OKLAHOMA CITY PUBLIC SCHOOLS FOUNDATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2018

WITH

INDEPENDENT AUDITOR'S REPORT

CONTENTS

HoganTaylor LLP
CPAs + ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Oklahoma City Public Schools Foundation, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Oklahoma City Public Schools Foundation, Inc. (the Foundation) which comprise the statement of financial position as of December 31, 2018, the related statements of activities, functional expenses, and cash flows for year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 the Foundation as of December 31, 2018, and 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, in 2018 the Foundation adopted Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Hogan Taylor LLP

Oklahoma City, Oklahoma
May 29, 2019

OKLAHOMA CITY PUBLIC SCHOOLS FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2018

Assets	
Cash	$ 1,102,850
Pledges receivable, net	524,518
Investments	1,832,537
Beneficial interest in assets held by others	58,401
Property and equipment, net	6,244
Total assets	$ 3,524,550
Liabilities and Net Assets	
Liabilities:	
Accounts payable and accrued liabilities	$ 75,150
Pass-through liability	504,389
Total liabilities	579,539
Net assets:	
Without donor restrictions	1,276,512
With donor restrictions	1,668,499
Total net assets	2,945,011
Total liabilities and net assets	$ 3,524,550

OKLAHOMA CITY PUBLIC SCHOOLS FOUNDATION, INC.

STATEMENT OF ACTIVITIES

Year ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Other Support			
Contributions, net of discount of $7,500	$ 730,101	$ 715,198	$ 1,445,299
In-kind donations	-	290,570	290,570
Service fees	15,255	-	15,255
Investment income	25,136	24,505	49,641
Net unrealized and realized investment losses	(49,571)	(100,426)	(149,997)
Funds released from restrictions	1,277,517	(1,277,517)	-
Total revenue, gains and other support	1,998,438	(347,670)	1,650,768
Expenses			
Program services	1,674,353	-	1,674,353
Supporting services:			
Management and general	61,393	-	61,393
Fundraising	78,446	-	78,446
Total expenses	1,814,192	-	1,814,192
Change in net assets	184,246	(347,670)	(163,424)
Net assets at beginning of year	1,092,266	2,016,169	3,108,435
Net assets at end of year	$ 1,276,512	$ 1,668,499	$ 2,945,011

OKLAHOMA CITY PUBLIC
SCHOOLS FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2018

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Total
Scholarships, grants and awards	$ 855,040	$ -	$ 3,757	$ 858,797
Personnel	363,226	38,076	45,041	446,343
Conferences and meetings	97,461	718	17,378	115,557
Professional fees and contractual services	139,924	12,672	5,065	157,661
Advertising and marketing	127,728	-	-	127,728
Training	40	616	500	1,156
Postage and shipping	1,539	272	151	1,962
Materials and supplies	7,839	1,472	1,404	10,715
Equipment rental and maintenance	6,848	440	850	8,138
Printing and publication	16,765	187	554	17,506
Occupancy	35,436	1,163	1,524	38,123
Dues and subscriptions	5,450	530	1,024	7,004
Travel and transportation	2,890	105	87	3,082
Insurance	3,808	1,844	359	6,011
Depreciation	602	2,685	-	3,287
Telephone	9,757	613	752	11,122
Total	$ 1,674,353	$ 61,393	$ 78,446	$ 1,814,192

OKLAHOMA CITY PUBLIC SCHOOLS FOUNDATION, INC.

STATEMENT OF CASH FLOWS

Year ended December 31, 2018

Cash Flows from Operating Activities	
Cash received from program services	$ 15,255
Cash received from donors	1,627,307
Net cash received from pass-through transactions	16,139
Interest income received	49,641
Cash paid to employees	(441,293)
Cash paid to vendors	(1,057,505)
Net cash provided by operating activities	209,544
Cash Flows from Investing Activities	
Purchases of investments	(643,043)
Proceeds from sales of investments	459,343
Purchases of property and equipment	(2,774)
Net cash used in investing activities	(186,474)
Increase in cash	23,070
Cash and cash equivalents, beginning of year	1,079,780
Cash and cash equivalents, end of year	$ 1,102,850
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities	
Change in net assets	$ (163,424)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	3,287
Change in discount on future promises and uncollectible promises	(1,283)
Net realized and unrealized investment gains	149,997
Contributions of stock	(156,789)
Proceeds from sale of contributed stock	156,789
Net change in operating assets and liabilities:	
Pledges receivable	190,791
Accounts payable	14,037
Pass-through liability	16,139
Net cash provided by operating activities	$ 209,544

See notes to financial statements.

