

Oklahoma City Community Foundation, Inc.

Consolidated Financial Statements
and Supplementary Information
June 30, 2023

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RSM US LLP

Independent Auditor's Report

Audit Committee and Management
Oklahoma City Community Foundation

Opinion

We have audited the consolidated financial statements of Oklahoma City Community Foundation, Inc., and its affiliated organizations (the Foundation), which comprise the consolidated statements of financial position as of June 30, 2023, the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Report on Summarized Comparative Information

We have previously audited the Foundation's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 10, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

RSM US LLP

Oklahoma City, Oklahoma
November 9, 2023

Oklahoma City Community Foundation, Inc.

Consolidated Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	\$ 9,414,000	\$ 3,985,000
Other receivables	889,000	542,000
Investments	1,496,379,000	1,378,625,000
Beneficial interest in trusts	793,000	2,447,000
Real estate investments, net	10,749,000	11,636,000
Property and equipment	30,531,000	26,550,000
Other assets	1,139,000	2,098,000
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Total assets	\$ 1,549,894,000	\$ 1,425,883,000
Liabilities and Net Assets		
Liabilities:		
Accounts payable and other liabilities	\$ 990,000	\$ 1,954,000
Grants and program services payable, net	22,370,000	13,893,000
Annuity contracts payable	1,978,000	1,968,000
Assets held for others	2,503,000	2,574,000
Charitable funds held for the benefit of other organizations	181,750,000	155,466,000
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Total liabilities	209,591,000	175,855,000
Net assets:		
Without donor restrictions	258,156,000	267,123,000
Without donor restrictions, board-designated endowment funds	93,611,000	84,730,000
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	351,767,000	351,853,000
With donor restrictions	988,536,000	898,175,000
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Total net assets	1,340,303,000	1,250,028,000
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Total liabilities and net assets	\$ 1,549,894,000	\$ 1,425,883,000

See notes to consolidated financial statements.

Oklahoma City Community Foundation, Inc.

Consolidated Statements of Activities

Year Ended June 30, 2023 (with summarized comparative information for the year ended June 30, 2022)

	2023			2022 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenues, gains and other support:				
Contribution revenue:				
Contributions and agency transfers of cash and other financial assets	\$ 21,209,000	\$ 26,641,000	\$ 47,850,000	\$ 56,636,000
Less agency transfers of cash and other financial assets	(13,270,000)	(4,976,000)	(18,246,000)	(18,520,000)
Contributions of cash and other financial assets	7,939,000	21,665,000	29,604,000	38,116,000
Contributions of nonfinancial assets	3,230,000	-	3,230,000	940,000
Contribution revenue	11,169,000	21,665,000	32,834,000	39,056,000
Investment return, net	31,195,000	104,827,000	136,022,000	(169,869,000)
Change in value of split-interest agreements	-	(106,000)	(106,000)	(884,000)
Administrative fees	4,225,000	(3,475,000)	750,000	733,000
Other income	26,000	-	26,000	7,000
Net assets released from restrictions	32,550,000	(32,550,000)	-	-
Total revenues, gains and other support	79,165,000	90,361,000	169,526,000	(130,957,000)
Expenses:				
Program services:				
Grants and agency distributions	78,832,000	-	78,832,000	49,118,000
Less agency distributions	(9,880,000)	-	(9,880,000)	(5,382,000)
Grants	68,952,000	-	68,952,000	43,736,000
Other program expenses	3,468,000	-	3,468,000	3,359,000
Total program services expense	72,420,000	-	72,420,000	47,095,000
General and administrative	5,584,000	-	5,584,000	5,077,000
Development	1,247,000	-	1,247,000	1,119,000
Total expenses	79,251,000	-	79,251,000	53,291,000
Change in net assets	(86,000)	90,361,000	90,275,000	(184,248,000)
Net assets at beginning of year	351,853,000	898,175,000	1,250,028,000	1,434,276,000
Net assets at end of year	\$ 351,767,000	\$ 988,536,000	\$ 1,340,303,000	\$ 1,250,028,000

See notes to consolidated financial statements.

Oklahoma City Community Foundation, Inc.

Consolidated Statements of Functional Expenses

Year Ended June 30, 2023 (with summarized comparative information for the year ended June 30, 2022)

	2023			2022 Total	
	Program Services	General and Administrative	Fundraising and Development		Total
Grants	\$ 68,952,000	\$ -	\$ -	\$ 68,952,000	\$ 43,736,000
Personnel	1,001,000	3,957,000	724,000	5,682,000	5,017,000
Information technology	74,000	229,000	41,000	344,000	371,000
Occupancy	178,000	214,000	25,000	417,000	411,000
Insurance	171,000	81,000	-	252,000	96,000
Printing, office services and supplies	20,000	53,000	6,000	79,000	64,000
Professional fees	672,000	303,000	25,000	1,000,000	1,067,000
Travel, meals and conferences	30,000	92,000	11,000	133,000	134,000
Public relations and advertising	63,000	129,000	337,000	529,000	576,000
Memberships, dues and subscriptions	8,000	67,000	8,000	83,000	54,000
Depreciation	319,000	435,000	51,000	805,000	575,000
Disaster and emergency response	418,000	-	-	418,000	489,000
Parks and public spaces maintenance	396,000	-	-	396,000	308,000
Miscellaneous	118,000	24,000	19,000	161,000	393,000
Total expenses	\$ 72,420,000	\$ 5,584,000	\$ 1,247,000	\$ 79,251,000	\$ 53,291,000

See notes to consolidated financial statements.

Oklahoma City Community Foundation, Inc.

Consolidated Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 90,275,000	\$ (184,248,000)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	1,809,000	1,632,000
Noncash contributions	(6,892,000)	(15,113,000)
Proceeds from sales of noncash contributions	4,262,000	13,114,000
Net investment (gains) losses	(149,393,000)	186,935,000
Beneficial interest in trusts distributions	1,632,000	5,204,000
Change in value of split-interest agreements	127,815	884,000
Change in discount on grants payable	1,877,000	(378,000)
Changes in operating assets and liabilities:		
Accrued income and other receivables	(347,000)	434,000
Other assets	959,000	583,000
Accounts payable and other liabilities	(964,000)	(327,000)
Grants and program services payable	6,600,000	525,000
Annuity contracts payable	(282,000)	(207,000)
Assets held for others	115,185	(725,000)
Charitable funds held for the benefit of other organizations	42,778,000	13,819,000
Net cash (used in) provided by operating activities	(7,443,000)	22,132,000
Cash flows from investing activities:		
Purchases of investments	(261,230,000)	(417,897,000)
Proceeds from sales and maturities of investments	277,064,000	398,401,000
Proceeds from sales of investments in real estate	1,824,000	335,000
Purchases of property and equipment	(4,786,000)	(4,347,000)
Net cash provided by (used in) investing activities	12,872,000	(23,508,000)
Change in cash and cash equivalents	5,429,000	(1,376,000)
Cash and cash equivalents at beginning of year	3,985,000	5,361,000
Cash and cash equivalents at end of year	\$ 9,414,000	\$ 3,985,000
Supplemental information:		
Net investment (gains) losses on agency transfers	\$ (16,494,000)	\$ 23,171,000

See notes to consolidated financial statements.

