

PANHANDLE STATE FOUNDATION
REVIEW OF DECEMBER 31, 2014
FINANCIAL STATEMENTS





INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Panhandle State Foundation

We have audited the accompanying financial statements of Panhandle State Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Panhandle State Foundation as of December 31, 2014, 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.

FSW&B CPA'S- PLLC

FSW&B CPA's-PLLC
Woodward, OK
July 22, 2015

PANHANDLE STATE FOUNDATION
STATEMENT OF FINANCIAL POSITION
December 31, 2014

<u>ASSETS</u>	<u>2014</u>
Cash and cash equivalents	\$ 433,754
Temporary investments	160,000
Investments (at fair market value)	10,050,665
Accrued interest	792
Interest in net assets of perpetual trusts	487,390
Property and equipment (net of accumulated depreciation)	2,215
Investment in mineral interest	45,500
	Total assets
	\$ 11,180,316
<u>LIABILITIES AND NET ASSETS</u>	
Liabilities:	
Accrued compensated absences	\$ 9,519
Funds held in custody for others	183,984
Rounding	2
	Total liabilities
	193,505
Net Assets:	
Unrestricted	6,523,087
Temporarily restricted	314,722
Permanently restricted	4,149,002
	Total net assets
	10,986,811
	Total liabilities and net assets
	\$ 11,180,316

The accompanying notes are an integral part of these financial statements.

PANHANDLE STATE FOUNDATION
STATEMENT OF ACITIVITES
Year ended December 31, 2014

<u>CHANGES IN UNRESTRICTED NET ASSETS</u>	2014
Unrestricted revenues, gains and (losses):	
Contributions	\$ 49,958
Investment income	537,176
Royalty income	5,134
Net unrealized gains (losses) on investments	430,779
Total unrestricted revenues, gains and (losses)	1,023,047
Net assets released from restrictions:	
Satisfaction of program restrictions	386,676
Total unrestricted revenues, gains, (losses), and reclassification	1,409,723
Expenses:	
Program services:	
Scholarships for University students	420,030
Non-scholarship support to University	290,927
Supporting services:	
General and Administrative	126,407
Depreciation	971
Total expenses	838,335
Increase in unrestricted net assets	571,388
 <u>CHANGE IN TEMPORARILY RESTRICTED ASSETS</u>	
Revenues and gains:	
Contributions	378,458
Net assets released from restrictions:	
Satisfaction of program restrictions	(386,676)
Reclassifications	-
Increase in temporarily restricted assets	(8,218)
 <u>CHANGE IN PERMANENTLY RESTRICTED ASSETS</u>	
Revenues and gains:	
Contributions	66,726
Change in interest in perpetual trusts	(7,359)
Reclassifications	-
Increase in permanently restricted assets	59,367
Total increase in net assets	622,537
NET ASSETS, beginning of year	10,364,274
NET ASSETS, end of year	\$ 10,986,811

The accompanying notes are an integral part of these financial statements.

PANHANDLE STATE FOUNDATION
STATEMENT OF CASH FLOWS
Year ended December 31, 2014

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	2014
Cash received from contributions	\$ 423,246
Interest, dividends, and royalty	542,287
Cash paid to vendors and employees	(118,852)
Cash paid for scholarships & other support	(710,956)
Net cash flows from operating activities	135,725
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Change in funds held in custody for others	(137)
Proceeds from sale of investments	832,124
Purchase of investments	(799,751)
Net cash flows from investing activities	32,236
 <u>CASH FLOWS FROM FINANCING ACTIVITIES</u>	
Contributions restricted for investment in endowment	66,726
Net cash flows from financing activities	66,726
Net increase in cash and cash equivalents	234,687
CASH AND CASH EQUIVALENTS, beginning of year	199,067
CASH AND CASH EQUIVALENTS, end of year	\$ 433,754

RECONCILIATION OF CHANGES IN NET ASSETS TO CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	622,537
Adjustments to reconcile increase in net assets to net cash flows from operating activities:	
Net unrealized (gain) loss on investments	(430,779)
Change in interest in perpetual trusts	7,359
Receipt of non-cash contributions	(5,170)
Non-cash rent expense	5,170
Depreciation	971
Loss on disposal of assets	-
Contributions restricted for endowment	(66,726)
Change in assets and liabilities:	
(Increase) decrease in accrued interest receivable	(23)
Increase (decrease) in accounts payable	2,385
Net cash flows from operating activities	\$ 135,725

SUPPLEMENTAL DISCLOSURES:

Non-cash contributions received from the University (Note 12)	5,170
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The accompanying notes are an integral part of these financial statements.