OKLAHOMA CITY PUBLIC
SCHOOLS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

Note 1 – Nature of Operations

The Oklahoma City Public Schools Foundation, Inc. (the Foundation) was incorporated in 1984 under the laws of the state of Oklahoma to lead and inspire the building of collaborative partnerships within the community to help develop and implement a shared vision of educational excellence, and to research, create, and implement programs to improve the quality of education for students in all Oklahoma City public schools.

Note 2 – Summary of Significant Accounting Policies

Basis of presentation

The financial statements of the Foundation are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Net assets

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

> *Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for board-designated endowment. Board-designated net assets are subject to self-imposed limits by action of the Board of Directors. Board-designated net assets may be earmarked for future programs, investment, contingencies, purchase or construction of property and equipment, or other uses.
>
> *Net assets with donor restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature and may or will be met by expenditures or actions of the Foundation, by the passage of time, or appropriation by the Board of Directors of certain income earned on endowment. Other donor-imposed restrictions are perpetual in nature and are limited by donor-imposed restrictions which stipulate that resources be maintained permanently but permit the Foundation to expend the income generated in accordance with the provisions of the related agreements.

Use of 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, liabilities, revenues and expenses during the reporting period. Actual results may vary from those estimates.

Contributions

Contributions restricted by donors are recorded as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

Pledges receivable

Pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts and historical collection experience. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Based upon management's assessment, an allowance for uncollectible pledges receivable of $2,723 was recorded as of December 31, 2018.

Investments

Investments, including investments restricted for endowment, are held under managerial agency agreements and include money market and mutual funds which are carried at fair value based upon quoted market prices or dealer quotes. Unrealized gains and losses are reported in the statement of activities. Interest and gains earned on investments are considered without donor restriction, unless their use is restricted by donor stipulation.

Donated goods and services

The Foundation recognizes the fair value of donated goods and services that either create or enhance a nonfinancial asset or require specialized skills that would need to be purchased if they were not donated.

Volunteers from the community donated a significant amount of time to the Foundation's programs and fundraising campaigns. The value of this time is not reflected in the accompanying financial statements as it does not meet the criteria for recognition.

Property and equipment

Property and equipment is recorded at cost at date of acquisition or estimated fair value at date of donation. Depreciation of these assets is provided on a straight-line basis over the estimated useful lives of the respective assets, which range from five to seven years. Maintenance and repair costs are expensed as incurred.

Income taxes

The Foundation is exempt from federal and state taxes on income related to its exempt purpose under the provisions of Internal Revenue Code Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Functional allocation of expenses

The statement of activities presents expenses by functional classification. Expenses are allocated between program and supporting services on the statement of functional expenses based upon either actual usage or the estimated cost attributable to each function.

Advertising expense

All advertising costs are expensed as incurred. Advertising expenses were approximately $128,000 for the year ended December 31, 2018, all of which was provided in-kind.

Concentrations and risks

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist primarily of cash, pledges receivable, and investments. As of December 31, 2018, one donor (a member of the Board of Directors) accounted for approximately 84% of pledges receivable. No single donor contributed more than 7% of total contributions during the year ended December 31, 2018.

The Foundation's investments are exposed to various risks, such as interest rate, credit and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term, and such changes could materially affect the amounts reported in the statements of activities. Significant fluctuations in fair values could occur from year-to-year, and the amounts the Foundation will ultimately realize could differ materially.