Oklahoma City Community Foundation, Inc.

Notes to Consolidated Financial Statements

Note 1. Organization

Oklahoma City Community Foundation, Inc. (OCCF) was incorporated December 30, 1968, under the laws of the state of Oklahoma, as a not-for-profit organization without capital stock to serve the charitable needs of the Oklahoma City area through the development and administration of endowment funds with the goal of preserving capital and enhancing its value for the benefit of the Oklahoma City area.

Reporting entity: The consolidated financial statements include the assets, liabilities, net assets, changes in net assets and cash flows of OCCF, its affiliated organizations (also referred to as supporting organizations) and its five single member limited liability companies formed to hold real estate and certain other assets. The supporting organizations are separate legal entities in which OCCF has an economic interest and controls the supporting organizations' Boards of Trustees. The consolidated supporting organizations (and the year ended June 30 they were formed) include the following:

The Science Museum of Oklahoma Affiliated Fund (1988)
John Kirkpatrick Fund for Historic, Cultural and Civic Understanding Affiliated Fund (1989)
The Kirkpatrick Family Affiliated Fund (KFAF) (1989)
Cowboy Hall of Fame Affiliated Fund (1991)
Malzahn Family Affiliated Fund (1992)
Oklahoma City Art Museum Affiliated Fund (1992)
Leadership Oklahoma City Affiliated Fund (1994)
Deer Creek Affiliated Fund (1995)—Dissolved in 2023
Allied Arts Foundation Affiliated Fund (1995)
Oklahoma Philharmonic Affiliated Fund (1995)
Rural Oklahoma Community Foundation, Inc. (1995)
Heritage Hall Affiliated Fund (1996)
John and Claudia Holliman Affiliated Fund (1997)
Raymond H. and Bonnie Hefner Family Affiliated Fund (1998)
Hospice Foundation of Oklahoma Affiliated Fund (1998)
Lawton Community Foundation, Inc. (1999)
Bob and Nancy Anthony Family Affiliated Fund (2000)
Love Family Affiliated Fund (2000)
Robert and Blanche Gordon Family Affiliated Fund (2001)
Community Resources Oil and Gas, Inc. (2001)
Community Resources Real Estate, Inc. (2001)
Janice and Joe L. Singer Family Affiliated Fund (2004)—Dissolved in 2023
Everett Family Foundation Affiliated Fund (2006)
The Christian Keese Charitable Fund an Affiliated Fund (2008)
Albers Family Affiliated Fund (2009)
E. Phil and Roberta Kirschner Affiliated Fund (2014)
Vogt Family Affiliated Fund (2015)

OCCF and all of its consolidated supporting organizations and the limited liability companies are collectively referred to as the Foundation throughout these consolidated financial statements.

Oklahoma City Community Foundation, Inc.

Notes to Consolidated Financial Statements

Note 2. Significant Accounting Policies

Basis of accounting: The consolidated financial statements of the Foundation have been prepared on the accrual basis of accounting.

Principles of consolidation: The consolidated financial statements include OCCF, its supporting organizations and limited liability companies (see Note 1). All material inter-organizational transactions have been eliminated in consolidation.

Basis of presentation: The Foundation's financial statement presentation follows the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Accounting standards implemented: On February 25, 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, to increase the transparency and comparability among organizations related to their leasing arrangements. This comprehensive standard amends and supersedes existing lease accounting guidance and is intended to increase transparency and comparability among organizations by recognizing the right-of-use (ROU) lease asset and lease liabilities on the balance sheet and requiring disclosure of key information about leasing arrangements. Lease expense continues to be recognized in a manner similar to legacy U.S. GAAP. The Foundation adopted the new lease standard on July 1, 2022, using the optional transition method to the modified retrospective approach. Under this transition provision, resulting for reporting periods beginning on July 1, 2022, are presented under Topic 842, while prior period amounts continue to be reported and disclosed in accordance with the Foundation's historical accounting treatment under ASC Topic 840, Leases. This adoption had an immaterial effect on the financial statements.

Net asset classification: The Board of Trustees of the Foundation (the Trustees) have interpreted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), as enacted by the state of Oklahoma (OK UPMIFA), to require the Foundation to exercise prudence in determining whether to spend from or accumulate to donor-restricted endowment funds with a view toward the permanent nature and long-term continuing viability of such funds, rather than the maintenance of the historic dollar value thereof, absent explicit donor stipulations to the contrary. As a community foundation, in accordance with United States Treasury Regulations, the Foundation possesses variance power. Variance power is the unilateral right to remove donor-imposed restrictions upon a gift in response to changed circumstances. The Foundation interprets its variance power to apply to time restrictions and endowment restrictions as well as purpose restrictions. This power is exercisable only in narrowly defined circumstances. Because this power is incorporated by reference in the gift instruments for all of the donor-restricted endowment fund gifts received by the Foundation, the Foundation views its variance power as an explicit expression of donor intent.

The legal opinion approved by the Trustees concluded that gifts to the Foundation may be subject to one or more of three types of donor-imposed restrictions: (1) contributions received with restrictions as to the purpose(s) for which the gift may be used (purpose restriction), (2) contributions received with a requirement that the principal of the gift be retained for a specified period of time (time restriction) and (3) contributions received with a requirement that the principal of the gift be retained permanently (endowment restriction). The Trustees have determined that the Foundation's variance power applies to all three types of restrictions and that only those funds subject to endowment restrictions constitute endowment funds under OK UPMIFA. Therefore, the Foundation classifies all funds which are subject only to purpose restrictions as net assets without donor restrictions.

Oklahoma City Community Foundation, Inc.

Notes to Consolidated Financial Statements

Note 2. Significant Accounting Policies (Continued)

Funds subject to time restrictions are classified as net assets with donor restrictions until expiration of the time restriction and, as the Trustees (and the legal opinion) have interpreted the Foundation's variance power to apply to endowment restrictions, funds subject to endowment restrictions are classified as net assets with donor restrictions, except for amounts appropriated for spending, which are classified as net assets without donor restrictions.

As a result of this interpretation, the Foundation classifies (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 as net assets with donor restrictions until appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by OK UPMIFA. Once amounts are appropriated for spending from a donor-restricted endowment fund, such amounts are classified as net assets without donor restrictions until spent. In accordance with OK UPMIFA, the Foundation considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

- 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

The legal opinion concluded that split-interest funds, including charitable gift annuities, do not constitute institutional funds as defined by OK UPMIFA and, therefore, do not constitute endowment funds. The Foundation classifies split-interest agreements with implied time restrictions and/or donor endowment restrictions as contributions with donor restrictions. As charitable gift annuities do not by their nature have an implied time restriction, related contributions are classified as without donor restrictions in the absence of a donor-imposed time or endowment restriction. Currently, all the Foundation's charitable gift annuities are donor-restricted for endowment.

