



**THE  
FOUNDATION**  
FOR OKLAHOMA CITY PUBLIC SCHOOLS

**OKLAHOMA CITY PUBLIC  
SCHOOLS FOUNDATION, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2015 and 2014**

**WITH**

**INDEPENDENT AUDITOR'S REPORT**

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## 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 statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses 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 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 June 30, 2015 and 2014, and 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.

*HoganTaylor LLP*

December 14, 2015

**OKLAHOMA CITY PUBLIC  
SCHOOLS FOUNDATION, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**June 30, 2015 and 2014**

	2015	2014
<b>Assets</b>		
Cash	\$ 273,779	\$ 48,825
Pledges receivable, net	82,553	107,544
Inventory	-	15,151
Investments	1,498,744	1,466,892
Beneficial interest in assets held by others	60,463	61,360
Deposit	3,306	3,306
Property and equipment, net	14,466	32,035
Total assets	\$ 1,933,311	\$ 1,735,113
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable	\$ 8,573	\$ 70,994
Pass-through liability	96,384	93,531
Line of credit	64,514	-
Total liabilities	169,471	164,525
Net assets:		
Unrestricted	754,272	563,479
Temporarily restricted	218,411	214,055
Permanently restricted	791,157	793,054
Total net assets	1,763,840	1,570,588
Total liabilities and net assets	\$ 1,933,311	\$ 1,735,113

**OKLAHOMA CITY PUBLIC  
SCHOOLS FOUNDATION, INC.**

**STATEMENT OF ACTIVITIES**

**Year ended June 30, 2015**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue, Gains and Other Support</b>				
Contributions	\$ 865,138	\$ 1,000	\$ -	\$ 866,138
In-kind donations	96,532	-	-	96,532
Investment income	11,270	19,313	-	30,583
Net unrealized and realized investment gains (losses)	9,397	259	(897)	8,759
Funds released from restrictions	17,216	(16,216)	(1,000)	-
Total revenue, gains and other support	999,553	4,356	(1,897)	1,002,012
<b>Expenses</b>				
Program services	678,369	-	-	678,369
Supporting services:				
Management and general	78,591	-	-	78,591
Fundraising	51,800	-	-	51,800
Total expenses	808,760	-	-	808,760
Change in net assets	190,793	4,356	(1,897)	193,252
Net assets at beginning of year	563,479	214,055	793,054	1,570,588
Net assets at end of year	\$ 754,272	\$ 218,411	\$ 791,157	\$ 1,763,840

**OKLAHOMA CITY PUBLIC  
SCHOOLS FOUNDATION, INC.**

**STATEMENT OF ACTIVITIES**

**Year ended June 30, 2014**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue, Gains and Other Support</b>				
Contributions	\$ 673,851	\$ 172,683	\$ -	\$ 846,534
In-kind donations	313,918	-	-	313,918
Investment income	33,837	35,547	-	69,384
Net unrealized and realized investment gains	72,969	91,070	4,957	168,996
Funds released from restrictions	380,054	(380,054)	-	-
<b>Total revenue, gains and other support</b>	<b>1,474,629</b>	<b>(80,754)</b>	<b>4,957</b>	<b>1,398,832</b>
<b>Expenses</b>				
Program services	1,608,990	-	-	1,608,990
Supporting services:				
Management and general	158,851	-	-	158,851
Fundraising	100,027	-	-	100,027
<b>Total expenses</b>	<b>1,867,868</b>	<b>-</b>	<b>-</b>	<b>1,867,868</b>
Change in net assets	(393,239)	(80,754)	4,957	(469,036)
Net assets at beginning of year	956,718	294,809	788,097	2,039,624
Net assets at end of year	<u>\$ 563,479</u>	<u>\$ 214,055</u>	<u>\$ 793,054</u>	<u>\$ 1,570,588</u>

**OKLAHOMA CITY PUBLIC  
SCHOOLS FOUNDATION, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year ended June 30, 2015**