The Foundation maintains its cash in accounts which may exceed federally insured amounts. However, it has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

Recently adopted accounting pronouncement

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* This ASU simplifies and improves how a not-for-profit entity (NFP) classifies its net assets, as well as the information it presents in financial statements and notes concerning liquidity, financial performance and cash flows. Among other requirements, this ASU primarily requires NFPs to present on the face of the statement of financial position amounts for two classes of net assets (i.e. net assets with donor restrictions and net assets without donor restrictions) rather than the currently required three classes. ASU 2016-14 was adopted on a retrospective basis in 2018. As a result, the Foundation changed its presentation of its net asset classes and expanded the footnote disclosures as required by the standard.

Accounting pronouncements not yet adopted

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year making it effective for the Foundation as of July 1, 2019. The Foundation has not yet selected a transition method and is currently evaluating the effect that the standard will have on the financial statements, which is not expected to be significant.

In February 2016, the FASB issued ASU No. 2016-02 *Leases (Topic 842)*. The purpose of the guidance is to increase the transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position, as well as providing additional disclosure requirements related to leasing arrangements. The new guidance is effective for the Foundation in 2020, though early adoption is permitted. The Foundation will be evaluating the impact this standard will have on its financial statements and related disclosures.

Subsequent events

Management has evaluated subsequent events through May 29, 2019, the date the financial statements were available to be issued.

Note 3 – Liquidity and Availability of Financial Assets

The Foundation seeks to raise all funds needed for its operations in each fiscal year. In addition to funds raised annually, the Foundation seeks to maintain an amount of reserve funds to cover at least six months of operating expenses exclusive of program expenses. The Foundation holds these funds in its operating and investment accounts at BancFirst.

At regular intervals the Foundation evaluates the current monthly expenses needed to cover payroll, occupancy and any other expenses needed for the general operation of the Foundation. Currently the Foundation needs approximately $43,000 per month to cover these nonprogram expenses. As of December 31, 2018, the Foundation held $598,461 and $350,769 of cash and investments, respectively, without donor restriction. This accounting is presented to the Foundation's Board of Directors at each meeting for review and assessment of the fulfillment of the Foundation's goal of a minimum six months of reserve funds.

In addition to its available liquidity, the Foundation also maintains a number of donor restricted endowments. These endowments were established over the history of the Foundation to support specific program expenses and activities. Each endowment has an agreement with the donor(s) that outline the purpose and disbursement guidelines for each fund and are not available for general expenditure. The Foundation also maintains a board-designated endowment that provides matching funds for one of the donor-restricted endowments and is also not currently available for general expenditure. As of December 31, 2018, the balance of donor restricted funds was $978,351 and the balance of board designated funds was $528,070. The board designated funds can be made available for general expenditure upon approval of the Board of Directors.

Note 4 – Pledges Receivable

Included in pledges receivable are the following unconditional promises to give at December 31, 2018:

Contributions receivable	$ 534,741
Less discount of future pledges receivable	(7,500)
Less allowance for uncollectible pledges	(2,723)
Contributions receivable, net	$ 524,518

Amounts receivable in:	
Less than one year	$ 223,364
One to five years	311,377
Contributions receivable	$ 534,741

Note 5 – Investments

Investments consist of the following at December 31, 2018:

Money market funds	$ 70,675
Mutual funds	1,761,862
	$ 1,832,537

Note 6 – Beneficial Interest in Assets Held by Others

The Foundation and other donors have contributed to a fund administered by the Oklahoma City Community Foundation, Inc. (OCCF) for the benefit of the Foundation and its programs. OCCF maintains legal ownership and variance power over the fund. The Foundation is the beneficiary of the Fund and receives distributions from the fund subject to OCCF's investment and spending policies, which is currently 5% of the average market value over the previous 12 quarters for all assets held for the benefit of the Foundation.

The portion of the fund established with contributions from the Foundation for the benefit of the Foundation is considered a reciprocal transfer and is included as an asset (Beneficial interest in assets held by others) and net assets with donor restrictions in the accompanying financial statements. The fair value of assets contributed by others to OCCF for the benefit of the Foundation (third-party funds) is not recognized in the accompanying financial statements.

The fair value of funds held by OCCF for the benefit of the Foundation was $220,440 at December 31, 2018. Of this amount, $58,401 is recognized in the accompanying financial statements as a beneficial interest to the Foundation at December 31, 2018. No contributions were made to the fund in 2018.