Endowment investment and spending policies: The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. The investment policy establishes an achievable return objective through diversification of investment assets. 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 within prudent risk parameters.

The Foundation's spending policy calculates the amount of money annually appropriated for spending from various endowment funds for grant making and administration. The current spending policy is to appropriate an amount equal to 5% of a moving 12-quarter average for all types of endowed funds. The Foundation reviews its endowment spending policy annually. If investment return for the previous fiscal year is below 6%, additional review is conducted for certain funds with no living or active advisor. If the market value of a fund with no living advisor has fallen below 95% of the historical gift(s), the distribution is modified, or not made, until the market value is restored. If the market value has fallen below 90% of the historical gift(s) and the fund does not receive regular contributions, distributions are reduced to approximately 60% of the spending policy calculation.

Oklahoma City Community Foundation, Inc.

Notes to Consolidated Financial Statements

Note 2. Significant Accounting Policies (Continued)

Charitable funds held for the benefit of other organizations: The Foundation follows ASC Topic 958, Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others. This guidance requires the Foundation to account for assets that are received from a not-for-profit organization for the benefit of that not-for-profit organization, or one of its affiliated organizations, as a liability to the specified beneficiary concurrent with its recognition of the assets received. In addition, all activity associated with these assets and liabilities are required to be excluded from inclusion in the consolidated statements of activities; however, in order to present the full scope of the Foundation's operations, the Foundation includes the receipts from (contributions) and distributions to (grants) these not-for-profits in its consolidated statements of activities and then separately presents the respective agency activity as a reduction thereof, to result in a net presentation in accordance with accounting principles generally accepted in the United States.

In the consolidated statements of financial position, the assets held on behalf of the agency are included in cash and cash equivalents and investments and the related liability is classified as charitable funds held for the benefit of other organizations. Assets and liabilities related to such funds totaled \$181,750,000 and \$155,466,000 at June 30, 2023 and 2022, respectively. The Foundation maintains legal ownership over these funds and the assets are managed in accordance with the same investment and spending policies as the Foundation's other endowment funds and are invested in the Foundation's general pool.

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

Contributions receivable: Contributions receivable, which arise primarily from trusts and estates, are carried at present value of the expected future cash flows at the financial statement date. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. No amounts have been recognized in the consolidated financial statements for conditional promises to give, which generally arise from the Foundation being named as a beneficiary in a revocable will or trust. Intentions to give at June 30, 2023 and 2022, cannot be estimated due to the insufficiency of information available to the Foundation. Contributions receivable are included in other receivables in the consolidated statements of financial position and were \$60,000 and \$0 at June 30, 2023 and 2022, respectively.

Investments: Investments are reported at fair value. The Foundation elected to report the fair value of its commingled funds using the practical expedient. The practical expedient allows for the use of net asset value (NAV), either as reported by the investee fund or as adjusted by Foundation management. Realized gains and losses on sales of commingled funds, most U.S. government obligations, domestic and foreign bonds, and notes receivable are computed on the average cost basis. In both 2022 and 2023, realized gains and losses are determined using the average cost basis.

At June 30, 2023 and 2022, total amounts invested in the Foundation's general pool were \$996,826,000 and \$921,089,000, respectively, and equity pool were \$17,253,000 and \$15,545,000, respectively.

The Foundation holds closely held stock with a fair value of \$7,870,000 and \$7,636,000 at June 30, 2023 and 2022, respectively, which is included in equity investments—domestic equities (see Note 3). Two trustees of two of the Foundation's affiliated funds serve as directors for this closely-held company.

Oklahoma City Community Foundation, Inc.

Notes to Consolidated Financial Statements

Note 2. Significant Accounting Policies (Continued)

Beneficial interest in trusts: Beneficial interests in trusts are carried at fair market value and represent the Foundation's interest in trusts which are held by independent trustees. These irrevocable interests are initially recognized at fair market value in the consolidated statements of financial position and as contributions with donor restrictions when the agreement is received and fair value can be reasonably estimated. Subsequent changes in the fair value of the beneficial interest are recognized through the change in value of split-interest agreements in the consolidated statements of activities. Distributions from the trusts are reflected as a reduction in the beneficial interest and the net assets are reclassified from net assets with donor restrictions to net assets without donor restriction through net assets released from restriction (unless the assets are otherwise restricted (i.e., for endowment)) (see Note 6).

Real estate investments, net: Investments in real estate consist of real property interests, including buildings and equipment which are used for the production of income. The assets are carried at the lower of cost or fair value on gift date, if donated, net of accumulated depreciation. All investments in real estate were donated to the Foundation and it is the Foundation's policy to obtain appraisals from a qualified appraiser at the time of donation. The Foundation does not subsequently estimate the fair value of real estate if there are no identified events or changes in circumstances that may have a significant adverse effect on the fair value of the real estate investment due to the prohibitive cost of obtaining periodic appraisals.

Property and equipment: Property and equipment is carried at cost or, if donated, at the estimated fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are three to five years for furniture, fixtures and equipment, and 20 to 30 years for buildings.

Impairment of long-lived assets: The Foundation reviews long-lived assets, including investments in real estate and property and equipment, for impairment whenever events and changes in circumstances indicate that the carrying value of the asset may not otherwise be recoverable. In connection with this review, the Foundation also re-evaluates applicable periods of depreciation and amortization for these assets. The Foundation assesses the recoverability by determining whether the net book value of the related asset will be recovered through the projected undiscounted future cash flows of the asset. If the Foundation determines that the carrying value of the asset may not be recovered, it measures any impairment based on the asset's fair value as compared to the asset's carrying value. Once impairment is recognized, the asset will not be written back to cost, even if the asset subsequently increases in fair value. The factors considered by management in performing this assessment include current operating results, trends and prospects, and the effects of obsolescence, demand, competition and other economic factors. No impairment was recognized in 2023 or 2022.

Other assets: Other assets consist primarily of life insurance policies in which the Foundation is the beneficiary. Life insurance policies are carried at their cash surrender values and all other assets are carried at cost, or if donated, at the fair value at the date of donation.

Collections: The Foundation does not include either the cost or the value of its collections in the consolidated statements of financial position, nor does it recognize gifts of collection items as revenues in the consolidated statements of activities. Purchases of collection items are recorded as decreases in net assets without donor restriction in the year in which the items are acquired and proceeds from deaccessions or insurance recoveries are reflected as increases in net assets without donor restriction.

Oklahoma City Community Foundation, Inc.

Notes to Consolidated Financial Statements

Note 2. Significant Accounting Policies (Continued)

Assets held for others: Assets held for others represents the portion of assets related to charitable lead and remainder trusts, of which the Foundation is the trustee, that are held for the donor or other designated beneficiary. The liability for assets held under trust agreements is equal to the present value of the expected future payments to be made to the donor or other designated beneficiary. The liability for assets held for others where the Foundation is named as the charitable beneficiary, but the designation is revocable, is equal to the fair value of the assets.

