<b>Change in Net Assets</b>	(199,639)	19,791	(179,848)
<b>Net Assets, Beginning of Year</b>	<u>631,368</u>	<u>4,892,766</u>	<u>5,524,134</u>
<b>Net Assets, End of Year</b>	<u>\$ 431,729</u>	<u>\$ 4,912,557</u>	<u>\$ 5,344,286</u>

**Rose State College Foundation, Inc.**  
Statement of Functional Expenses  
Year Ended June 30, 2023

	<b>2023</b>			
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Scholarship and awards	\$ 235,174	\$ -	\$ -	\$ 235,174
Capital and other contributions	28,297	-	-	28,297
Donated salaries and benefits	-	105,000	-	105,000
Donated special event expenses	-	-	26,436	26,436
Other expenses	-	40,413	-	40,413
<b>Total Expenses</b>	<b>\$ 263,471</b>	<b>\$ 145,413</b>	<b>\$ 26,436</b>	<b>\$ 435,320</b>

**Rose State College Foundation, Inc.**  
Statement of Functional Expenses  
Year Ended June 30, 2022

	<b>2022</b>			
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Scholarship and awards	\$ 185,073	\$ -	\$ -	\$ 185,073
Capital and other contributions	27,064	-	-	27,064
Donated salaries and benefits	-	105,000	-	105,000
Donated special event expenses	-	-	6,900	6,900
Other expenses	-	31,904	-	31,904
	<b>Total Expenses</b>	<b>\$ 136,904</b>	<b>\$ 6,900</b>	<b>\$ 355,941</b>
	<b>\$ 212,137</b>	<b>\$ 136,904</b>	<b>\$ 6,900</b>	<b>\$ 355,941</b>

# Rose State College Foundation, Inc.

## Statements of Cash Flows Year Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 324,099	\$ (179,848)
Adjustments to reconcile net income to net cash provided by operating activities:		
Net realized and unrealized investment losses (gains)	(284,183)	265,865
Donation of artwork collection	7,000	-
Contributions restricted for endowment	(21,918)	(83,068)
Changes in:		
Accounts payable and accrued expenses	(1,124)	(484)
Net Cash Provided by Operating Activities	<u>23,874</u>	<u>2,465</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from sales and maturities of investments	59,632	32,803
Purchase of investments	(14,311)	-
Net Cash Provided by Investing Activities	<u>45,321</u>	<u>32,803</u>
<b>Cash Flows from Financing Activities</b>		
Contributions restricted from endowment	21,918	83,068
Net Cash Provided by Financing Activities	<u>21,918</u>	<u>83,068</u>
<b>Net Change in Cash and Cash Equivalents</b>	91,113	118,336
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>806,591</u>	<u>688,255</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 897,704</u>	<u>\$ 806,591</u>

# **Rose State College Foundation, Inc.**

## **Notes to Financial Statements**

**June 30, 2023 and 2022**

### **Note 1: Summary of Significant Accounting Policies**

#### **Organization**

Rose State College Foundation, Inc. (the "Foundation") is a nonprofit organization whose mission and principal activities are to promote the educational and cultural interest of Rose State College (the "College"), a public institution of higher education. The Foundation's revenues and other support are derived principally from contributions and its activities are conducted in the Midwest City, Oklahoma, area. Members of the Board of Governors are associate members of the Board of Trustees and are nonvoting members.

Although the College does not control the timing or amount of receipts from the Foundation, the majority of the Foundation's resources and related income are restricted by donors for the benefit of the College. Therefore, these restricted resources held by the Foundation can only be used by, or for the benefit of, the College. The Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

#### **Financial Statement Presentation**

The Foundation follows the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). The ASC is the single source of authoritative guidance for accounting principles generally accepted in the United States of America ("U.S. GAAP") for nongovernmental entities. The Foundation's financial statements have been prepared on the accrual basis of accounting and to ensure the observance of limitations and restrictions placed on the use of available resources, the Foundation maintains its accounts in accordance with the principles and practices of fund accounting. All inter-fund activities have been eliminated in the accompanying financial statements.

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

The Foundation considers all highly liquid investments with a maturity of three months or less when purchased, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

#### **Property and Equipment**

Property and equipment additions over \$7,000 are capitalized on a straight-line basis over the estimated useful life of each asset, with the exception of computer hardware and software additions, which are not capitalized unless the addition exceeds \$20,000. At June 30, 2023 and 2022, all property and equipment was fully depreciated.