Distributions to the Foundation under the OCCF spending policy for the year ended December 31, 2018, were $7,607, and are included in contribution revenue in the statements of activities.

OCCF also maintains a donor-designated endowment fund for the benefit of a specific program at a school in the Oklahoma City Public Schools district. Distributions from this fund are accounted for under the Foundation's pass-through fund policy (see Note 9).

Note 7 – Line of Credit

The Foundation had available a line of credit from a financial institution which provided for borrowings up to $150,000 to fund short-term operating cash flow requirements. Advances under the line of credit were secured by mutual funds and bore interest at a variable rate, payable monthly. The line of credit expired on September 23, 2018, and was not renewed.

Note 8 – Endowment Funds

Board interpretation

The Foundation's Board of Directors (the Board) interprets the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result, the Foundation classifies net assets with donor restrictions to be held 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 as net assets held in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Board in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

- Donor intent as expressed in the applicable agreement
- The duration and preservation of the fund
- The purposes of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

Return objectives, risk parameters, strategies and spending policy

The principal goal of the Foundation's investment program is to administer and invest funds received from donors in a prudent manner. The Foundation has adopted an investment policy for endowment assets designed 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 are invested in a manner that is intended, over the long term, to:

- Enhance the total value of the endowment through appreciation, contributions, and/or the reinvestment of excess current earnings
- Preserve capital and avoid the risk of large loss
- Maintain sufficient liquidity to provide for all anticipated withdrawals and to invest in issues with sufficient marketability to provide for unexpected withdrawals

The overall financial objective is to maximize the risk-adjusted investment return while maintaining adequate levels of liquidity. 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). Risk of large losses is minimized by a diversified asset allocation. The current investment strategic allocation target guidelines of 60% equities, 35% fixed income, and 5% cash and cash equivalents, is expected to achieve the long-term return objectives within prudent risk constraints.

The distribution policy determined annually by the Board provides for distribution from the funds based on available earnings and anticipated funding needs consistent with the objectives outlined above, subject to limits specified by the endowment agreements.

The Foundation's endowment includes the following funds:

- Jean G. Gumerson Endowment. This fund includes board-designated and donor-restricted amounts to provide earnings to support the Urban Teacher Prep Academy.
- Kenneth Donald Burke Endowment. This endowment fund is a donor-restricted fund, held in perpetuity, initially set up to provide earnings for scholarship assistance to outstanding graduating scholar/athletes of Northwest Classen High School. Effective June 15, 2017, the Foundation and the donor amended the endowment to support athletic activities and projects at Northwest Classen High School.
- Marie W. Leonard Endowment. This endowment fund is a donor-restricted fund, held in perpetuity, to provide earnings for reading and mentoring programs of the Foundation.
- Endowment funds held by the OCCF (see Note 6).

The Foundation's endowment net asset composition by type at December 31, 2018, is as follows:

	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds	$ -	$ 978,351	$ 978,351
Board-designated endowment funds	528,070	-	528,070
Total	$ 528,070	$ 978,351	$ 1,506,421

Changes in endowment funds consist of the following for the year ended December 31, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment fund net assets at December 31, 2017	$ 589,931	$ 1,096,866	$ 1,686,797
Investment return:			
Investment income, net	9,750	17,358	27,108
Net realized and unrealized losses	(48,192)	(87,758)	(135,950)
Total investment return	(38,442)	(70,400)	(108,842)
Appropriation of endowment assets for expenditure	(23,419)	(48,115)	(71,534)
Endowment fund net assets at December 31, 2018	$ 528,070	$ 978,351	$ 1,506,421

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. There were no deficiencies of this nature at December 31, 2018.

Note 9 – Pass-Through Transactions

The Foundation receives and distributes funds for schools in the Oklahoma City Public Schools district under a school project fund policy and related agreements. These project funds are referred to as pass-through funds and are segregated from net assets of the Foundation. To be eligible for a pass-through fund, projects must be consistent with the mission, general charitable purpose and tax-exempt status of the Foundation, among other requirements. Since the Foundation does not have variance power over the use of pass-through funds, related receipts and disbursements are not recognized as revenue or expense in the statement of activities. The Foundation assesses a 3% administrative fee on funds for the direct and indirect costs incurred to accept, manage and administer pass-through funds.