Contributions: Contributions are classified as net assets without donor restriction, unless they are subject to time or endowment restrictions, in which case they are classified as net assets with donor restrictions. It is the expressed intention of the Foundation to honor the designations of donors; however, the Foundation reserves the right to exercise final control over all funds (variance power).

Donated assets: Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of the donation (see Note 15).

Donated services: No amounts have been recognized in the consolidated financial statements for donated services. The Foundation pays for most services requiring specific expertise. Donated services provided by the Foundation's Trustees who assist the Foundation with special projects have not been recognized as the criteria for recognition has not been met. No services were received from personnel of an affiliate in 2023 or 2022.

Investment return, net: Investment return includes all interest, dividends, realized and unrealized gains and losses earned on investments and all rental income, depreciation expense, realized gains and losses and impairment (if any) from real estate investments. The investment return is presented net of all direct internal and external investment costs associated with generating investment and real estate income. These costs include, but are not limited to, custodial fees, broker fees, consulting and advisory fees, depreciation, maintenance, insurance and salaries.

Administrative fees: Administrative fees are charged to the funds based upon the individual funds' fair market values. The income from these fees, along with income from an administrative endowment fund, is used to provide for the general and administrative expenses of the Foundation. Total revenue from administrative fees results primarily from application of ASC Topic 958, Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others. Administrative fees on agency transfers totaled approximately \$700,000 and \$677,000 during the years ended June 30, 2023 and 2022, respectively. In addition, the Foundation earned administrative fees of approximately \$50,000 and \$56,000 during the years ended June 30, 2023 and 2022, respectively, in its capacity as trustee.

Grants and program services: Grants and program services represent amounts awarded to various not-for-profit organizations to assist with funding of general operations or special programs. Grants and program services payable consist of unconditional amounts awarded, but not paid, to not-for-profit organizations. Grants to be paid after one year are discounted to net present value. Grants dependent on the occurrence of a specified and uncertain event are not recognized until the conditions on which they depend are substantially met.

Oklahoma City Community Foundation, Inc.

Notes to Consolidated Financial Statements

Note 2. Significant Accounting Policies (Continued)

Functional allocation of expenses: The costs of providing the various program and supporting services have been summarized on a functional basis in the consolidated statements of activities and the consolidated statements of functional expenses. Expenses which are directly identifiable with a specific program or supporting function are charged directly to the appropriate functional category. Expenses which apply to more than one functional category have been allocated among program services, general and administrative, and fundraising and development, based on the time spent on these functions by specific employees as estimated by management. Indirect expenses, such as information technology, occupancy, depreciation and general office supplies are allocated based on the overall number of staff in the various functional categories.

Income tax matters: OCCF and its supporting organizations are tax-exempt organizations and are not subject to federal or state income taxes, except on unrelated business income, in accordance with section 501(a) of the Internal Revenue Code (the Code) and have been determined not to be a private foundation under section 509(a) of the Code. The limited liability companies are pass-through entities for tax purposes. Unrelated business income tax, if any, is immaterial and no tax provision has been made in the accompanying consolidated financial statements.

The ASC provides guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the consolidated financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing OCCF and its supporting organizations' tax returns to determine whether the tax positions are more-likely-than-not of being sustained when challenged or when examined by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense and liability in the current year. Management has determined that there are no material uncertain income tax positions.

Advertising expense: The Foundation expenses advertising costs as incurred. During 2023 and 2022, the Foundation expensed advertising and marketing costs of \$529,000 and \$576,000, respectively.

Use of estimates: The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosed contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

Oklahoma City Community Foundation, Inc.

Notes to Consolidated Financial Statements

Note 2. Significant Accounting Policies (Continued)

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

Level 1: Unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from, or corroborated by, observable market data by correlation to other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

Financial assets and liabilities carried at fair value on a recurring basis include investments, beneficial interest in trusts and charitable funds held for the benefit of other organizations. The Foundation has no assets or liabilities carried at fair value on a nonrecurring basis during the years ended June 30, 2023 or 2022.

Prior-year information: The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the Foundation's consolidated financial statement for the year ended June 30, 2022, from which the summarized information was derived. Certain reclassifications of prior-year comparative totals have been made in order to conform to the current-year presentation.

Subsequent events: Management has evaluated subsequent events through November 9, 2023, the date the consolidated financial statements were issued or available to be issued. There were no subsequent events requiring recognition or disclosure.

Oklahoma City Community Foundation, Inc.

Notes to Consolidated Financial Statements

Note 3. Fair Value Measurements

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

Investments: These assets are stated at fair value. All of the Foundation's investments in cash and cash equivalent funds, fixed-income investments and equity investments are valued by nationally recognized third-party pricing services, except for closely held stock, which are valued by the Foundation. The Foundation gives highest priority to quoted prices in active markets for identical assets accessed at the measurement date. An active market for the asset is a market in which transactions for the asset occur with sufficient frequency and volume to provide pricing information on an ongoing basis, and the Foundation classifies all such assets as Level 1. The Foundation gives a Level 2 priority to valuation prices where the valuation process involves inputs other than quoted prices included in Level 1 that are observable for the asset, either directly or indirectly. Level 2 inputs include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets where there isn't sufficient activity and/or where price quotations vary substantially, either over time or among market makers, or in which little information is released publicly.

Inputs that are observable for these assets classified as Level 2 include commonly quoted interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks, default rates and other inputs that are derived principally from or corroborated by observable market data. Mid-market pricing or other pricing conventions may be used for fair value measurements within a bid-ask spread. In certain cases where Level 1 or Level 2 inputs are not available, investments are classified within Level 3 of the hierarchy. The Level 3 assets, except for closely held stock, were valued using an option-adjusted discounted cash flow model for which the principal inputs are not observable. Closely held stock is valued by the Foundation using the market approach valuation technique. Notes receivable are valued by an independent appraisal and/or the Foundation using an income approach (discounted cash flows) valuation technique.

Commingled funds are carried at fair value, which is based on the NAV as provided by the fund manager and/or adjusted by the Foundation. The Foundation uses management agreements, analyst notes, audited financial statements and underlying investment holdings to evaluate the fund manager's valuation methodology (i.e., in determining whether the fund manager follows ASC 820) and considers various other factors including contributions and withdrawals to the fund and monitoring unaudited interim reporting to determine if any adjustment to the NAV is necessary.

Limited partnerships and limited liability companies are carried at fair value as determined by the Foundation using either the income approach (discounted cash flows) or the market approach valuation technique. In some cases, independent appraisals are obtained and then discounted to fair value by the Foundation for lack of marketability, minority interest, and/or market risk and in certain circumstances, fair values are based on comparison to similar assets at the measurement date and/or identical assets as of a different measurement date. Due to the significant unobservable inputs required to estimate the fair value of these interests, the Foundation's investments in limited partnerships and limited liability companies are all classified as Level 3 within the hierarchy.

