

# **BELL & RHODES, P.C.**

*Certified Public Accountants*

14220 Barbour Avenue

Oklahoma City, OK 73134

## INDEPENDENT AUDITOR'S REPORT

Mr. Eric Gray  
Board of Directors  
The Oklahoma Disciples Foundation

We have audited the accompanying financial statements of The Oklahoma Disciples Foundation (the "Foundation"), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and changes in net assets, functional expenses, 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 of material misstatement.

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Oklahoma Disciples Foundation as of December 31, 2019, 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.

*Bell & Rhodes, P.C.*

October 21, 2020

**The Oklahoma Disciples Foundation**  
**Statement of Financial Position**  
**December 31, 2019**

**Assets**

|                            |                             |
|----------------------------|-----------------------------|
| Cash and cash equivalents  | \$ 1,677,781                |
| Cash-restricted            | 8,000                       |
| Interest receivable        | 14,600                      |
| Property and equipment-net | 771,915                     |
| Investments                | 20,517,039                  |
| Prepaid rent               | 9,686                       |
| Other assets               | 1,000                       |
| Total assets               | <u><u>\$ 23,000,021</u></u> |

**Liabilities and Net Assets**

**Liabilities**

|  |                   |
|--|-------------------|
| Accounts payable and accrued liabilities     | \$ 17,387         |
| Gift annuities income interests              | 292,883           |
| Gift annuities remainder interests           | 141,344           |
| Charitable remainder trusts income interests | 94,062            |
| Assets held as trustee for others            | <u>14,151,412</u> |
| Total liabilities                            | 14,697,088        |

**Net Assets**

|                                  |                             |
|----------------------------------|-----------------------------|
| Without donor restrictions       | 3,180,867                   |
| With donor restrictions          | 5,122,066                   |
| Total net assets                 | <u>8,302,933</u>            |
| Total liabilities and net assets | <u><u>\$ 23,000,021</u></u> |

**The Oklahoma Disciples Foundation**  
**Statement of Activities and Changes in Net Assets**  
**For the Year Ended**  
**December 31, 2019**

|  | <b>Without</b>            | <b>With</b>               | <b>Total</b> |
|--|---------------------------|---------------------------|--------------|
|  | <b>Donor Restrictions</b> | <b>Donor Restrictions</b> |              |
| <b>Revenues</b>  |                           |                           |              |
| Donations  | \$ 16,215                 | \$ -                      | \$ 16,215    |
| Investment income  | (3,745)                   | 1,308,129                 | 1,304,384    |
| Rental income-net of expenses                            | 34,561                    | -                         | 34,561       |
| Other income   | 39,828                    | -                         | 39,828       |
| Support provided by expiring time & purpose restrictions | 398,733                   | (398,733)                 | -            |
| Total revenue  | 485,592                   | 909,396                   | 1,394,988    |
| <b>Expenses</b>  |                           |                           |              |
| Program  | 230,660                   | -                         | 230,660      |
| General and administrative                               | 158,876                   | -                         | 158,876      |
| Fundraising  | 69,987                    | -                         | 69,987       |
| Total expenses   | 459,523                   | -                         | 459,523      |
| Change in net assets                                     | 26,069                    | 909,396                   | 935,465      |
| Net assets-beginning of year                             | 3,154,798                 | 4,212,670                 | 7,367,468    |
| Net assets-end of year                                   | \$ 3,180,867              | \$ 5,122,066              | \$ 8,302,933 |

**The Oklahoma Disciples Foundation**  
**Statement of Cash Flows**  
**For the Year Ended**  
**December 31, 2019**

**Cash Flows from Operating Activities**

|   |    |                  |
|---|----|------------------|
| Change in net assets  | \$ | 935,465          |
| Adjustments to reconcile decrease in net assets<br>to net cash provided by (applied to) operating activities: |    |                  |
| Depreciation  |    | 10,783           |
| Unrealized (gains) losses   |    | (822,438)        |
| Decrease in interest receivable   |    | 815              |
| Increase in prepaid rent  |    | (190)            |
| Increase in accounts payable  |    | 1,809            |
| Decrease in gift annuities income interest  |    | (15,201)         |
| Increase in gift annuities remainder interest   |    | 45,277           |
| Decrease in charitable remainder trusts income interest   |    | (9,428)          |
| Increase in assets held for others  |    | 2,690,120        |
| Net cash provided by to operating activities  |    | <u>2,837,012</u> |