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Scholarships, grants and awards	\$ 215,295	\$ -	\$ -	\$ 215,295
Personnel	207,007	35,421	34,778	277,206
Professional fees and contractual services	59,633	15,305	5,029	79,967
Advertising and marketing	19,300	-	-	19,300
Bad debt expense	-	5,567	-	5,567
Training	1,271	633	115	2,019
Postage and shipping	2,196	44	89	2,329
Materials and supplies	1,181	241	55	1,477
Equipment rental and maintenance	11,878	440	879	13,197
Loss on disposal of property and equipment	-	6,992	-	6,992
Printing and publication	24,684	301	515	25,500
Conferences and meetings	80,892	317	5,993	87,202
Occupancy	35,485	1,481	2,500	39,466
Depreciation	-	10,576	-	10,576
Travel and transportation	1,161	95	75	1,331
Dues and subscriptions	5,831	294	449	6,574
Insurance	4,194	381	498	5,073
Telephone	8,361	503	825	9,689
<b>Total expenses</b>	<b>\$ 678,369</b>	<b>\$ 78,591</b>	<b>\$ 51,800</b>	<b>\$ 808,760</b>

**OKLAHOMA CITY PUBLIC  
SCHOOLS FOUNDATION, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year ended June 30, 2014**

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Scholarships, grants and awards	\$ 765,572	\$ 610	\$ 1,220	\$ 767,402
Personnel	515,688	51,417	73,104	640,209
Professional fees and contractual services	88,827	42,912	6,516	138,255
Advertising and marketing	36,900	-	-	36,900
Bad debt expense	-	39,418	-	39,418
Training	2,033	142	185	2,360
Postage and shipping	2,645	63	1,163	3,871
Materials and supplies	15,810	1,204	660	17,674
Equipment rental and maintenance	20,144	591	1,140	21,875
Printing and publication	12,771	1,077	3,098	16,946
Conferences and meetings	47,192	2,973	7,159	57,324
Occupancy	73,101	2,359	2,368	77,828
Dues and subscriptions	3,490	207	276	3,973
Travel and transportation	999	503	812	2,314
Insurance	6,319	485	766	7,570
Depreciation	-	14,235	-	14,235
Telephone	17,499	655	1,560	19,714
<b>Total expenses</b>	<b>\$ 1,608,990</b>	<b>\$ 158,851</b>	<b>\$ 100,027</b>	<b>\$ 1,867,868</b>



**OKLAHOMA CITY PUBLIC  
SCHOOLS FOUNDATION, INC.**

**STATEMENTS OF CASH FLOWS**

**Year ended June 30, 2015 and 2014**

	2015	2014
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 193,252	\$ (469,036)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	10,576	14,235
Provision for uncollectible accounts	5,567	39,418
Net realized and unrealized investment (gains) losses	8,759	(168,996)
Loss on disposal of property and equipment	6,992	-
Changes in operating assets and liabilities:		
Pledges receivable	19,424	185,121
Inventory	15,151	136,391
Accounts payable	(62,421)	(10,523)
Pass-through liability	2,853	22,581
Net cash provided by (used in) operating activities	200,153	(250,809)
<b>Cash Flows from Investing Activities</b>		
Purchase of investments	(173,887)	(430,087)
Proceeds from sales of investments	134,174	711,572
Net cash (used in) provided by investing activities	(39,713)	281,485
<b>Cash Flows from Financing Activities</b>		
Advances on line of credit, net	64,514	-
Net cash provided by financing activities	64,514	-
Net increase in cash	224,954	30,676
Cash, beginning of year	48,825	18,149
Cash, end of year	\$ 273,779	\$ 48,825
<b>Noncash Investing and Financing Transactions</b>		
Contributions of stock by related party in satisfaction of pledge	\$ 21,545	\$ -

**OKLAHOMA CITY PUBLIC  
SCHOOLS FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2015 and 2014**

**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. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Net assets

The Foundation reports information regarding its financial position and changes in net assets according to three classes of net assets based on the existence or absence of donor-imposed restrictions, as follows:

*Unrestricted* – Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

*Temporarily restricted* – Net assets whose use is limited by donor-imposed restrictions that either expire with the passage of time or occurrence of specified events or actions. When a restriction has been fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Net assets with restrictions that are met in the same reporting period as their receipt are accounted for as unrestricted net assets.

*Permanently restricted* – Net assets whose use is limited by donor-imposed restrictions that require such resources be maintained in perpetuity and the related income utilized for operating or other donor-restricted purposes.

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, including unconditional promises to give, are recorded when received. All contributions are available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support.