Oil and gas interests are carried at fair value as determined by the Foundation using a discounted cash flow model (income approach) and consideration of other factors deemed relevant in the circumstances. Due to the significant unobservable inputs required to estimate the fair value of these investments, the Foundation's investments in oil and gas interests are classified as Level 3 in the hierarchy.

Oklahoma City Community Foundation, Inc.

Notes to Consolidated Financial Statements

Note 3. Fair Value Measurements (Continued)

Beneficial interest in trusts: The asset is stated at fair value, which is based on the present value of the expected future cash inflows from the trusts. The fair value of the underlying trust assets are based on quoted market prices when available, the best estimate of fair value as determined by the third-party trustee or independent appraisal. The Foundation's valuation technique considers the fair value of the assets held in the trust and applies a discount rate to convert such amounts to a single present value amount. The discount rate used by the Foundation reflects current market conditions, including the inherent risk in the underlying assets and the risk of nonperformance by the trustee. Due to the significant unobservable inputs required to estimate the expected future cash receipts from the trust agreements under the income approach, the Foundation's beneficial interest is classified as Level 3 in the hierarchy.

Charitable funds held for the benefit of other organizations: The liability is stated at fair value as determined using the income approach (expected future cash outflows). Fair value is based on the fair value of the investment assets held by the Foundation for the benefit of the recipient agency. The specific assets held for the benefit of the other organization have been classified within the hierarchy for investments (as discussed above). The related and associated liability is classified as Level 3 in the hierarchy as there is no market for a similar liability and principal inputs (i.e., fair value of assets in the portfolio and management's allocation for shares in the pool) are unobservable and significant to the overall fair value measurement.

Assets and liabilities measured at fair value on a recurring basis are classified within the fair value hierarchy as follows at June 30, 2023:

	Total	Level 1	Level 2	Level 3
Assets:				
Investments:				
Cash and cash equivalent funds	\$ 54,365,000	\$ 54,107,000	\$ 258,000	\$ -
Fixed-income investments:				
Domestic bonds and notes	71,572,000	-	71,572,000	-
Foreign bonds	5,841,000	-	5,841,000	-
Mutual funds	38,803,000	38,803,000	-	-
U.S. government obligations	48,066,000	-	48,066,000	-
Total fixed-income investments	164,282,000	38,803,000	125,479,000	-
Equity investments:				
Domestic equities	64,717,000	56,050,000	797,000	7,870,000
Foreign equities	822,000	822,000	-	-
Mutual funds—domestic	392,620,000	392,620,000	-	-
Mutual funds—foreign	1,584,000	1,584,000	-	-
Total equity investments	459,743,000	451,076,000	797,000	7,870,000
Limited partnerships and limited liability companies	82,317,000	-	-	82,317,000
Oil, gas and mineral interests	5,780,000	-	-	5,780,000
Total other investments	766,487,000	543,986,000	126,534,000	95,967,000
Commingled funds carried at net asset value (a)	729,892,000	-	-	-
Total investments at fair value	1,496,379,000	543,986,000	126,534,000	95,967,000
Beneficial interest in trusts	793,000	-	-	793,000
Total assets	\$ 1,497,172,000	\$ 543,986,000	\$ 126,534,000	\$ 96,760,000
Liabilities:				
Charitable funds held for the benefit of other organizations	\$ 181,750,000	\$ -	\$ -	\$ 181,750,000

Oklahoma City Community Foundation, Inc.

Notes to Consolidated Financial Statements

Note 3. Fair Value Measurements (Continued)

Assets and liabilities measured at fair value on a recurring basis are classified within the fair value hierarchy as follows at June 30, 2022:

	Total	Level 1	Level 2	Level 3
Assets:				
Investments:				
Cash and cash equivalent funds	\$ 47,965,000	\$ 47,720,000	\$ 245,000	
Fixed-income investments:				
Domestic bonds and notes	71,058,000	-	71,058,000	-
Foreign bonds	6,190,000	-	6,190,000	-
Mutual funds	169,826,000	169,826,000	-	-
U.S. government obligations	39,627,000	-	39,627,000	-
Total fixed-income investments	286,701,000	169,826,000	116,875,000	-
Equity investments:				
Domestic equities	58,320,000	50,684,000	-	7,636,000
Foreign equities	274,000	274,000	-	-
Mutual funds—domestic	246,530,000	246,530,000	-	-
Mutual funds—foreign	2,932,000	2,932,000	-	-
Total equity investments	308,056,000	300,420,000	-	7,636,000
Limited partnerships and limited liability companies	76,271,000	-	-	76,271,000
Oil, gas and mineral interests	5,222,000	-	-	5,222,000
Total other investments	724,215,000	517,966,000	117,120,000	89,129,000
Commingled funds carried at net asset value (a)	654,410,000	-	-	-
Total investments at fair value	1,378,625,000	517,966,000	117,120,000	89,129,000
Beneficial interest in trusts	2,447,000	-	-	2,447,000
Total assets	\$ 1,381,072,000	\$ 517,966,000	\$ 117,120,000	\$ 91,576,000
Liabilities:				
Charitable funds held for the benefit of other organizations	\$ 155,466,000	\$ -	\$ -	\$ 155,466,000

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

The Foundation received contributions of \$0 from limited liability companies during the years ended for both June 30, 2023 and 2022. The Foundation received proceeds of \$3,156,000 and \$2,998,000 from limited liability companies during the years ended June 30, 2023 and 2022, respectively. The beneficial interest in trusts received contributions of \$0 and \$1,370,000 and distributed \$1,632,000 and \$5,204,000 in cash, investments and real estate during the years ended June 30, 2023 and 2022, respectively. Charitable funds held for the benefit of other organizations received transfers from agencies totaling \$18,246,000 and \$18,520,000 and made distributions to agencies totaling \$9,880,000 and \$5,382,000 during the years ended June 30, 2023 and 2022, respectively.

Oklahoma City Community Foundation, Inc.

Notes to Consolidated Financial Statements

Note 3. Fair Value Measurements (Continued)

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

Financial Instruments Type	Fair Value at		Valuation Techniques	Unobservable Input (c)	Range of Inputs	
	June 30 2023	June 30 2022			June 30, 2023	June 30, 2022
Assets:						
Investments:						
Equity investments—domestic equities	\$ 7,870,000	\$ 7,636,000	Market comparable companies	EBIT multiple (b) Discount for lack of marketability (a) Discount for lack of control (a)	15 15% 15%	15 15% 15%
Limited partnerships and limited liability companies	82,317,000	76,271,000	Discounted cash flows	Discount for lack of marketability (a) Discount for lack of control (a)	10-20% 0-10%	10-20% 0-10%
Oil and gas interests	5,780,000	5,222,000	Discounted cash flows	Revenue multiple (b) Market risk discount (a)	4 0%	4 0%
Beneficial interest in trusts	793,000	2,447,000	Discounted cash flows	Discount rate (a) Expected rate of return (d)	5-7% 0-7%	5-7% 0-7%
Liabilities:						
Charitable funds held for the benefit of other organizations	181,750,000	155,466,000	Income approach	Present value of future cash outflows (e) Discount rate (a)	- 0%	- 0%

- (a) Represents amounts used when the Foundation has determined that market participants would take into account these discounts when pricing the asset or liability.
- (b) Represents amounts used when the Foundation has determined that market participants would use such multiples when pricing the investment.
- (c) Significant increases or decreases in any of the above unobservable inputs in isolation may result in a significantly lower or higher fair value measurement.
- (d) Represents the net fair market value of assets to be paid to the Foundation based on terms stated in the trust agreement.
- (e) Represents the respective charitable organization's beneficial interest in the Foundation's investment pool (i.e., the underlying assets which are measured at fair value). The unobservable inputs for the charitable organization liability are the same as those for the Foundation's investment pool disclosed throughout Note 3.

