



Financial Statements
June 30, 2016 and 2015

Rose State College Foundation, Inc.

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Rose State College Foundation, Inc., (the Foundation) which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rose State College Foundation, Inc. as of June 30, 2016 and 2015, 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.

A handwritten signature in cursive script that reads "Eric Sully LLP".

Oklahoma City, Oklahoma
September 9, 2016

Rose State College Foundation, Inc.
Statements of Financial Position
Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash and cash equivalents	\$ 347,671	\$ 293,711
Operating investments	520,912	571,619
Endowment:		
Investments	551,496	496,105
Cash	93,030	64,542
Atkinson Heritage Center property	2,250,000	2,250,000
Artwork collection	<u>7,000</u>	<u>7,000</u>
Total assets	<u><u>\$ 3,770,109</u></u>	<u><u>\$ 3,682,977</u></u>
Liabilities and Net Assets		
Liabilities		
Grants payable	<u>\$ 51,525</u>	<u>\$ 127,081</u>
Total liabilities	<u>51,525</u>	<u>127,081</u>
Net Assets		
Unrestricted (deficit)	19,092	(69,704)
Temporarily restricted	799,253	819,436
Permanently restricted	<u>2,900,239</u>	<u>2,806,164</u>
Total net assets	<u>3,718,584</u>	<u>3,555,896</u>
Total liabilities and net assets	<u><u>\$ 3,770,109</u></u>	<u><u>\$ 3,682,977</u></u>

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	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, Gains and Support				
Contributions	\$ 77,037	\$ 78,205	\$ 94,075	\$ 249,317
Net investment loss	-	(26,019)	-	(26,019)
Other income	1,209	-	-	1,209
In-kind contributions	88,727	-	-	88,727
	<u>166,973</u>	<u>52,186</u>	<u>94,075</u>	<u>313,234</u>
Gross special events revenue	112,817	-	-	112,817
Less cost of direct benefits to donors	<u>(60,122)</u>	<u>-</u>	<u>-</u>	<u>(60,122)</u>
Net special events revenue	<u>52,695</u>	<u>-</u>	<u>-</u>	<u>52,695</u>
Net assets released from restrictions	<u>72,369</u>	<u>(72,369)</u>	<u>-</u>	<u>-</u>
Total revenue, support, and gains	<u>292,037</u>	<u>(20,183)</u>	<u>94,075</u>	<u>365,929</u>
Expenses and Losses				
Program services expense				
Scholarships, awards, and programs	<u>101,889</u>	<u>-</u>	<u>-</u>	<u>101,889</u>
Total program service expenses	<u>101,889</u>	<u>-</u>	<u>-</u>	<u>101,889</u>
Supporting services expenses				
Management and general	<u>101,352</u>	<u>-</u>	<u>-</u>	<u>101,352</u>
Total supporting services expenses	<u>101,352</u>	<u>-</u>	<u>-</u>	<u>101,352</u>
Total expenses and losses	<u>203,241</u>	<u>-</u>	<u>-</u>	<u>203,241</u>
Change in Net Assets	88,796	(20,183)	94,075	162,688
Net Assets, Beginning of Year	<u>(69,704)</u>	<u>819,436</u>	<u>2,806,164</u>	<u>3,555,896</u>
Net Assets, End of Year	<u>\$ 19,092</u>	<u>\$ 799,253</u>	<u>\$ 2,900,239</u>	<u>\$ 3,718,584</u>

See Notes to Financial Statements

Rose State College Foundation, Inc.
Statements of Activities
Years Ended June 30, 2016 and 2015