**Cash Flows from Investing Activities**

|  |    |                         |
|--|----|-------------------------|
| Increase in long term investments              |    | <u>(1,914,733)</u>      |
| Net cash applied to investing activities       |    | (1,914,733)             |
| Net increase in cash and cash equivalents      |    | 922,279                 |
| Cash and cash equivalents at beginning of year |    | <u>755,502</u>          |
| Cash and cash equivalents at end of year       | \$ | <u><u>1,677,781</u></u> |

**The Oklahoma Disciples Foundation**  
**Statement of Functional Expenses**  
**For the Year Ended**  
**December 31, 2019**

| <b>Description</b>                      | <b>Program</b>    | <b>General &amp;<br/>Administrative</b> | <b>Fundraising</b> | <b>Total</b>      |
|---|-------------------|---|--------------------|-------------------|
| Payroll, payroll taxes, and benefits    | \$ 158,759        | \$ 111,132                              | \$ 54,904          | \$ 324,795        |
| Distributions to beneficiaries          | 36,908            | -                                       | -                  | 36,908            |
| Travel                                  | 3,042             | 1,354                                   | 983                | 5,379             |
| Legal and professional                  | -                 | 18,548                                  | -                  | 18,548            |
| Office rental                           | 2,564             | 4,368                                   | 2,564              | 9,496             |
| Office supplies, equipment and software | 4,415             | 7,523                                   | 4,415              | 16,353            |
| Telephone                               | 1,278             | 2,177                                   | 1,278              | 4,733             |
| Conferences                             | -                 | 40                                      | -                  | 40                |
| Marketing program                       | 13,257            | -                                       | -                  | 13,257            |
| Postage                                 | 81                | 176                                     | 113                | 370               |
| Insurance                               | 1,186             | 2,583                                   | 1,661              | 5,430             |
| Dues and subscriptions                  | -                 | 1,263                                   | -                  | 1,263             |
| Board expenses                          | -                 | 2,473                                   | -                  | 2,473             |
| Training                                | 1,326             | -                                       | -                  | 1,326             |
| Miscellaneous                           | 4,933             | 2,278                                   | 1,158              | 8,369             |
| Depreciation                            | 2,911             | 4,961                                   | 2,911              | 10,783            |
|   | <u>\$ 230,660</u> | <u>\$ 158,876</u>                       | <u>\$ 69,987</u>   | <u>\$ 459,523</u> |

**The Oklahoma Disciples Foundation**  
**Notes to Financial Statements**  
**December 31, 2019**

**A. Nature of Activities**

The Oklahoma Disciples Foundation (the Foundation) receives gifts from individuals and organizations which are used to fund various charitable organizations and projects throughout the state of Oklahoma. The Foundation manages endowed funds that have been established for the benefit of other organizations (Named Endowments). The Foundation also manages endowed funds, the proceeds of which are used to finance its operations (Operating Endowments). It also administers several charitable remainder trusts and charitable gift annuities, some of which the Foundation is the remainder interest beneficiary. For most of these funds the remainder beneficiary is an organization other than the Foundation.

The Foundation is authorized to charge a fee for administering certain noncustodial named endowment funds. The annual fee is .50% of the fair market of the fund as of December 31. The .50% is prorated on a monthly basis for new funds received during the year. The Foundation suspended this fee after 2017 and has not reinstated it.

**B. Significant Accounting Policies**

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Net Assets

The Foundation reports net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors.

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its organizing documents and its tax exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets with Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other

**The Oklahoma Disciples Foundation**  
**Notes to Financial Statements**  
**December 31, 2019**

**B. Significant Accounting Policies-continued**

donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.

The Foundation's unspent contributions are included in this class if the donor limited their use, as are its donor-restricted endowment funds and its beneficial interest in charitable gift annuities held by the Christian Church Foundation.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statements of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions. Net gains on endowment investments increase net assets with donor restrictions, and net losses on endowment investments reduce that net asset class.

Cash and Cash Equivalents

Cash equivalents are short term, interest bearing, highly liquid investments with original maturities of three months or less, unless the investments are held for meeting restrictions of a capital or endowment nature.

Restricted Cash

The management company that handles the leasing operations of the 47<sup>th</sup> street property requires the Foundation to keep a minimum of \$8,000 in the operating account.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without restriction if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with restriction. When a restriction expires, net assets with restrictions are reclassified to net assets without restriction.

The Foundation uses the direct write off method to determine uncollectible unconditional promises receivable.

**The Oklahoma Disciples Foundation**  
**Notes to Financial Statements**  
**December 31, 2019**

**B. Significant Accounting Policies-continued**

Property and Equipment

The Foundation capitalizes property and equipment over \$2,500, lesser amounts are expensed. Additions to property and equipment are capitalized at cost or donated value and are depreciated over their estimated useful lives ranging from five to forty years using the straight-line method.