Oklahoma City Community Foundation, Inc.

Notes to Consolidated Financial Statements

Note 3. Fair Value Measurements (Continued)

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

	Fair Value		Redemption Frequency	Redemption Notice Period
	2023	2022		
Commingled trust and pooled funds:				
Domestic equities (a)	\$ 514,372,000	\$ 446,373,000	Daily	1 day
Foreign equities (b)	106,768,000	98,275,000	Weekly	1 day
Bonds and notes (c)	108,752,000	109,762,000	Daily	1 day
	<u>\$ 729,892,000</u>	<u>\$ 654,410,000</u>		

- (a) This class is invested in funds with the objective of approximating a weighted total rate of return equal to that of the 1,000 or 2,000 largest capitalized companies in the U.S. The domestic equity funds are stratified to include a value component (i.e., companies that generally have low price-to-book and price-earnings ratios, higher dividend yields and lower forecasted growth values) and a growth component (i.e., companies with a greater-than-median orientation towards growth). No accounts have short positions or unfunded commitments.
- (b) This class is invested in funds with the objective of approximating rates of return in excess of the markets in certain countries for equity securities traded outside the U.S. A portion of the class invests specifically in a common trust fund or portfolio consisting primarily of international securities and a portion of the class invests in international equity securities, registered investment companies, and other investment funds and derivative assets and may also engage in structured transactions using non-U.S. stocks, bonds, currencies and money market instruments, as well as exchange traded futures and options and over-the-counter forward contracts, swaps and options. No accounts have short positions or unfunded commitments.
- (c) This class invests in government and corporate debt securities with the objective of approximating the returns of the market for debt securities. No accounts have short positions or unfunded commitments.

Note 4. Property and Equipment

Property and equipment is summarized as follows:

	June 30	
	2023	2022
Land	\$ 11,144,000	\$ 10,415,000
Building	21,384,000	13,565,000
Furniture, fixtures and equipment	3,845,000	3,263,000
Construction in process	85,000	4,429,000
	<u>36,458,000</u>	<u>31,672,000</u>
Less accumulated depreciation	5,927,000	5,122,000
	<u>\$ 30,531,000</u>	<u>\$ 26,550,000</u>

Property and equipment depreciation expense totaled approximately \$805,000 and \$575,000 in 2023 and 2022, respectively.

Oklahoma City Community Foundation, Inc.

Notes to Consolidated Financial Statements

Note 5. Real Estate Investments

Real estate investments are summarized as follows:

	June 30	
	2023	2022
Land	\$ 4,084,000	\$ 3,967,000
Buildings	22,602,000	22,602,000
Other	80,000	80,000
	<u>26,766,000</u>	<u>26,649,000</u>
Less accumulated depreciation	16,017,000	15,013,000
	<u>\$ 10,749,000</u>	<u>\$ 11,636,000</u>

Depreciation expense on investments in real estate, included in investment return, totaled \$1,004,000 and \$1,056,000 in 2023 and 2022, respectively.

All of the Foundation's noncancelable lease agreements include options to extend every five years and contain provisions for rate adjustments. Real estate investments with a net book value of \$10,393,000 and \$11,397,000 at June 30, 2023 and 2022, respectively, are leased to a related party. There are no expense obligations for the Foundation under these lease agreements. The Foundation received rental income of \$3,402,000 and \$3,280,000 at June 30, 2023 and 2022, respectively, and it is included in investment return in the consolidated statements of activities. Expected minimum future income on noncancelable leases at June 30, 2023, are summarized as follows:

Years ending June 30:	
2024	\$ 3,456,000
2025	2,912,000
2026	1,940,000
2027	1,190,000
Thereafter	434,000
	<u>\$ 9,932,000</u>

Note 6. Split-Interest Agreements

At June 30, 2023 and 2022, the Foundation has recorded \$9,060,000 and \$8,982,000, respectively, in fair value of charitable gift annuities and charitable lead and remainder unitrusts, in which the Foundation serves as the trustee, as an asset (i.e., investments and real estate investments) in its consolidated statements of financial position. Assets received under these agreements are recorded at fair value and in the appropriate net asset category. Related contributions per the agreements are recognized as contribution revenue and are equal to the present value of future benefits to be received by the Foundation over the term of the agreements. Contribution revenue related to these agreements totaled \$9,000 and \$593,000 in 2023 and 2022, respectively. Liabilities have been established for these split-interest agreements in which the Foundation is the trustee or for which the Foundation is obligated to an annuitant under a charitable gift annuity. These liabilities totaled \$4,486,000 and \$4,541,000 at June 30, 2023 and 2022, respectively.

Oklahoma City Community Foundation, Inc.

Notes to Consolidated Financial Statements

Note 6. Split-Interest Agreements (Continued)

During the terms of these agreements, changes in the value of the split-interest agreements are recognized in the consolidated statements of activities based on accretion of the discounted amount of the contribution, and re-evaluations of the expected future benefits (payments) to be received (paid) by the Foundation (beneficiaries), based on changes in life expectancy and other assumptions. Discount rates ranging from 0.4% to 7.8% were used in these calculations at the dates of the contributions.

Beneficial interest in trusts: The Foundation is the beneficiary of a charitable lead unitrust for which it does not serve as trustee. Under the charitable lead trust agreement, the trust will pay 7% of the net fair market value of the trust estate to the Foundation over the next eight years, and the assets remaining at the end of the trust term will be distributed to a third-party beneficiary. The fair value of the Foundation's beneficial interest is based on the present value of the estimated expected future cash inflows using a discount rate of 7% at June 30, 2023 and 2022. The Foundation received distributions of approximately \$262,000 and \$357,000 during the years ended June 30, 2023 and 2022, respectively. Changes in fair value of the beneficial interest are reflected as a change in value of split-interest agreements in the consolidated statements of activities. The Foundation is also the beneficiary of irrevocable trusts for which it does not serve as trustee. Under the irrevocable trust agreements, the Foundation will receive a portion of the trust's assets upon liquidation of the trusts. The Foundation estimates the fair value of these beneficial interests to be \$793,000 and \$2,447,000 at June 30, 2023 and 2022, respectively.

Note 7. Concentrations

The Foundation maintains cash in bank depository accounts that utilize an Insured Cash Sweep (ICS) that maintains FDIC protection for the cash on deposit.