# Rose State College Foundation, Inc.

## Notes to Financial Statements

June 30, 2023 and 2022

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

#### **Investments**

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Investment in the Commonfund is valued at fair value based upon the underlying fair value of the funds' equity and debt securities. Net investment gain/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

#### **Collections**

All collections of works of art, historical treasures, and similar assets are capitalized. Items added to the collections are capitalized at cost if purchased or at estimated fair value on the acquisition date, if donated. Collection items sold or removed are reported as unrestricted or temporarily restricted gains or losses depending on donor stipulations, if any, placed on the items at the time of acquisition.

#### **Net Asset Classifications**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

The Foundation is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets Without Donor Restrictions - Consists of amounts that are available for use in carrying out the supporting activities of the Foundation and are not subject to donor-imposed stipulations. The Board had designated \$40,452 and \$34,743 of the Foundation's net assets without donor restrictions for specified purposes as of June 30, 2023 and 2022, respectively.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time, or are maintained in perpetuity by the Foundation. When the donor-imposed stipulation ends or the Foundation satisfies an action, the Foundation reclassifies net assets with donor restrictions to net assets without donor restrictions.

The Foundation reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without restrictions and reported in the statements of activities as net assets released from restrictions.

# **Rose State College Foundation, Inc.**

Notes to Financial Statements

June 30, 2023 and 2022

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

### **Revenue and Revenue Recognition**

Revenue is recognized when earned. Contributions, including unconditional promises to give, are recognized as revenues in accordance with ASU 2018-08 (See "Implementation of New Accounting Guidance").

### **Allocation of Expenses**

The Foundation accounts for direct support to Rose State College, such as scholarships and grants/gifts as program expenses. All other expenses are considered to be supporting services expenses. The majority of supporting services expenses are in-kind expenses for salaries and rent.

### **Income Taxes**

The Foundation is exempt from federal income tax as an organization described in 501(c)(3) of the Internal Revenue Code. There are no tax-related interest and/or penalties included in the statement of activities. There are no tax-related interest and/or penalties included in the statement of financial position. Tax years that remain open and subject to examination by major tax jurisdictions include previous three years.

### **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 disclosed 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.

### **Financial Instruments and Credit Risk**

The Foundation manages deposit concentration risk by placing cash and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Foundation has not experienced losses in any of these accounts. Investments are made by diversified investment managers whose performance is monitored by management and the Investment Committee of the Board of Trustees. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Investment Committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Foundation.

# Rose State College Foundation, Inc.

## Notes to Financial Statements

June 30, 2023 and 2022

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

#### Implementation of New Account Guidance

In February 2016, the FASB issued ASU No. 2016-02, Leases. The new standard establishes a right of use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. ASU 2016-02 is effective for fiscal years beginning after December 15, 2020. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, practical expedients are available. The Foundation has not yet determined the potential effects of the new standard on the financial statements, if any.

#### Subsequent Events

Subsequent events have been evaluated through September 15, 2023, which is the date the financial statements were issued.

### Note 2: Cash and Cash Equivalents

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

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

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

*Category 3 - Uninsured and uncollateralized.*

Type of Deposits	Total Bank Balances	Custody (Category 1)	Credit Risk (Category 2)	Uninsured (Category 3)
<b>June 30, 2023</b>				
Demand Deposits	\$ 882,772	\$ 549,618	\$ -	\$ 333,154
Total Deposits	<u>\$ 882,772</u>	<u>\$ 549,618</u>	<u>\$ -</u>	<u>\$ 333,154</u>
<b>June 30, 2022</b>				
Demand Deposits	\$ 793,414	\$ 510,123	\$ -	\$ 283,291
Total Deposits	<u>\$ 793,414</u>	<u>\$ 510,123</u>	<u>\$ -</u>	<u>\$ 283,291</u>

# Rose State College Foundation, Inc.

## Notes to Financial Statements

June 30, 2023 and 2022

### Note 3: Fair Value Measurement

The methods and assumptions used to estimate the fair value of assets and liabilities in the financial statements, including a description of the methodologies used for the classifications within the fair value hierarchy for financial instruments carried at fair value, are as follows:

*Cash and cash equivalents:* The assets' carrying amounts approximate fair value due to their short maturities.

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

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair value are:

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

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

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

## Rose State College Foundation, Inc.

### Notes to Financial Statements

June 30, 2023 and 2022

#### Note 3: Fair Value Measurement (Continued)

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying financial statements at fair value on a recurring basis and the level within the fair market value hierarchy in which the fair value measurements fall at June 30, 2023 and 2022.