During the year ended December 31, 2018, the Foundation received $503,676 and distributed $487,537 of pass-through fund transactions. The Foundation held $504,389 in pass-through funds at December 31, 2018, which is reflected as a liability in the statement of financial position.

Note 10 – DonorsChoose.org Partnership Program

The Foundation has an agreement with DonorsChoose.org to raise funds for classroom projects in Oklahoma City Public Schools. In connection with this program, the Foundation contributed $376,189 during the year ended December 31, 2018, to DonorsChoose.org, which is included in program services in the statement of activities. Public campaign contributions made directly to DonorsChoose.org are not reflected in the statement of activities.

Note 11 – Restrictions on Net Assets

Net assets without donor restrictions at December 31, 2018, include $528,070 designated by the Foundation's Board of Directors for the Gumerson endowment (see Note 8).

Net assets with donor restrictions, including amounts available for expenditure from endowments, are available as follows at December 31, 2018:

Restricted for purpose:	
Urban teacher preparation academy	$ 157,810
Bilingual teacher pipeline project	43,990
Northwest Classen High School athletics	21,793
Other programs	127,042
	350,635
Restricted for use in future period	528,769
Not subject to appropriation or expenditure:	
Endowment funds held in perpetuity	789,095
Total	$ 1,668,499

Note 12 – Fair Value Measurements

The Financial Accounting Standards Board Accounting Standards Codification established a consistent framework for measuring the fair value and fair value hierarchy based on the observability of inputs used to measure fair value.
These inputs are summarized in the three broad levels listed below:

Level 1	Quoted prices in active markets for identical assets or liabilities.
Level 2	Observable inputs other than 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 assets 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.

The asset or liability's 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. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

During the year ended December 31, 2018, there were no transfers of financial instruments between Level 1 and Level 2 or transfers into or out of Level 3. The following is a description of the valuation methodologies used for assets measured at fair value:

Money market funds – the fair value approximates the carrying value. These investments are classified within Level 1.

Mutual funds – amount consists of multi-asset income funds which are valued using quoted market prices. These investments are classified within Level 1.

Beneficial interests in assets held by OCCF – Beneficial interest in assets held by others (Beneficial Interest) is measured at fair value using Level 2 inputs. Since OCCF maintains variance power for the beneficial interests it holds, there is no potential market for the beneficial interest or similar assets. Consequently, the valuation is determined by aggregating the valuation of the underlying investments of the beneficial interest. The underlying investments include cash equivalents, corporate obligations, equity securities and other investments. The fair values of the underlying investments are based on quoted prices from active and inactive markets.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets that are measured at fair value on a recurring basis at December 31, 2018:

	Level 1	Level 2	Level 3	Total
Money market funds	$ 70,675	$ -	$ -	$ 70,675
Mutual funds	1,761,862	-	-	1,761,862
Beneficial interest in assets held by others	-	58,401	-	58,401
Total assets at fair value	$ 1,832,537	$ 58,401	$ -	$ 1,890,938

Note 13 – Retirement Plan

All full-time employees are eligible to participate in the retirement plan on the first day of the first quarter after employment. The Foundation makes contributions to the plan equal to 10% of employee compensation. During the year ended December 31, 2018, Foundation contributions to the plan totaled $34,730.

Note 14 – Leases

The Foundation is obligated on lease agreements for facility space and office equipment, which are classified as operating leases. Operating lease expense totaled approximately $27,000 for the year ended December 31, 2018. The facility lease agreement has an initial term of ten years which commenced September 2015, and provides for three five-year renewal options at set rates per the agreement. In the normal course of business, operating leases are generally renewed or replaced by other leases.

Future minimum lease payments are as follows:

Year ending December 31,	Amount
2019	$ 26,420
2020	26,794
2021	27,662
2022	26,402
2023	26,402
Total thereafter	44,005
	$ 177,685