PANHANDLE STATE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Year ended December 31, 2014

NOTE 1. ORGANIZATION

Panhandle State Foundation (the Foundation) was established November 9, 1961, as a private non-profit organization for the benefit of Oklahoma Panhandle State University (the University). The Foundation awards scholarships to University students and provides general support to the University. In addition, the Foundation maintains and services the funds for various organizations and support groups of the University. A board of directors governs the Foundation, which is separate and distinct from the board of regents, the governing board of the University.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting and reporting policies applied in the preparation of the accompanying financial statements are as follows:

Basis of Accounting- The Foundation uses the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when a liability is incurred. Expenses incurred but not paid at year-end are represented as a liability on the statements of financial position. Other revenues are recognized when received or earned. Net assets represent the cumulative excess of revenues recognized over expenses incurred.

Financial statement Presentation- The accompanying financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification No. 958, which requires the Foundation to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Unrestricted net assets represent resources over which the Board of Directors has unlimited discretionary control to carry out the activities of the Foundation. Temporarily restricted net assets represent resources whose use is limited by donor-imposed restrictions that will be met either by actions of the organization or by the passage of time. Permanently restricted net assets represent resources whose use is limited by donor-imposed restrictions that require the net assets to be maintained permanently.

Contributions Received and Made- In accordance with FASB Accounting Standards Codification No. 958, pledges from contributors are recognized as revenues in the period that they are made by the donor. Unsolicited contributions are recognized as revenues when received. FASB Accounting Standards Codification No. 958 defines a contribution as "an unconditional transfer of cash or other assets. Other assets include unconditional promises to give." FASB Accounting Standards Codification No. 958 also requires the recognition of a liability for an unconditional promise to give by the Foundation. The liability and associated expense should be recognized at the time when the Foundation has an obligation to transfer the promised assets in the future, which generally occurs when the donor approves a specific grant or when the recipient is notified.

PANHANDLE STATE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Year ended December 31, 2014

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recognition of Donor Restrictions- Revenues restricted by donors are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the revenues are received. All other donor restricted revenues are reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Property and Equipment- Purchased property and equipment is recorded at cost while donated property and equipment is recorded at fair market value at the date of donation. Depreciation of property and equipment is calculated on the estimated useful life of the assets using the straight-line method as follows:

Computer equipment and software	5-7 years
Furniture and fixtures	10 years

The Foundation has implemented a capitalization policy for small items that have a useful life of more than one year but that have an inconsequential value. All items which have a purchase price of less than \$1,000 are expensed in the year purchased regardless of their expected useful life.

Fair Value Measurement- FASB ASC No. 820-10-50, *Fair Value Measurements*, established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the 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 three levels of the fair value hierarchy under FASB ASC No. 820-10-50 are described as follows:

Level 1- Inputs to the value methodology are quoted prices available in active markets for identical investments as of the reporting date;

Level 2- Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of model or other valuation methodologies; and

Level 3- Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

PANHANDLE STATE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Year ended December 31, 2014

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurement (continued)-

Fair value is a market-based measure, based on assumptions of prices and inputs considered from the perspective of a market participant that are current as of the measurement date, rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Foundation's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date.

The availability of valuation techniques and observable inputs can vary from investment to investment and are affected by a wide variety of factors, including the type of investment, whether the investment is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the investments existed. Accordingly, the degree of judgment exercised by the Foundation in determining fair value is greatest for investments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy in which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement.

Investments- In accordance with FASB Accounting Standards Codification No. 958-302, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair value in the statement of financial position. Net unrealized and realized gains and losses on investments are included in the statements of activities as changes in unrestricted net assets.

Use of Estimates- Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets, liabilities, and net assets, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Statements of Cash Flows- For purposes of the statements of cash flows, cash and cash equivalents include bank checking and savings accounts and certificates of deposit with original maturities of 90 days or less.

