



**SOUTHWESTERN OKLAHOMA STATE UNIVERSITY**

**A Department of the Regional  
University System of Oklahoma**

**ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED**

**JUNE 30, 2020**

**SOUTHWESTERN OKLAHOMA STATE UNIVERSITY**  
A Department of the Regional University System of Oklahoma  
June 30, 2020

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## Independent Auditors' Report

Board of Regents  
Regional University System of Oklahoma  
Southwestern Oklahoma State University  
Oklahoma City, Oklahoma

### Report on the Financial Statements

We have audited the accompanying financial statements of Southwestern Oklahoma State University (the "University"), a department of the Regional University System of Oklahoma ("RUSO"), which is a component unit of the State of Oklahoma, and its discretely presented component unit, as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise Southwestern Oklahoma State University's basic financial statements as listed in the table of contents.

### 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.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit, the Southwestern Oklahoma State University Foundation, Inc. and the Southwestern Pharmacy Alumni Foundation, Inc. Those financial statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Southwestern Oklahoma State University Foundation, Inc. and the Southwestern Pharmacy Alumni Foundation, Inc., is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 auditors' 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.

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## Opinion

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the University and its discretely presented component units as of June 30, 2020 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

As discussed in Note A, the financial statements of the University are intended to present the financial position, the changes in financial position and, where applicable, cash flows of only that portion of RUSO that is attributable to the transactions of the University. They do not purport to, and do not present fairly the financial position of RUSO as of June 30, 2020, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## Other Matters

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Southwestern Oklahoma State University's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, but is not a required part of the basic financial statements.

The schedule of expenditures of federal awards 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. Such 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2020 (under separate cover), on our consideration of the University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Hill & Company, PC

Tulsa, Oklahoma  
October 30, 2020



MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
SOUTHWESTERN OKLAHOMA STATE UNIVERSITY

Year Ended June 30, 2020

INTRODUCTION

Southwestern Oklahoma State University (the "University"), a Department of the Regional University System of Oklahoma, ("RUSO") has a long history of providing outstanding service to our region and the State of Oklahoma. Widely known for an excellent School of Pharmacy and 14 other nationally accredited academic programs, we are dedicated to continued improvement. This improvement process is currently being driven by the strategic plan updated in 2019.

The plan focuses on a select number of initiatives to keep moving the university forward. These include increasing student retention and graduation rates, improving employee compensation and job satisfaction, upgrading technology services, diversifying our revenue sources, and addressing the integration of our additional location at Sayre.

Our strategically focused budgeting process enabled the university to move forward with our initiatives during fiscal year 2020. The budget priorities in FY 2020 addressed strengthening our retention efforts and improving our facilities. Additionally, we continue to expand and strengthen the out-reach efforts of the School of Pharmacy and review the needs of the region as it relates to the development of new areas of study.

Our investment in capital projects continued in FY 2020. Improvements completed in 2020 include the renovation of the Foss Lake Facility which had been destroyed by fire and was renovated primarily with insurance funds; as well as completion of improvements to Business Enterprise Center; this project was partially funded by a private donor. Renovation projects which are in various stages of completion are the second floor of the Al Harris Library, which will include an archival room for preservation of historical documents; addition of 3,300 sf of space to the Music Building for specialty classrooms.

During FY 2018, the University contracted with a consulting firm and collaborated with two other RUSO schools, Northwestern Oklahoma State University and Southeastern Oklahoma State University, to select an enterprise resource planning (ERP) system. The three universities signed contracts with Colleague by Ellucian for ERP, student information systems (SIS), finance, human resources, and talent management solutions during the fourth quarter. By working in partnership, the three schools expect to realize \$2.7 million in savings and achieve process optimization, reporting improvements, enhanced visibility, and student-facing technology with mobile, responsive design and student planning functionality. This was project expected to take two years and most modules are fully functional; SWOSU just started one of the final modules, Ellucian Recruit, which will bring the Admissions fully functioning processes for recruiting and admitting students.

The discussion and analysis of the University's financial statements provides an overview of the University's financial activities for the fiscal year ending June 30, 2020, with selected comparative information for the year ended June 30, 2019. Management's Discussion and Analysis is designed to focus on current activities, resulting changes, and current known facts, so it should be read in conjunction with the University's financial statements and footnotes.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued  
SOUTHWESTERN OKLAHOMA STATE UNIVERSITY

Year Ended June 30, 2020

These financial statements include those of the University and its discretely presented component units, Southwestern Pharmacy Alumni Foundation, Inc. and Southwestern Oklahoma State University Foundation, Inc. A component unit is a legally separate entity associated with the primary organization. However, this discussion only covers the University.

OVERVIEW OF FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS

The statement of net position and statement of revenues, expenses, and changes in net position report the University's net position and how it has changed. Assets are presented in two major classifications, current and non-current assets. Current assets represent resources that are available to meet current operational needs. Non-current assets represent resources that are not available to meet current obligations. Cash and investments designated for construction or other capital projects are included in this category. The major component of this category is the University's investment in property, buildings, and equipment. The financial statements contain a summary of capital asset activity.