Contributions

Contributions, including unconditional promises to give, are recognized when received. Contributions are recorded as net assets without restriction or net assets with restriction depending on the existence or nature of any donor restrictions. Contributions for which the restriction are met in the year received are treated as unrestricted.

Expense Recognition and Allocation

The cost of providing the Foundation's programs and other activities is summarized on a functional basis in the statement of activities and the statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The organization generally does not conduct its fundraising activities in conjunction with its other activities. Joint costs such as salaries and employee benefits and occupancy expenses have been allocated between fundraising, management and program expenses based on the employee's estimated time spent in each area. Additionally, advertising costs are expensed as incurred.

Income Taxes

The Foundation is a non-profit corporation statutorily exempt from federal income taxation under Section 501(c) (3) of the Internal Revenue Code. The Foundation is classified as a publicly supported organization rather than as a private foundation. Because it is a religious organization, the Foundation is not required to file income tax returns.



**The Oklahoma Disciples Foundation**  
**Notes to Financial Statements**  
**December 31, 2019**

Split Interest Agreements

Split interest agreements consist of gift annuities for which the Foundation serves as trustee and charitable remainder trusts where either the Foundation or other qualified charitable organizations are the remainderman beneficiary. Assets associated with split-interest agreements are included in investments. A liability for split-interest obligations is recorded when the agreement is established at the estimated net present value of future cash flows using a risk-adjusted discount rate commensurate with the duration of the estimated payments. At December 31, 2019, the Foundation had assets associated with charitable remainder trusts and gift annuities totaling approximately \$954,000. The liabilities for the income and remainder interests totaled approximately \$528,000.

**C. Fair Value Measurements**

The Foundation reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

Level 1. Quoted prices for identical assets or liabilities in active markets to which the organization has access at the measurement date.

Level 2. Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- a. quoted prices for similar assets or liabilities in active markets;
- b. quoted prices for identical or similar assets in markets that are not active;
- c. observable inputs other than quoted prices for the assets or liability (for example, interest rates and yield curves); and
- d. inputs derived principally from, or corroborated by, observable market data by correlation or other means.

Level 3. Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

**The Oklahoma Disciples Foundation**  
**Notes to Financial Statements**  
**December 31, 2019**

**D. Investments**

Investment income for the year ending December 31, 2019, is detailed below:

| Description               | Without<br>Donor<br>Restrictions | With<br>Donor<br>Retrictions | Total               |
|---------------------------|----------------------------------|------------------------------|---------------------|
| Dividend income           | \$ -                             | \$ 157,666                   | \$ 157,666          |
| Actuarial gain (loss)     | -                                | (26,272)                     | (26,272)            |
| Realized gains (losses)   | -                                | 379,075                      | 379,075             |
| Unrealized gains (losses) | -                                | 822,438                      | 822,438             |
| Admin fees                | (3,745)                          | (3,308)                      | (7,053)             |
| Trustee fees              | -                                | (21,470)                     | (21,470)            |
| Total                     | <u>\$ (3,745)</u>                | <u>\$ 1,308,129</u>          | <u>\$ 1,304,384</u> |

Investments consist of the following at December 31, 2019:

|                                    | Fair Value           | Level 1     | Level 2              |
|------------------------------------|----------------------|-------------|----------------------|
| Equities                           | \$ 13,606,525        | \$ -        | \$ 13,606,525        |
| Fixed income                       | 4,837,477            | -           | 4,837,477            |
| Alternative strategies             | 1,711,831            | -           | 1,711,831            |
| Real estate                        | 353,010              | -           | 353,010              |
| Gift annuities remainder interests | 8,196                | -           | 8,196                |
| Total long term investments        | <u>\$ 20,517,039</u> | <u>\$ -</u> | <u>\$ 20,517,039</u> |

**E. Restrictions on Net Assets**

The Foundation is the remainder beneficiary for several Charitable Remainder Trusts and charitable gift annuities. During the life of the donor, these trusts and annuities make periodic distributions to designated beneficiaries based on either the donor's instructions or the Foundation's policy. The present value of the projected distributions as of December 31, 2019, is reflected as a liability on the Foundation's Statement of Financial Position. The difference between the fair value of the assets of the trusts and the present value of the income interest is included in Net Assets with Donor Restrictions..

The original corpus donated by many donors to the various operating endowment funds is considered permanently endowed. The earnings from these funds are available for the support of the general operations of the Foundation. The value of these endowed funds at December 31, 2019, is \$1,706,043.