### 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. At June 30, 2015 and 2014, the allowance for uncollectible pledges receivable was approximately \$3,200 and \$4,700, respectively.

### 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 unrestricted as to their use, unless their use is temporarily or permanently 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.

### Inventory

Inventory used in the Foundation's Teachers' Warehouse program consisted of donated goods held for distribution. The Foundation recognized the value of donated goods based on an internally developed pricing index. In October 2014, the Teachers Warehouse program was discontinued.

### 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 three 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 supportive services 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 \$19,300 and \$36,900 for the years ended June 30, 2015 and 2014, respectively, 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. Concentrations of credit risk with respect to pledges receivable are limited due to the diversity of donors comprising the Foundation's donor base. As of June 30, 2015 and 2014, two donors accounted for approximately 40% and 24% of pledges receivable, respectively.

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 on cash and cash equivalents.

### Subsequent events

Management has evaluated subsequent events through December 14, 2015, the date the financial statements were available to be issued.

### **Note 3 – Investments**

Investments consist of the following at June 30:

	<u>2015</u>	<u>2014</u>
Money market funds	\$ 74,998	\$ 26,754
Mutual funds	1,423,746	1,440,138
	<u>\$ 1,498,744</u>	<u>\$ 1,466,892</u>

### **Note 4 – 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 a permanently restricted net asset 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 \$228,170 and \$231,555 as of June 30, 2015 and 2014, respectively. Of this amount, \$60,463 and \$61,360 is recognized in the accompanying financial statements as a beneficial interest to the Foundation as of June 30, 2015 and 2014, respectively. No contributions were made to the fund in 2015 or 2014.

Distributions to the Foundation under the OCCF spending policy during the years ended June 30, 2015 and 2014, were \$10,834 and \$13,121, respectively, and are included in revenue from grants and contributions 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 5 – Line of Credit**

In September 2014, the Foundation entered into a \$150,000 line of credit with a financial institution to fund short-term operating cash flow requirements. Advances under the line of credit are secured by mutual funds and bear interest at a variable rate, payable monthly beginning in October 2014. The line of credit was renewed on September 23, 2015, for an additional year, and expires on September 23, 2016. As of June 30, 2015, \$64,514 is outstanding under this line of credit.

#### **Note 6 – 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 as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the 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 for tuition assistance to support national board certification for district teachers. Subsequent to June 30, 2015, the board and donors approved to amend the Gumerson endowment to support the Urban Teacher Prep Academy.
- Kenneth Donald Burke Endowment. This endowment fund is a permanent, donor-restricted fund to provide earnings for scholarship assistance to outstanding graduating scholar/athletes of Northwest Classen High School.
- Marie W. Leonard Endowment. This endowment fund is a permanent, donor-restricted fund to provide earnings for reading and mentoring programs of the Foundation.
- Endowment funds held by the OCCF (see Note 4).

The Foundation's endowment net asset compositions, by type at June 30, are as follows:

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ -	\$ 218,411	\$ 791,157	\$ 1,009,568
Board-designated endowment funds	490,290	-	-	490,290
<b>Total</b>	<b>\$ 490,290</b>	<b>\$ 218,411</b>	<b>\$ 791,157</b>	<b>\$ 1,499,858</b>

  

	2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ -	\$ 198,904	\$ 793,054	\$ 991,958
Board-designated endowment funds	479,028	-	-	479,028
<b>Total</b>	<b>\$ 479,028</b>	<b>\$ 198,904</b>	<b>\$ 793,054</b>	<b>\$ 1,470,986</b>

Changes in endowment funds consist of the following at June 30:

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment fund net assets at June 30, 2014	\$ 479,028	\$ 198,904	\$ 793,054	\$ 1,470,986
Investment return:				
Investment income, net	7,865	13,670	-	21,535
Net appreciation	3,397	5,903	(897)	8,403
Total investment return	11,262	19,573	(897)	29,938
Reclassification of endowment assets	-	1,000	(1,000)	-
Appropriation of endowment assets for expenditure	-	(1,066)	-	(1,066)
<b>Endowment fund net assets at June 30, 2015</b>	<b>\$ 490,290</b>	<b>\$ 218,411</b>	<b>\$ 791,157</b>	<b>\$ 1,499,858</b>