Substantially all contributions are made by donors located in Oklahoma City and the surrounding areas.

The Foundation received contributions in 2023 from three donors totaling approximately 84% of contribution revenue and received contributions in 2022 from five donors totaling approximately 60% of contribution revenue.

Note 8. Grants and Program Services Payable

Grants and program services payable consist of unconditional amounts awarded, but not paid, to various not-for-profit organizations and scholarship recipients. Unconditional grants and program services payable are expected to be paid as follows:

	June 30	
	2023	2022
Due in:		
1 year	\$ 15,406,000	\$ 11,104,000
2 years	2,153,000	1,344,000
3 years	1,828,000	1,000,000
4 years	894,000	950,000
5 years	894,000	-
Thereafter	3,577,000	-
	<u>24,752,000</u>	<u>14,398,000</u>
Less unamortized discount (6.6% for 2023; 5.0% for 2022)	2,382,000	505,000
	<u>\$ 22,370,000</u>	<u>\$ 13,893,000</u>

Oklahoma City Community Foundation, Inc.

Notes to Consolidated Financial Statements

Note 8. Grants and Program Services Payable (Continued)

The Foundation's trustees have approved conditional grants totaling approximately \$314,000 and \$1,086,000 at June 30, 2023 and 2022, respectively. No amounts have been recognized in the consolidated financial statements because the recipient agencies have not met certain conditions of the grants, primarily relating to continued academic enrollment of scholarship recipients.

Note 9. Total Net Asset Composition

In addition to endowment funds, the Foundation also manages other non-endowed funds. The Foundation's total net asset composition is as follows:

	June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds	\$ 201,043,000	\$ 983,697,000	\$ 1,184,740,000
Non-endowed funds:			
Donor-advised	137,218,000	-	137,218,000
Designated	13,506,000	-	13,506,000
	150,724,000	-	150,724,000
Split-interest agreements	-	4,839,000	4,839,000
Total net assets	\$ 351,767,000	\$ 988,536,000	\$ 1,340,303,000
	June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds	\$ 204,298,000	\$ 893,264,000	\$ 1,097,562,000
Non-endowed funds:			
Donor-advised	135,483,000	-	135,483,000
Designated	12,072,000	-	12,072,000
	147,555,000	-	147,555,000
Split-interest agreements	-	4,911,000	4,911,000
Total net assets	\$ 351,853,000	\$ 898,175,000	\$ 1,250,028,000

Oklahoma City Community Foundation, Inc.

Notes to Consolidated Financial Statements

Note 10. Endowment Disclosures

Endowment net asset composition by type of fund:

	June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Legacy funds	\$ 46,757,000	\$ 777,433,000	\$ 824,190,000
Charitable organization endowment funds	1,926,000	127,069,000	128,995,000
Scholarship and award funds	14,589,000	65,594,000	80,183,000
Field of interest funds	44,160,000	13,601,000	57,761,000
Total donor-restricted endowment funds	107,432,000	983,697,000	1,091,129,000
Board-designated endowment funds:			
Fund for Oklahoma City	29,779,000	-	29,779,000
Program initiatives	15,206,000	-	15,206,000
Administration	48,626,000	-	48,626,000
Total board-designated endowment funds	93,611,000	-	93,611,000
Total endowment funds	\$ 201,043,000	\$ 983,697,000	\$ 1,184,740,000
	June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Legacy funds	\$ 48,172,000	\$ 699,171,000	\$ 747,343,000
Charitable organization endowment funds	1,701,000	116,622,000	118,323,000
Scholarship and award funds	12,930,000	59,857,000	72,787,000
Field of interest funds	56,765,000	17,614,000	74,379,000
Total donor-restricted endowment funds	119,568,000	893,264,000	1,012,832,000
Board-designated endowment funds:			
Fund for Oklahoma City	28,769,000	-	28,769,000
Program initiatives	14,726,000	-	14,726,000
Administration	41,235,000	-	41,235,000
Total board-designated endowment funds	84,730,000	-	84,730,000
Total endowment funds	\$ 204,298,000	\$ 893,264,000	\$ 1,097,562,000

Oklahoma City Community Foundation, Inc.

Notes to Consolidated Financial Statements

Note 10. Endowment Disclosures (Continued)

Changes in endowment net assets for the year ended June 30, 2023:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	\$ 204,298,000	\$ 893,264,000	\$ 1,097,562,000
Investment return, net	15,504,000	104,467,000	119,971,000
Contributions	4,264,000	21,655,000	25,919,000
Administrative fees	(409,000)	(3,414,000)	(3,823,000)
Administrative fee revenue designated for operations	5,184,000	-	5,184,000
Appropriation of endowment assets	32,275,000	(32,275,000)	-
Expenditure of endowment assets	(60,073,000)	-	(60,073,000)
Endowment net assets, end of year	<u>\$ 201,043,000</u>	<u>\$ 983,697,000</u>	<u>\$ 1,184,740,000</u>

Changes in endowment net assets for the year ended June 30, 2022:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	\$ 202,313,000	\$ 1,040,591,000	1,242,904,000
Investment return, net	(17,655,000)	(131,385,000)	(149,040,000)
Contributions	6,457,000	21,712,000	28,169,000
Administrative fees	(457,000)	(3,533,000)	(3,990,000)
Administrative fee revenue designated for operations	5,395,000	-	5,395,000
Appropriation of endowment assets	34,121,000	(34,121,000)	-
Expenditure of endowment assets	(25,876,000)	-	(25,876,000)
Endowment net assets, end of year	<u>\$ 204,298,000</u>	<u>\$ 893,264,000</u>	<u>\$ 1,097,562,000</u>

Note 11. Liquidity and Availability

Financial assets at June 30, 2023 and 2022, total \$1,519,363,000 and \$1,399,333,000, respectively, and are comprised of cash and cash equivalents, accrued income and other receivables, investments, real estate investments, beneficial interest in trusts and other assets. Financial assets are reduced by amounts held for the benefit of other charitable organizations and amounts in board-designated and donor-restricted endowment funds, which are not available for spending within the next 12 months. Financial assets are further reduced for illiquidity; however, all illiquid financial assets are held in board-designated and donor-restricted endowments for which availability is already limited, except for \$328,000 and \$357,000 held in donor advised and designated non-endowed funds at June 30, 2023 and 2022, respectively. Financial assets held in trust accounts, classified as investments and/or beneficial interest in trusts, which are not expected to be liquidated or distributed within the next 12 months, are also excluded from financial assets available for general expenditure within one year.

	June 30	
	2023	2022
Total financial assets available for general expenditure within one year	<u>\$ 320,462,000</u>	<u>\$ 326,000,000</u>

Oklahoma City Community Foundation, Inc.