Income Tax- The Foundation qualifies as an organization exempt from income taxes under Section 501(c)(3) of the *Internal Revenue Code*. As such, no provision has been made for federal or state income taxes.

PANHANDLE STATE FOUNDATION
 NOTES TO FINANCIAL STATEMENTS
 Year ended December 31, 2014

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICITES (continued)

Income Tax (continued)-

In June 2006, the Financial Accounting Standards Board (FASB) released FASB Interpretation 48 (FIN 48) *Accounting for Uncertainty in Income Taxes* (Currently FASB Accounting Standards Codification (ASC) 740, *Income Taxes*), which requires extensive disclosures about uncertain income tax positions. This standard seeks to reduce the diversity in practice associated with certain aspects of the recognition and measurement related to income taxes. The Foundation evaluates any uncertain tax positions using the provision of ASC 450, *Contingencies*. Accordingly, a loss contingency is recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of loss can be reasonable estimated.

The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized. The Foundation does not believe that it engaged in any activity that would result in an uncertain tax position. As a result, management does not believe that any uncertain tax positions currently exist and no loss contingency has been recognized in the accompanying financial statements. Federal and state income tax statues dictate that tax returns filed in any of the three previous reporting periods remain open to examination. Currently the Foundation has no open examination with either the Internal Revenue Service or state taxing authorities. The Foundation's policy is to record any income tax related penalties and interest incurred as operating expense. There were no income tax related penalties or interest included in the accompanying financial statements.

NOTE 3. CASH AND CASH EQUIVALENTS

For purposes of these financial statements, cash equivalents consist of deposits in checking and money market accounts.

	2014
Checking account	\$ 62,974
Money Market	370,780
Total cash and cash equivalents	\$ 433,754

Certificates of deposit with an original maturity in excess of 90 days, in the amounts of \$160,000 on December 31, 2014, are reported as temporary investments rather than cash equivalents. A credit risk exists when deposits held at a financial institution are in excess of FDIC insured amounts or when cash accounts at brokerage firms exceed SIPC limits. For the year ended December 31, 2014 there was no deposits in excess of FDIC and SIPC limits.

PANHANDLE STATE FOUNDATION
 NOTES TO FINANCIAL STATEMENTS
 Year ended December 31, 2014

NOTE 4. INVESTMENTS IN SECURITIES

The Foundation's investments in securities, at fair market value, include the following as of December 31, 2014:

	2014
Common stocks	\$ 3,680,992
Mutual funds	2,146,241
Corporate bonds	1,553,896
Asset and mortgage backed securities	1,740,847
Publically traded limited partnership	925,722
Exchange traded and closed end funds	2,968
Other investments	0
Total investments	\$ 10,050,666

Total investment return consists of the following components:

	2014
Interest income	\$ 183,390
Dividend income	295,164
Partnership distributions	58,622
Net gains and losses on investments, reported at fair value	430,779
Total investment return	\$ 967,955

PANHANDLE STATE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Year ended December 31, 2014

NOTE 5. FAIR VALUE MEASUREMENTS

The Foundation's assets recorded at fair value have been categorized based upon a fair value hierarchy as described in the Foundation's significant accounting policies in Note 2. The following table presents information about the Foundation's assets measured at fair value as of December 31, 2014:

Fair Value Measurements	Level 1	Level 2	Level 3	Total
<u>Assets (at fair value)</u>				
Common stocks	\$ 3,680,992			\$3,680,992
Mutual funds	2,146,241			2,146,241
Corporate bonds	1,553,896			1,553,896
Asset and mortgage backed securities	1,740,847			1,740,847
Publically traded limited partnership	925,722			925,722
Exchange traded and closed end	2,968			2,968
Other investments	0			0
Certificate of Deposits		160,000		160,000
Mineral Interest			45,500	45,500
Interest in perpetual trust			487,390	487,390
Total Investments	<u>\$ 10,050,666</u>	<u>\$ 160,000</u>	<u>\$ 532,890</u>	<u>\$ 10,743,556</u>