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, Support, and Gains				
Contributions	\$ 68,242	\$ 47,940	\$ 53,957	\$ 170,139
Net investment return	10,557	41,141	-	51,698
In-kind contributions	84,183	-	-	84,183
	162,982	89,081	53,957	306,020
Gross special events revenue	100,171	-	-	100,171
Less cost of direct benefits to donors	(33,798)	-	-	(33,798)
Net special events revenue	66,373	-	-	66,373
Change in donor restriction to permanent	-	(10,585)	10,585	
Net assets released from restrictions	79,835	(79,835)	-	-
Total revenue, support, and gains	309,190	(1,339)	64,542	372,393
Expenses and Losses				
Program services expense				
Scholarships, awards, and programs	128,428	-	-	128,428
Total program service expenses	128,428	-	-	128,428
Supporting services expenses				
Management and general	100,280	-	-	100,280
Total supporting services expenses	100,280	-	-	100,280
Total expenses and losses	228,708	-	-	228,708
Change in Net Assets	80,482	(1,339)	64,542	143,685
Net Assets, Beginning of Year	(150,186)	820,775	2,741,622	3,412,211
Net Assets, End of Year	\$ (69,704)	\$ 819,436	\$ 2,806,164	\$ 3,555,896

Rose State College Foundation, Inc.
Statements of Cash Flows
Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating Activities		
Change in net assets	\$ 162,688	\$ 143,685
Adjustments to reconcile change in net assets to net cash from operating activities		
Net investment loss (return)	26,019	(51,698)
Contributions restricted for endowment	(94,075)	(53,957)
Changes in		
Accounts payable	-	(245)
Grants payable	(75,556)	48,581
Net Cash from Operating Activities	<u>19,076</u>	<u>86,366</u>
Cash Flows from Investing Activities		
Purchase of investments	(65,000)	-
Proceeds from sales of investments	34,297	33,852
Collections of contributions restricted to endowment	94,075	53,957
Net Cash from Investing Activities	<u>63,372</u>	<u>87,809</u>
Net Change in Cash and Cash Equivalents	82,448	174,175
Cash and Cash Equivalents, Beginning of Year	358,253	184,078
Cash and Cash Equivalents, End of Year	<u><u>\$ 440,701</u></u>	<u><u>\$ 358,253</u></u>
Cash and Cash Equivalents	\$ 347,671	\$ 293,711
Endowment Cash	93,030	64,542
	<u><u>\$ 440,701</u></u>	<u><u>\$ 358,253</u></u>

Note 1 - Principal Activity and 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.

Cash and Cash Equivalents

The Foundation considers all cash and highly liquid financial instruments with original maturities of three months or less, and 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 addition is over \$20,000. At June 30, 2016 and 2015, all property and equipment was fully depreciated.

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 common funds 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 Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets available for use in general operations.

Temporarily Restricted Net Assets – Net assets subject to donor restrictions that may or will be met by expenditures or actions of the Foundation and/or the passage of time, and certain income earned on permanently restricted net assets that has not yet been appropriated for expenditure by the Foundation's Board of Trustees.

The Foundation reports contributions restricted by donors as increases in unrestricted net assets 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 temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of the Foundation. The restrictions stipulate that resources be maintained permanently but permit the Foundation to expend the income generated in accordance with the provisions of the agreements.

Revenue and Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received.

Income Taxes

The Foundation is organized as an Oklahoma nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as organizations described in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under Sections 509(a)(1) and (3). The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Foundation is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Foundation has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Foundation believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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 and those differences could be material.

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.

Subsequent Events

The Foundation has evaluated subsequent events through September 9, 2016, the date the financial statements were available to be issued.

Note 2 - Fair Value Measurements and Disclosures

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

A three-tier hierarchy categorizes the inputs as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation can access at the measurement date.

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

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

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

The Foundation uses Net Asset Value (NAV) per share, or its equivalent, such as member units, to estimate the fair values of certain commingled funds which do not have readily determinable fair values. Investments valued at NAV are classified within level 2 if we can redeem the investment at NAV per share at the measurement date or within near term; otherwise, the investment is classified within level 3. As the investments in Commonfund securities have specific redemption requirements that are not generally at the measurement date or within the near term, they are classified within level 3.