As of June 30, 2023				
Investments	Level 1	Level 2	Level 3	Total
Multi-Strategy Bond Fund	\$ 1,111,879	\$ -	\$ -	\$ 1,111,879
Multi-Strategy Equity Fund	807,963	-	-	807,963
	\$ 1,919,842	\$ -	\$ -	\$ 1,919,842

As of June 30, 2022				
Investments	Level 1	Level 2	Level 3	Total
Multi-Strategy Bond Fund	\$ 927,073	\$ -	\$ -	\$ 927,073
Multi-Strategy Equity Fund	753,907	-	-	753,907
	\$ 1,680,980	\$ -	\$ -	\$ 1,680,980

Multi- Strategy Bond Fund (Bond Fund) - The investment objective of the Bond Fund is to offer an actively managed, multi-manager investment program that will provide, in a single fund, broad exposure to global debt markets. The Bond Fund seeks to add value above the return of the broad U.S. bond market over a full market cycle, as measured by Barclays Capital U.S. Aggregate Bond Index and, due to its strategy and manager diversification, to reduce volatility in comparison to that of investing in the index.

The redemption of these investments is not in structured liquidation. Instead, distributions are received through the liquidation of the underlying assets of the fund.

Multi-Strategy Equity Fund (Equity Fund) - The investment objective of the Equity Fund is to offer an investment program that will provide, in a single fund, all of the strategy and manager diversification that an endowment would normally require for its equity allocation. The Equity Fund seeks to add value over long periods of time, above the return of the U.S. equity market as measured by the S&P 500 Index and, due to its strategy and manager diversification, to reduce volatility in comparison to that of investing in the index.

The redemption of these investments is not in structured liquidation. Instead, distributions are received through the liquidation of the underlying assets of the fund.

## Rose State College Foundation, Inc.

### Notes to Financial Statements

June 30, 2023 and 2022

#### Note 4: Net Investment Return

Net investment return (loss) consists of the following for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Operating investments		
Net realized and unrealized gain (loss)	\$ 129,459	\$ (101,274)
Less investment management and custodial fees	<u>(2,711)</u>	<u>(3,106)</u>
	<u>126,748</u>	<u>(104,380)</u>
Endowment investments		
Net realized and unrealized gain (loss)	173,634	(155,928)
Less investment management and custodial fees	<u>(4,301)</u>	<u>(4,691)</u>
	<u>169,333</u>	<u>(160,619)</u>
	<u>\$ 296,081</u>	<u>\$ (264,999)</u>

#### Note 5: Historical Properties

Historical properties consist of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Historical Properties		
Atkinson Heritage Center	\$ 1,400,000	\$ 1,400,000
Atkinson Land	850,000	850,000
Atkinson Pony Barn	613,000	613,000
Artwork- Sculpture	<u>-</u>	<u>7,000</u>
	<u>\$ 2,863,000</u>	<u>\$ 2,870,000</u>

These properties are not depreciated since they have cultural and historical value that is worth preserving perpetually, and the Foundation is protecting the service potential of the properties.

## **Rose State College Foundation, Inc.**

### Notes to Financial Statements

June 30, 2023 and 2022

#### **Note 6: Related Party Transactions**

The Foundation and the College are related parties that are not financially interrelated organizations. The College authorizes the Foundation to solicit contributions on its behalf. In the absence of donor restrictions, the Foundation has discretionary control over the amounts and timing of its distributions to the College. The Foundation's contributions to the College during the years ended June 30, 2023 and 2022 are reported in the Foundation's financial statements as scholarships, awards, and programs of \$289,907 and \$212,137, respectively. At June 30, 2023 and 2022, the Foundation had scholarship, awards and programs payable to the College of \$12,161 and \$13,285, respectively.

The Foundation receives various administrative services and office space from the College at no cost. The Foundation's office space is provided by the College. During 2023 and 2022, \$8,000 was recorded as in-kind rent. The Foundation's payroll cost for employees handling all day-to-day operations are paid by the College. During 2023 and 2022, approximately \$105,000 and \$105,000, respectively, was recorded as contributed services, which represent the Foundation's portion of the staff's salaries. These amounts are recorded as in-kind contributions on the accompanying statements of activities.

The Foundation has entered into an operating lease with the College for the Atkinson Heritage Center property. The purpose of the lease is for the College to use, operate, and maintain the property. The term of the lease is for a period of 99 years. In consideration for use of the property, the College is to pay a nominal rent amount to the Foundation and is to pay all executor costs (maintenance, insurance, etc.) related to the property.