The Gift Annuities managed by the Christian Church Foundation for which the Foundation is the beneficiary of the Remainder Interest are also considered permanently endowed. The value of these interests at December 31, 2019, is \$8,241.

**The Oklahoma Disciples Foundation**  
**Notes to Financial Statements**  
**December 31, 2019**

**E. Restrictions on Net Assets-continued**

At December 31, 2019, net assets with donor restrictions consisted of the following:

|   |                     |
|---|---------------------|
| Unused portion of Named Endowment funding donation                        | \$ 623,014          |
| Charitable Remainder Interests  | 439,887             |
| Net realized and unrealized gain in value of the operating endowments     | 2,344,881           |
| Operating endowments corpus which has been endowed by donors              | 1,706,043           |
| Remainder interest of Gift Annuities held by Christian Church Foundation. | 8,241               |
|   | <u>\$ 5,122,066</u> |

**F. Pension Plan**

The Foundation has a defined benefit plan (pension plan) and 403(b) defined contribution plan for its full-time employees that provides for annual contributions of 14% of employee's compensation. The Foundation's expense under this plan in 2019 was approximately \$31,700.

**G. Property and Equipment**

Property and equipment consists of the following:

|                                |                   |
|--------------------------------|-------------------|
| Land and Building              | \$ 795,868        |
| Office and computer equipment  | 7,409             |
| Less: accumulated depreciation | <u>(31,362)</u>   |
| Net property and equipment     | <u>\$ 771,915</u> |

**H. Assets Held as Trustee for Others**

The Foundation manages several endowed funds established to support the activities of various organizations in Oklahoma. The Foundation does not have variance power over these funds. Therefore, they are reflected on the Foundation's books as a liability, the amount of which is equal to the fair market value of the assets.

The Foundation also manages several Gift Annuities for which it is not the beneficiary of the Remainder Interest. The present value of the Income Interest and the Remainder Interest are both reflected on the Foundation's books as liabilities.

**The Oklahoma Disciples Foundation**  
**Notes to Financial Statements**  
**December 31, 2019**

**H. Assets Held as Trustee for Others-continued**

Because the Foundation has no beneficial interest in the earnings from these assets, the income and expense items related to these funds are not reflected in the Foundation's Statement of Activities. They are summarized below:

| Description                     | Endowed<br>Funds    | Gift<br>Annuities | Total               |
|---------------------------------|---------------------|-------------------|---------------------|
| Donations                       | \$ 519,257          | \$ -              | \$ 519,257          |
| Interest and dividend income    | 303,779             | 6,924             | 310,703             |
| Change in value of investments  | 2,202,994           | 7,499             | 2,210,493           |
| Administrative and trustee fees | (59,809)            | (1,748)           | (61,557)            |
| Actuarial gain (loss)           | 7,779               |                   | 7,779               |
| Miscellaneous expense           | (1,066)             |                   | (1,066)             |
| Distributions                   | (282,814)           | (12,675)          | (295,489)           |
| Net change                      | <u>\$ 2,690,120</u> | <u>\$ -</u>       | <u>\$ 2,690,120</u> |

**I. Endowed Funds**

The 2019 activity in the Operating and Named Endowment Funds is shown below:

|                                | Named<br>Endowments  | Operating<br>Endowments | Total                |
|--------------------------------|----------------------|-------------------------|----------------------|
| Beginning market value         | \$ 11,821,238        | \$ 5,746,454            | 17,567,692           |
| Contributions                  | 519,257              | -                       | 519,257              |
| Interest & dividend income     | 303,779              | 140,749                 | 444,528              |
| Change in value of investments | 2,120,734            | 1,073,534               | 3,194,268            |
| Other income (expense)         | (1,065)              | 4,200                   | 3,135                |
| Management & Trustee Fees      | (59,809)             | (20,899)                | (80,708)             |
| Actuarial gain (loss)          | 7,779                | -                       | 7,779                |
| Distributions                  | (282,814)            | (287,539)               | (570,353)            |
| Ending market value            | <u>\$ 14,429,099</u> | <u>\$ 6,656,499</u>     | <u>\$ 21,085,598</u> |

The Foundation's investment policy for the endowed funds is designed to achieve a total return (current yield plus capital appreciation) sufficient to preserve, and ideally, enhance, the purchasing power of the investments while at the same time providing a dependable source of income. It further states that the Foundation understands that risk is inherent in investing, and that some risk is necessary to produce long-term investment results sufficient to meet the investment objectives. However, investment risk can and should be moderated through proper asset allocation and portfolio diversification. The policy specifically prohibits investments in derivatives (excluding structured investments), commodities and futures contracts (excluding commodity ETFs), limited partnerships, venture capital investments and interest only, principal only and residual tranche collateralized mortgage obligations. It also prohibits short selling (other than when used within a fund allowing short and long positions) and margin transactions.