  

	2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment fund net assets at June 30, 2013	\$ 407,945	\$ 101,784	\$ 788,097	\$ 1,297,826
Investment return:				
Investment income, net	19,839	35,547	-	55,386
Net appreciation	51,244	91,070	4,957	147,271
Total investment return	71,083	126,617	4,957	202,657
Appropriation of endowment assets for expenditure	-	(29,497)	-	(29,497)
<b>Endowment fund net assets at June 30, 2014</b>	<b>\$ 479,028</b>	<b>\$ 198,904</b>	<b>\$ 793,054</b>	<b>\$ 1,470,986</b>

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 that are reported in unrestricted net assets as of June 30, 2015 or 2014.

### **Note 7 – 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.

There have been no changes in the methodologies used at June 30, 2015 and 2014. During the year ended June 30, 2015 and 2014, 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 June 30:

	2015			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 74,998	\$ -	\$ -	\$ 74,998
Mutual funds	1,423,746	-	-	1,423,746
Beneficial interest in assets held by others	-	60,463	-	60,463
<b>Total assets at fair value</b>	<b>\$ 1,498,744</b>	<b>\$ 60,463</b>	<b>\$ -</b>	<b>\$ 1,559,207</b>

  

	2014			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 26,754	\$ -	\$ -	\$ 26,754
Mutual funds	1,440,138	-	-	1,440,138
Beneficial interest in assets held by others	-	61,360	-	61,360
<b>Total assets at fair value</b>	<b>\$ 1,466,892</b>	<b>\$ 61,360</b>	<b>\$ -</b>	<b>\$ 1,528,252</b>

#### Note 8 – Restrictions on Net Assets

Unrestricted net assets include \$490,290 and \$479,028 designated by the Foundation's board of directors for the Gumerson endowment (see Note 6) as of June 30, 2015 and 2014, respectively.

Temporarily restricted net assets, including amounts available for expenditure from endowments, are available for the following at June 30:

	2015	2014
National teacher certification	\$ 181,514	\$ 167,267
Scholarships	26,552	24,401
Teachers' Warehouse	-	15,151
Other programs	10,345	7,236
<b>Total</b>	<b>\$ 218,411</b>	<b>\$ 214,055</b>

Permanently restricted net assets of \$791,157 and \$793,054 at June 30, 2015 and 2014, respectively, include funds held in the Foundation's endowment to support Foundation programs (see Note 6).

#### 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. During the years ended June 30, 2015 and 2014, the Foundation received approximately \$36,000 and \$98,000 and distributed approximately \$33,000 and \$75,000 of pass-through fund transactions, respectively. The Foundation maintained \$96,384 and \$93,531 in pass-through funds as of June 30, 2015 and 2014, respectively, which are reflected as a liability in the statement of financial position.

#### **Note 10 – DonorsChoose Partnership Program**

During the fiscal year ended June 30, 2015, the Foundation entered into an agreement with DonorsChoose.org (DonorsChoose) to raise funds for classroom projects in Oklahoma City Public Schools. In connection with this program, the Foundation contributed \$100,000 to DonorsChoose to be used to match amounts contributed through public funding, which is included in program services in the statement of activities. Public campaign contributions made directly to DonorsChoose are not reflected in the statement of activities. The agreement with DonorsChoose was renewed for an additional year in July 2015.

#### **Note 11 – 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 5% of employee compensation. During the years ended June 30, 2015 and 2014, Foundation contributions to the plan totaled \$10,809 and \$26,395, respectively.

#### **Note 12 – 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 \$39,000 and \$75,900 for the years ended June 30, 2015 and 2014, respectively. The lease agreement provides for three 5-year renewal options at set rates per the agreement. In the normal course of business, operating leases are generally be renewed or replaced by other leases. Future minimum lease payments are as follows (see Note 13):

<u>Year Ending December 31</u>	<u>Amount</u>
12/31/2016	\$ 31,135
12/31/2017	24,908
12/31/2018	24,908
12/31/2019	24,908
12/31/2020	25,282
Thereafter	<u>125,412</u>
	<u>\$ 256,553</u>

#### **Note 13 – Subsequent Events**

On August 24, 2015, the Board of Directors of the Foundation voted to change the Foundation's year-end from June 30 to December 31.