The following table on the next page presents additional information about Level 3 assets measured at fair value. Both observable and unobservable inputs may be used to determine the fair value of investments that the Fund has categorized within the Level 3 category. As a result, the unrealized gains and losses for the assets within the Level 3 category may include changes in fair value that were attributable to both observable and unobservable inputs. Changes in Level 3 assets measured at fair value for the year ended December 31, 2014 were as follows:

PANHANDLE STATE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Year ended December 31, 2014

NOTE 5. FAIR VALUE MEASUREMENTS (continued)

	Level 3 Investments (at Fair Value)				Ending Balance 12/31/14
	Beginning Balance 1/1/14	Realized and Unrealized Gains (Losses)	Purchases	Sales	
Assets, at fair value					
Investments					
Mineral Interest	\$ 45,500	\$ -	\$ -	\$ -	\$ 45,500
Perpetual trust	\$ 494,749	(7,359)	-	-	487,390
Total Investments	<u>\$ 540,249</u>	<u>\$ (7,359)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 532,890</u>

NOTE 6. PROPERTY AND EQUIPMENT

Investment in property and equipment, at December 31, 2014, was as follows:

	Balance 1/1/14	Additions	Dispositions	Balance 12/31/14
Computer, equipment, and software	\$ 11,172	\$ -	\$ -	\$ 11,172
Accumulated depreciation	(7,986)	(971)	-	(8,957)
Net property and equipment	<u>\$ 3,186</u>	<u>\$ (971)</u>	<u>\$ -</u>	<u>\$ 2,215</u>

NOTE 7. INTEREST IN NET ASSETS OF PERPETUAL TRUST

The Foundation is the beneficiary of assets held in trust by other foundations. Two donors created trusts that are managed through Baptist Foundation of Oklahoma and the Oklahoma United Methodist Foundation. These assets are to be held in perpetuity by the respective foundations, with the trust income to be distributed annually to the Panhandle State Foundation. The funds received from these trusts are for general scholarships and therefore reported as unrestricted. Investments of the trusts were valued at \$487,390 on December 31, 2014. In accordance with FASB Accounting Standards Codification No. 958, the value of the assets held in trust has been reported as an asset of the Panhandle State Foundation.

PANHANDLE STATE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Year ended December 31, 2014

NOTE 8. FUNDS HELD IN CUSTODY FOR OTHERS

The Foundation holds in custody funds belonging to the Alumni Association. Although these funds are administered by the Foundation, the Foundation does not exercise control over the funds. Accordingly, these amounts are presented as liabilities in the accompanying statements of financial position. The balances of these funds as of December 31, 2014, include the following:

	2014
Alumni Association	\$ 183,984

NOTE 9. COMPENSATED ABSENCES

Employees earn annual leave at a rate of 20 hours per month. Upon leaving employment with the Foundation an employee with one or more years of service is paid for accrued annual leave up to a maximum of 36 days. The liability for accrued compensated absences as of December 31, 2014 was \$9,519.

NOTE 10. RESTRICTED NET ASSETS

In the year 2014 temporarily restricted net assets are available for the following purposes as specified by the donor:

	12/31/13	Increase	Decrease	Reclass	12/31/14
Contributions received for scholarships	\$ 102,768	\$ 98,895	\$ (95,894)	\$ -	\$ 105,769
Contributions received for staff development	19,336	6,794	(5,498)	-	20,632
Contributions received for specific programs and student groups	182,704	262,769	(285,284)	-	160,189
Contribution received for PSU facilities and equipment	18,132	10,000	-	-	28,132
Total temporarily restricted net assets	\$ 322,940	\$ 378,458	\$(386,676)	\$ -	\$ 314,722

PANHANDLE STATE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Year ended December 31, 2014

NOTE 10. RESTRICTED NET ASSETS (continued)

Permanently restricted net assets are restricted to investments held in perpetuity, the income from which is expendable for scholarships to students and for the support of specified academic programs of the University.