**The Oklahoma Disciples Foundation**  
**Notes to Financial Statements**  
**December 31, 2019**

**I. Endowed Funds-continued**

The asset allocation guidelines as specified in the investment policy are shown below:

| <b>Asset Class</b>              | <b>Benchmark</b>     | <b>Range</b> | <b>Target</b> |
|---------------------------------|----------------------|--------------|---------------|
| Domestic Equities               | R3000                | .35%-75%     | 45%           |
| International Equities          | ACWI ex U.S.         | 5%-30%       | 15%           |
| Alternative Strategies          | HFRI                 | 5%-30%       | 10%           |
| Fixed Income Securities         | Barclay's Agg        | 15%-50%      | 27%           |
| Money Market & Cash Equivalents | Citi 3 month T-Bills | 0%-10%       | 3%            |

The above referenced benchmarks are defined as: R3000 is the Russell 3000 Index; ACWI ex U.S. is the All Country Weighted Index, excluding the United States; HFRI is the Hedge Fund Research Inc. Index; Barclay's Agg is the Barclay's U.S. Aggregate Bond Index; and Citi 3 month is the Citigroup 3 - month Treasury Bill Index.

The Foundation's spending policy provides that the annual distributions shall be calculated as 4.5% of the Investment Pool's average quarter-ending share price for the trailing twelve calendar quarters, not to exceed 5.5% or fall below 3.5% of the Investment Pool's most recent year-end share price. The Board may, at its discretion, modify the above formula and impute traditional income equal to 3.0% of the year ending FMV of each particular trust. It further provides that the annual distribution shall be limited in that it cannot reduce the fair market value of the trust below the fair value of the original gift. The annual distribution shall be approved by the Foundation's board at the first meeting of the year and be distributed as soon as possible thereafter. It prohibits makeup distributions to reimburse for prior annual distribution deficiencies.

**J. Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of December 31, 2019 are:

|  |                     |
|--|---------------------|
| Cash and cash equivalents                          | \$ 1,677,781        |
| Interest receivable                                | 14,600              |
| 2020 annual distribution from operating endowments | 332,613             |
| Less accounts payable and accrued liabilities      | <u>(17,387)</u>     |
| Net financial assets                               | <u>\$ 2,007,607</u> |

**The Oklahoma Disciples Foundation**  
**Notes to Financial Statements**  
**December 31, 2019**

**K. Operating Leases**

The Foundation leases its office space from regional office of the Christian Church (Disciples of Christ) under twelve month contracts. Total rent expense to the Foundation under this lease in 2019 was \$9,686. The lease has been renewed for 2020 at the same rate per square foot. This amount was prepaid in December 2019.

In December 2017, the Foundation leased a copier for five years at a rate of \$291 per month.

The Foundation's minimum office and office equipment lease requirements for the next five years are shown below:

|                   |    |        |
|-------------------|----|--------|
| December 31, 2020 | \$ | 13,178 |
| December 31, 2021 | \$ | 3,492  |
| December 31, 2022 | \$ | 3,492  |

As noted above, the 2019 office lease payment was prepaid in December 2019, so the cash outlay for leases in 2019 will be \$3,492.

**L. Recent Accounting Pronouncements**

In 2016, FASB issued ASU 2016-02 (Topic 842), Leases. This authoritative guidance, as amended, requires most leases to be recognized on the balance sheet and requires enhanced disclosures. This standard requires entities to account for leases previously classified as operating leases that were not on its Statement of Assets, Liabilities and Net Assets on such Statement, measuring this lease liability and right-to-use asset at its present value of remaining minimum rental payments. The effective date of the amended standard will begin in periods beginning after December 15, 2021. While this guidance will result in a change to the Statement of Assets, Liabilities and Net Assets, management does not currently expect the adoption of this new standard to have a material impact on the Statement of Activities of the Foundation.

**M. Evaluation of Subsequent Events**

The Foundation has evaluated subsequent events through October 21, 2020, the date which the financial statements were available to be issued.

ODF applied for and received a PPP/SBA loan through Bank of Oklahoma (BOK) in the amount of \$59,800 in April 2020. On 09/02/20, we submitted our application for forgiveness to BOK and on 10/08/20, BOK advised the entire amount of the loan had been forgiven by SBA. Throughout the COVID-19 pandemic, we have maintained our standard internal control procedures.