The following table presents assets measured at fair value on a recurring basis, at June 30, 2016 and 2015:

		Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
June 30, 2016	Total	(Level 1)	(Level 2)	(Level 3)
<u>Assets</u>				
<u>Investments:</u>				
Commonfund securities				
Fixed income	\$ 89,219	\$ -	\$ -	\$ 89,219
Equity	983,189	-	-	983,189
	<u>\$ 1,072,408</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,072,408</u>
 June 30, 2015				
<u>Assets</u>				
<u>Investments:</u>				
Commonfund securities				
Fixed income	\$ 85,441	\$ -	\$ -	\$ 85,441
Equity	982,283	-	-	982,283
	<u>\$ 1,067,724</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,067,724</u>

Below is a reconciliation of the beginning and ending balances of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2016 and 2015:

	Fair Value Measurements at Report Date Using Significant Unobservable Inputs (Level 3)	
	Multi-Strategy Bond Fund	Multi-Strategy Equity Fund
<u>Year ended June 30, 2016</u>		
Balance at June 30, 2015	\$ 85,441	\$ 982,283
Net realized and unrealized gain (loss)	1,235	(39,379)
Interest and dividends	2,802	13,539
Investment management fees	(259)	(3,957)
Contributions	-	65,000
Distributions	-	(34,297)
	<u>\$ 89,219</u>	<u>\$ 983,189</u>
Unrealized gain (loss) included in net investment return (loss) in the statement of activities relating to assets still held at June 30, 2016	<u>\$ 1,235</u>	<u>\$ (39,379)</u>
<u>Year ended June 30, 2015</u>		
Balance at June 30, 2014	\$ 84,416	\$ 965,462
Net realized and unrealized gain (loss)	(1,651)	41,344
Interest and dividends	2,933	12,669
Investment management fees	(257)	(3,954)
Distributions	-	(33,238)
	<u>\$ 85,441</u>	<u>\$ 982,283</u>
Unrealized gain included in net investment return (loss) in the statement of activities relating to assets still held at June 30, 2015	<u>\$ (1,651)</u>	<u>\$ 41,344</u>

Investments in funds that calculate NAV per share are as follows at June 30, 2016 and 2015:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
<u>June 30, 2016</u>				
Multi-Strategy Bond Fund	\$ 89,219	\$ -	Limited	5 business days*
Multi-Strategy Equity Fund	<u>983,189</u>	<u>-</u>	Limited	5 business days*
	<u><u>\$ 1,072,408</u></u>	<u><u>\$ -</u></u>		
<u>June 30, 2015</u>				
Multi-Strategy Bond Fund	\$ 85,441	\$ -	Limited	5 business days*
Multi-Strategy Equity Fund	<u>982,283</u>	<u>-</u>	Limited	5 business days*
	<u><u>\$ 1,067,724</u></u>	<u><u>\$ -</u></u>		

* With additional stipulations such as withdrawal performed at month-end.

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 are 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 are in structured liquidation. Instead distributions are received through the liquidation of the underlying assets of the fund.

Note 3 - Net Investment Return (Loss)

Net investment return (loss) consists of the following for the years ended June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Operating investments		
Interest and dividends	\$ 7,298	\$ 8,337
Net realized and unrealized gain (loss)	(20,969)	24,861
Less investment management and custodial fees	(2,152)	(2,337)
	<u>(15,823)</u>	<u>30,861</u>
Endowment investments		
Interest and dividends	9,043	7,879
Net realized and unrealized gain (loss)	(17,175)	14,832
Less investment management and custodial fees	(2,064)	(1,874)
	<u>(10,196)</u>	<u>20,837</u>
	<u>\$ (26,019)</u>	<u>\$ 51,698</u>

Note 4 - Historical Properties

Historical properties consist of the following at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Historical Properties		
Atkinson Historical Center	\$ 1,400,000	\$ 1,400,000
Atkinson Land	850,000	850,000
Artwork - Sculpture	7,000	7,000
	<u>\$ 2,257,000</u>	<u>\$ 2,257,000</u>

The 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.

Note 5 - Endowments

The Foundation endowments consist of several individual funds established for a variety of purposes. As required by generally accepted accounting principles (GAAP), net position associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based upon the existence or absence of donor-imposed restrictions.

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 purpose 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;
- 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.