In the year 2014 permanently restricted net assets include the following endowment funds:

	Balance 12/31/13	Market Increase or (Decrease)	Contributions	Reclass	Balance 12/31/14
<u>Endowments</u>					
Rule of Law Educational Fund	\$ 1,000,000	\$ -	\$ -	\$ -	\$1,000,000
Lucille Rhoton Fund	319,621	-			319,621
Hazel E. Exline Scholarship Endowment	164,289	-			164,289
Mary Lee Memorial Endowment Baughman Foundation Endowment	160,000	-			160,000
	165,000	-	5,000		170,000
Other permanently restricted funds	1,785,976	-	61,726	-	1,847,702
Total Endowments	<u>\$ 3,594,886</u>	<u>-</u>	<u>66,726</u>	<u>-</u>	<u>3,661,612</u>
<u>Beneficial Interest</u>					
Interest in Allie Mitchell Trust	478,408	(7,212)	-	-	471,196
Interest in Robert Murphy Trust	16,341	(147)	-	-	16,194
Total Beneficial Interests	<u>494,749</u>	<u>(7,359)</u>	<u>-</u>	<u>-</u>	<u>487,390</u>
Total permanently restricted net assets	<u>\$ 4,089,635</u>	<u>\$ (7,359)</u>	<u>\$ 66,726</u>	<u>\$ -</u>	<u>\$ 4,149,002</u>

Selected funds within the three groups of net assets have been reclassified. Reclassified temporarily restricted net assets and permanently restricted net assets are included in the "Reclass" columns of the tables listed above. Funds in the temporarily restricted net assets grouping that had accumulated enough contributions to endow a continuing scholarship have been reclassified as permanently restricted net assets, based upon an understanding with the donor.

The Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the date the donor restricted endowment funds are received, absent of any explicit donor stipulations to the contrary.

PANHANDLE STATE FOUNDATION
 NOTES TO FINANCIAL STATEMENTS
 Year ended December 31, 2014

NOTE 10. RESTRICTED NET ASSETS (continued)

The Foundation's policy is to invest endowed assets in such a way as to provide a predictable stream of funding for scholarships to the University while preserving the original principal of endowed funds. When selecting investments, more emphasis is given to investment return rather than growth as a means to provide more current income for scholarships. The rate of return on investments varies according to the market, but the Foundation has been able to consistently maintain a minimum return of at least 5% over the past few years.

The Foundation utilizes a total return approach whereby all funds are pooled for investing and the total earnings are reported as unrestricted net assets. The total earnings are first used to fund the endowed scholarships and the remainder is then used to provide general scholarship support to the University. Any unrealized gains or losses on investments are also reported as unrestricted net assets to the original amount of the endowment principal are maintained.

NOTE 11. SUMMARY OF SUPPORTING SERVICES

Following is a summary of general and administrative supporting services by type of expenditure for the year ended December 31, 2014.

General and Administrative:	2014
Salaries and benefits	\$ 94,634
Audit and legal	12,689
Office supplies	2,799
Postage	2,803
Printing	4,137
Travel	707
Meeting expense	3,150
Other current expense	317
Facility expense	5,170
Total general and administrative	\$ 126,407

NOTE 12. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2014, the Foundation awarded scholarships totaling approximately \$ 420,030, to students and faculty members of the University, of which \$205,000 was paid directly to the University while the remaining amount was paid directly to individuals. In addition, the Foundation paid for goods and services on behalf of the University totaling \$290,927. Included in contribution revenues and in general and administrative expenses is \$5,170 for office space contributed by the University to the Foundation.

PANHANDLE STATE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Year ended December 31, 2014

NOTE 13. RELATED ENTITY

The Panhandle State Foundation is the sole owner of the OPSU Student Housing LLC, a single-member limited liability company created to build and manage a student housing facility on the OPSU campus. The LLC is to exist until all construction related debt is satisfied. By contract, the University controls the operation of the facility owned by the LLC. The Foundation has no transactions with the LLC, it has no investment in the LLC, it is not entitled to any distribution of net profits from the LLC, and all assets of the LLC pass directly to the University upon dissolution of the LLC. In accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification No. 958-810-55 the financial statements of the LLC have not been consolidated with the financial statements of the Panhandle State Foundation. The LLC is reported as a component unit of Panhandle State University. As of June 30, 2014 all requirements were satisfied and the LLC was dissolved.

NOTE 14. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through July 22, 2015, which is the date on which the financial statements were available to be issued, and believes that there are no subsequent events that are not disclosed which would be required under Generally Accepted Accounting Principles.