Notes to Consolidated Financial Statements

Note 11. Liquidity and Availability (Continued)

Financial assets available for general expenditure within one year of the consolidated statements of financial position date include budgeted and appropriated portions of board-designated and donor-restricted endowment funds, which were appropriated in the current and/or prior years and not expended (i.e., donor-restricted endowment funds without donor restrictions) as of June 30, 2023 and 2022, plus amounts expected to be appropriated during the years ending June 30, 2023 and 2022. Although the Foundation does not intend to spend from board-designated endowments (other than amounts budgeted on an annual basis), these amounts could be made available, if necessary, upon approval by the Trustees.

The available financial assets above include \$144,712,000 and \$148,732,000 in liquid donor-advised funds as of June 30, 2023 and 2022, respectively, including amounts held by certain supporting organizations. The Foundation generally uses these assets for grant making based on donor and supporting organization recommendations.

As part of the Foundation's liquidity management, the Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due. The Foundation invests cash in excess of daily requirements in short-term investments and money market funds.

Note 12. Artwork and Other Assets

The Foundation maintains various collections of works of art, historical treasures and similar assets. These collections are maintained for public exhibition, education and research in furtherance of public service rather than for financial gain. Substantially all of these assets are protected, kept unencumbered, cared for and preserved by the John Kirkpatrick Fund for Historic, Cultural and Civic Understanding Affiliated Fund. As a matter of policy, the proceeds from items in collections that are sold are used to acquire other items for collections.

Note 13. Retirement Plan and Other Benefits

Substantially all employees of the Foundation participate in the Retirement Plan of Oklahoma City Community Foundation, Inc. (the Plan), commonly known as a section 403(b) plan. Under the Plan, the Foundation contributes 10% of the respective employee's regular salary to provide retirement benefits. In addition, employees may contribute a specified percentage of their regular salary to the Plan. The total amount contributed by the Foundation and the employee cannot exceed 100% of the employee's regular salary, subject to Internal Revenue Service limitations. Contributions made by the Foundation are vested over six years of service as follows.

Years of Vesting Service	Vested Percentage
1	0%
2	20%
3	40%
4	60%
5	80%
6 or more	100%

Benefits paid under the Plan are limited to the sum of the employee's and the Foundation's contributions and investment earnings on those contributions. The Foundation contributed approximately \$309,000 and \$283,000 to the Plan during the years ended June 30, 2023 and 2022, respectively.

Oklahoma City Community Foundation, Inc.

Notes to Consolidated Financial Statements

Note 13. Retirement Plan and Other Benefits (Continued)

The Foundation has entered into severance benefit agreements with select key executives. Split-dollar life insurance premiums of approximately \$0 and \$294,000 are included in other assets, and severance benefits payable of approximately \$926,000 and \$926,000 are included in accounts payable and other liabilities at June 30, 2023 and 2022, respectively.

Note 14. Loan Guarantee and Pledge

On June 21, 2018, one of the Foundation's affiliated organizations entered into a continuing and unconditional loan guaranty for an unaffiliated non-profit organization. In August and September 2018, the affiliated organization transferred funds totaling \$11,200,000 to a separate account with the lender to serve as pledged collateral for the guarantee and the fair market value of the pledged collateral (i.e., investments) at June 30, 2023 and 2022, is \$3,206,000 and \$7,612,000, respectively. At June 30, 2023 and 2022, total outstanding draws are \$0. Three trustees of the affiliated organization are also members of the borrower's board of directors.

Note 15. Nonfinancial Contributions

For the years ended June 30, 2023 and 2022, the Foundation recognized nonfinancial assets within the consolidated statements of activities as follows:

	June 30	
	2023	2022
Real estate investments	\$ 2,707,000	\$ 620,000
Property and equipment	523,000	320,000
	<u>\$ 3,230,000</u>	<u>\$ 940,000</u>

Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

The Foundation accepts contributions of real estate when there is a possibility of sale within a reasonable amount of time. A qualified market appraisal of the real estate was required of the donors and provided prior to the recognition of the gift. These gifts were sold within the reporting period.

The Foundation accepts contributions of property and equipment and determines whether the gifts will be placed in use, sold for charitable benefit or transferred to another organization for use. This gift was placed in service during the year ended June 30, 2023, and is included in property and equipment, net in the consolidated statement of financial position. A fair market value appraisal was performed prior to the recognition of the gift.



RSM US LLP

Independent Auditor's Report on the Supplementary Information

Audit Committee and Management
Oklahoma City Community Foundation, Inc.

We have audited the consolidated financial statements of Oklahoma City Community Foundation, Inc. and its affiliated organizations (the Foundation) as of and for the year ended June 30, 2023 (collectively, the financial statements), and have issued our report thereon, which contains an unmodified opinion on those financial statements. See pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole.

The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

Oklahoma City, Oklahoma
November 9, 2023

Oklahoma City Community Foundation, Inc.

Oklahoma City Community Foundation and Affiliated Organizations—Schedule of Assets*
Years Ended June 30, 2023 and 2022

	2023	2022
Albers Family Fund	\$ 1,186,000	\$ 1,041,000
Allied Arts Foundation	1,886,000	1,732,000
Bob and Nancy Anthony Family	1,814,000	1,691,000
Christian Keesee Charitable Fund	3,378,000	3,341,000
Community Resources Oil and Gas	2,960,000	2,345,000
Community Resources Real Estate	1,780,000	1,681,000
Cowboy Hall of Fame	1,756,000	1,634,000
Deer Creek	-	2,245,000
Everett Family Foundation	2,730,000	2,637,000
Heritage Hall	3,298,000	3,097,000
Hospice Foundation of Oklahoma	2,903,000	2,637,000
Janice and Joe L. Singer Family	-	2,613,000
John and Claudia Holliman	1,216,000	1,002,000
John Kirkpatrick Fund for Historic, Cultural & Civic Understanding Affiliated Fund	21,908,000	20,478,000
Kirkpatrick Family	371,512,000	345,932,000
E. Phil and Roberta Kirschner Foundation Fund	24,226,000	22,229,000
Lawton Community Foundation, Inc.	12,441,000	11,534,000
Leadership Oklahoma City	1,217,000	1,163,000
Love Family	27,784,000	28,055,000
Malzahn Family	124,673,000	113,290,000
Oklahoma City Art Museum	10,623,000	10,096,000
Oklahoma City Community Foundation, Inc.	860,292,000	777,272,000
Oklahoma Philharmonic	9,281,000	8,957,000
Raymond H. and Bonnie Hefner Family	2,019,000	1,941,000
Robert and Blanche Gordon Family	9,618,000	9,061,000
Rural Oklahoma Community Foundation, Inc.	9,514,000	9,416,000
Science Museum Oklahoma	59,268,000	56,481,000
Vogt Family Affiliated Fund	2,556,000	2,418,000
	1,571,839,000	1,446,019,000
Less accumulated depreciation	21,945,000	20,136,000
	\$ 1,549,894,000	\$ 1,425,883,000

*The Oklahoma City Community Foundation and affiliated organizations—schedule of assets is a summary of the total assets, prior to consideration of accumulated depreciation, held by each organization included in the consolidated financial statements. Accumulated depreciation is presented in total rather than by affiliated organization in the table.