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 funds 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 year ending June 30, 2016 and 2015 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<u>June 30, 2016</u>				
Endowment net assets, beginning of year	\$ -	\$ 11,483	\$ 549,164	\$ 560,647
Investment earnings				
Investment income, net of fees	-	6,979	-	6,979
Net realized and unrealized gain (loss)	-	(17,175)	-	(17,175)
	-	(10,196)	-	(10,196)
Contributions	-	-	94,075	94,075
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 1,287</u>	<u>\$ 643,239</u>	<u>\$ 644,526</u>
<u>June 30, 2015</u>				
Endowment net assets, beginning of year	\$ (9,354)	\$ -	\$ 484,622	\$ 475,268
Investment earnings				
Investment income, net of fees	2,622	3,383	-	6,005
Net realized and unrealized gain	6,732	8,100	-	14,832
	9,354	11,483	-	20,837
Contributions	-	-	64,542	64,542
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 11,483</u>	<u>\$ 549,164</u>	<u>\$ 560,647</u>

Note 6 - Restricted Net Assets

Temporarily Restricted

Temporarily restricted net assets at June 30, 2016 and 2015, consist of:

	2016	2015
Restricted by donors for		
Business Division Faculty/Staff	\$ 5,366	\$ 5,155
Hazel VanDusen	9,724	9,724
JR Hoover	-	-
Michael Freeman	2,805	2,541
Service Learning	4,356	4,357
Sam & Jo Hinojosa Scholarship	1,112	1,612
Advantage Bank Community Scholar Stipend	4,962	3,742
Black Student Association	322	322
Charles Johnson Memorial Scholarship	199	199
Amelia Earhart Society Scholarship	4,487	5,237
Gary and Linda Banz Scholarship	11,400	10,800
Health and Sports Science Scholarship	855	844
G.L. "Shep" Sheppard Memorial Scholarship	9,604	9,322
Tinker Federal Civic Leaders Scholarship Program	49,345	45,158
Non-Traditional Student Organization Scholarship	958	1,158
Learning Community Fund	3,196	2,896
Dona Baker Harwell Nursing Grant	5,377	5,377
Tomorrow's Healthcare Professional Scholarship	14,562	12,982
Joy Rupp Community Scholarship	7,214	7,764
Business Division Community Scholarship	7,675	7,000
Psychology student	4,072	3,646
Tinker Leadership Development Association	6,730	6,730
Mary Lou Hawkins	6,620	6,370
Del City Pony Barn Fund	6,945	6,945
Gus and Carolyn Coleman Scholarship	18,197	17,974
Betty Price Community Scholarship	1,581	1,856
BancFirst Community Scholar Stipend	1,683	1,667
Glenna Tanenbaum Scholarship	2,258	3,742
Frances Hughes Scholarship	520,912	569,048
Health Information Technology	6,105	5,885
Chickasaw Nation Native Scholars Leadership Program	1,921	5,749
Public Art Fund	1,820	1,820
Chemistry Fund	17,258	17,258
Engineering and Science Northrop Grumman Scholarships	2,638	2,116
Leadership MWC Social Science Division Scholarship	6,806	5,506
Ken and JoAnn Bartlett Scholarship	10,000	5,000
Athletics	12,524	4,070
Men's Soccer	1,295	800
Women's Soccer	5,584	1,267
Baseball	1,700	900
Softball	1,714	1,714
FNB PLC Scholarship	1,943	1,700
Jim Axley Poetry Award	11,141	-
Senator Cliff Aldridge Scholarship	3,000	-
Unspent appreciation of Endowment funds must be appropriated for expenditure before use		
Restricted by donors for scholarships	1,287	11,483
	<u>\$ 799,253</u>	<u>\$ 819,436</u>

Net assets were released from restrictions as follows during the years ended June 30, 2016 and 2015:

	2016	2015
Frances White Hughes Memorial Scholarship	\$ 32,313	\$ 35,683
Advantage Bank Scholarship	1,031	1,661
Amelia Earhart Scholarship	750	250
Business Division Faculty/Staff Scholarship	500	1,190
G.L. "Shep" Sheppard Memorial Scholarship	1,000	-
Psychology Rose State College Student Scholarship	-	300
Tinker Federal Civic Leaders Scholarship	15,813	10,006
Non-Traditional Student Organization Scholars	200	-
Business Division Community Scholarship	525	600
Mary Lou Hawkins Scholarship	1,250	1,500
Gus and Carolyn Coleman Scholarship	777	826
Sam & Jo Hinojosa Scholarship	500	500
Health and Sports Science Scholarship	-	300
Joy Rupp Community Scholarship	550	550
Betty Price Community Scholarship	275	544
BancFirst Community Scholar Stipend	1,634	1,633
Glenna Tanenbaum Scholarship	1,484	1,258
Engineering and Science Northrop Grumman Scholarships	1,978	2,884
Leadership MWC Social Science Division Scholarship	1,200	898
Chickasaw Nation Native Scholars Leadership Program	3,829	19,252
Athletics	1,372	-
Men's Soccer	3,931	-
FNB PLC Scholarship	1,457	-
	<u>\$ 72,369</u>	<u>\$ 79,835</u>