#### **Note 7: Endowment Disclosures**

Foundation's endowment consists of several individual funds established for a variety of purposes. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

## Rose State College Foundation, Inc.

Notes to Financial Statements

June 30, 2023 and 2022

### Note 7: Endowment Disclosures (Continued)

#### Interpretation of Relevant Law

In accordance with the requirements of the Oklahoma Uniform Prudent Management of Institutional Funds Act (OUPMIFA), the Foundation will report the market value of an endowment as perpetual in nature. As a result, the Foundation classifies as permanently restricted 1) the original value of gifts donated to the endowment, 2) the original value of subsequent gifts donated to the endowment, and 3) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. The remaining portion of the donor-restricted endowment 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 OUPMIFA. In accordance with OUPMIFA, 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 effect of inflation and deflation;
- 5) The expected total return from income and the appreciation of investments;
- 6) Other resources of the Foundation; and
- 7) The investment policies of the Foundation.

#### Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by the endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results which generate a dependable, increasing source of income and appreciation while assuming a moderate to conservative level of investment risk.

#### 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 a greater emphasis on equity-based investments to achieve its long-term return objectives while reducing risk to acceptable levels.

## Rose State College Foundation, Inc.

### Notes to Financial Statements

June 30, 2023 and 2022

#### Note 7: Endowment Disclosures (Continued)

##### Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year a Board approved percent of its endowment fund's fair value as of the immediately preceding July 1. Permitted annual disbursements for scholarships from permanent endowment fund earnings are reviewed by the Budget and Investment Committee annually and submitted to the Board for approval. In establishing this policy, the Foundation considered both the short-term and the long-term expected return on its endowment. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for specified term as well as to provide additional real growth through new gifts and investment return.

Changes in endowment net assets for the years ending June 30, 2023 and 2022 are as follows:

<b>June 30, 2023</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ -	\$ 1,029,924	\$ 1,029,924
Investment income, net	-	169,333	169,333
Contributions	-	21,918	21,918
Transfers between restrictions	-	-	-
Appropriations	-	(169,333)	(169,333)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 1,051,842</u>	<u>\$ 1,051,842</u>

<b>June 30, 2022</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ -	\$ 946,106	\$ 946,106
Investment income, net	-	-	-
Contributions	-	83,068	83,068
Transfers between restrictions	-	750	750
Appropriations	-	-	-
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 1,029,924</u>	<u>\$ 1,029,924</u>

## Rose State College Foundation, Inc.

### Notes to Financial Statements

June 30, 2023 and 2022

#### Note 8: Net Assets

Net assets subject to expenditure for specified purpose or period are restricted for the following purposes at June 30, 2023 and 2022, consist of:

	<u>2023</u>	<u>2022</u>
Academic Scholarships	\$ 904,424	\$ 814,462
Academic Program Support Funds	36,936	34,936
Athletic Scholarships	165,415	112,337
Special Project Improvement Funds	<u>50,424</u>	<u>50,898</u>
	<u>\$ 1,157,199</u>	<u>\$ 1,012,633</u>

Net assets were released from restrictions as follows during the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Academic Scholarships	\$ 80,863	\$ 73,248
Academic Program Support Funds	-	-
Athletic Scholarships	25,971	10,795
Special Project Improvement Funds	10,874	1,299
Artwork	<u>7,000</u>	<u>-</u>
	<u>\$ 124,708</u>	<u>\$ 85,342</u>

Net assets not subject to appropriation or expenditures consist of the following at June 30, 2023 and 2022, consist of:

	<u>2023</u>	<u>2022</u>
Academic Scholarships	\$ 1,051,842	\$ 1,029,924
Donated Property:		
Atkinson Heritage Center Property	2,863,000	2,863,000
Artwork	<u>-</u>	<u>7,000</u>
	<u>\$ 3,914,842</u>	<u>\$ 3,899,924</u>

## Rose State College Foundation, Inc.

### Notes to Financial Statements

June 30, 2023 and 2022

#### Note 9: Liquidity and Availability of Financial Assets

The Foundation manages its liquid resources by focusing on fundraising efforts to ensure that it has adequate contributions to cover the programs that are being conducted. The table below reflects the Foundation's financial assets, as of June 30, 2023 and 2022, expected to be available within one year to meet the cash needs for general expenditures.

	<u>2023</u>	<u>2022</u>
Financial Assets		
Cash and cash equivalents	\$ 897,704	\$ 806,591
Investments	1,919,842	1,680,980
	<u>2,817,546</u>	<u>2,487,571</u>
Less those unavailable for general expenditure within one year, due to:		
Donor-imposed restrictions subject to appropriation or expenditures		
Academic Scholarships	(904,424)	(814,462)
Athletic Scholarships	(165,415)	(112,337)
Capital Improvements	(50,424)	(50,898)
Donor-imposed restrictions not subject to appropriation or expenditures		
Academic Scholarships	(1,051,842)	(1,029,924)
Board designated	(40,452)	(34,743)
	<u>(2,212,557)</u>	<u>(2,042,364)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 604,989</u>	<u>\$ 445,207</u>