Permanently Restricted

Permanently restricted net assets consist of beneficial interests in perpetual trusts, endowment funds restricted by donors for investment in perpetuity, and donated property. Distributions from perpetual trusts and earnings on endowment funds are available for the purposes specified by the donors, or in certain cases, for the unrestricted use of the Foundation.

With the exclusion of donated property, the permanently restricted net assets balances, classified by restriction on the use of earnings, are as follows at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Investment in perpetuity, the income of which is expendable to support:		
Classified Staff Association	\$ 19,243	\$ 18,598
LaFern Barnes Scholarship	25,200	25,000
Jan R. Burnham Dental Hygiene Award	10,000	10,000
Elizabeth DeCarlo Memorial	10,000	10,000
Faculty Memorial	16,000	16,000
David & JoAnn Fox Scholarship	15,000	15,000
Jordan Scholarship	15,000	15,000
Katherine Joan Hardin	24,378	24,378
Charles & Lola Howard	10,000	10,000
Alice Cannon McWaters	10,500	10,500
Erma Jean Newman Nursing	25,320	23,320
Parker, Tinker-Wells, Hughes	10,000	10,000
April Primo Scholarship	26,669	26,669
Professional/Administrative Staff Association	42,511	42,511
Union Ladies Aid Society of Sooner	62,500	62,500
Estes & Frances Walker Child Development Awa	15,000	15,000
Clarence & Nancy Weisang	4,200	4,200
JR Hoover	21,615	18,135
Stephen and Mikele Leone Scholarship	14,210	14,210
Craft Designers Association of MWC	6,286	6,286
Stacy Messinger Scholarship	15,000	15,000
Susan Loveless Endowed Scholarship	15,460	15,460
Senior Physicians Scholarships	25,350	25,200
Voncille Attebery Winter, PhD. Memorial Schol	25,000	25,000
Joe W. Davis Memorial Scholarship	23,716	21,116
Lt. Vernon Butler U.S. Navy Memorial Scholars	10,081	10,081
Melanie Marie Eisenhower-Salter	45,000	35,000
Robert and Linda Croak Endowed Scholarship	50,000	25,000
Mason Charity Foundation Leadership Endowmen	50,000	-
	<u>\$ 643,239</u>	<u>\$ 549,164</u>

As of June 30, 2016 and 2015, permanently restricted net assets also include the Atkinson Heritage Center property of \$2,250,000 and artwork of \$7,000.

Note 7 - Functionalized Expenses

Total expenses by function were as follows for the years ended June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Scholarships and awards	\$ 101,889	\$ 128,428
Total program expenses	<u>\$ 101,889</u>	<u>\$ 128,428</u>
Management and general (includes investment management fees of \$4,216 and \$4,211 in 2016 and 2015, respectively)	\$ 105,568	\$ 104,491
Fundraising and development (includes cost of direct benefits to donors of \$60,122 and \$33,978 in 2016 and 2015, respectively)	<u>60,122</u>	<u>33,798</u>
Total functionalized expenses	<u>\$ 267,579</u>	<u>\$ 266,717</u>

Note 8 - 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, 2016 and 2015 are reported in the Foundation's financial statements as scholarships, awards, and programs of \$101,889 and \$128,428, respectively. At June 30, 2016 and 2015, the Foundation had scholarship, awards and programs payable to the College of \$51,525 and \$127,081, 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 2016 and 2015, approximately \$8,000 was recorded as in-kind rent. The Foundation's payroll cost for employees handling all the day-to-day operations are paid by the College. During 2016 and 2015, approximately \$67,000 and \$66,000, 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 Historical 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.