Liabilities are also separated into current and non-current classifications. Current liabilities are those obligations that are due within the current year and will be paid from current resources. Non-current liabilities are primarily made up of long-term debt. The financial statements provide detail related to Long-Term Liabilities.

Net position - the difference between assets and liabilities - is one way to measure the University's health, or position. Over time, increases or decreases in net position are an indicator of whether or not the University's financial health is improving. Non-financial factors are also important to consider, including student enrollment and condition of campus buildings.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued  
SOUTHWESTERN OKLAHOMA STATE UNIVERSITY

Year Ended June 30, 2020

CONDENSED STATEMENT OF NET POSITION

A Condensed Statement of Net Position is prepared from the University's statement of net position and summarizes the assets, liabilities, and net position as of June 30, 2020. Comparative data for years ending June 30, 2019 is provided.

**Schedule A**  
**Condensed Statements of Net Assets**  
**as of June 30, 2020 and 2019**  
**(In Millions)**

	2020	2019	Increase (Decrease)	Percent Change
Current Assets	\$ 25.2	\$ 26.6	\$ (1.4)	(5.2)%
Noncurrent Assets				
Capital Assets, Net of Depreciation	77.5	77.2	.3	0.4%
Other	3.6	4.6	(1.0)	(21.7)%
Total Assets	106.3	108.4	(2.1)	(1.9)%
Deferred Outflows of Resources	0.0	0.0	0.0	(0.0)%
Current Liabilities	6.4	6.0	.4	6.7%
Noncurrent Liabilities	19.3	20.6	(1.3)	(6.3)%
Total Liabilities, as restated	26.7	26.6	(.1)	(.38)%
Deferred Inflows of Resources	0.2	0.2	0	0.00%
Net Position				
Investment in Capital Assets	57.4	55.2	2.2	3.99%
Restricted	10.0	11.7	(1.7)	(14.53)%
Unrestricted	13.0	14.7	(1.7)	(12.24)%
Total Net Position (after prior period adjustment)	\$ 80.4	\$ 81.6	\$ (1.2)	(1.59)%

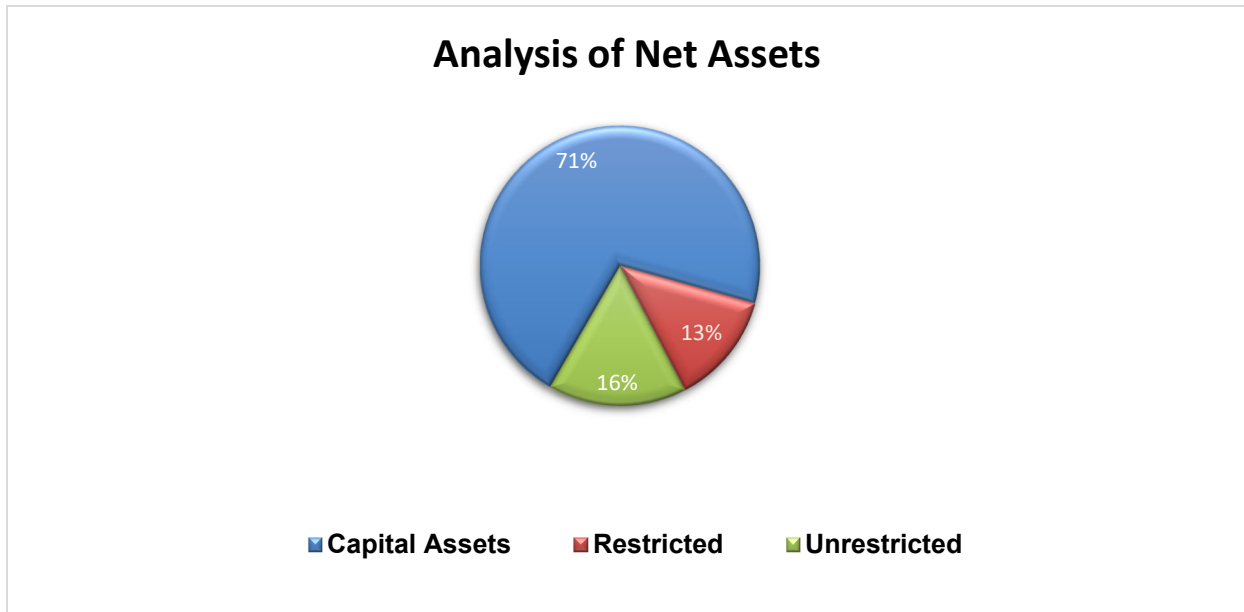
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued  
SOUTHWESTERN OKLAHOMA STATE UNIVERSITY

Year Ended June 30, 2020

ANALYSIS OF NET POSITION 2020

Current assets decreased by \$462,993 due primarily to decreased cash and cash equivalents. Net Capital Assets increased by \$284,469, due to completion of some capital projects.

The following graph indicates how the University's net position is split between capital assets, unrestricted, and restricted position.



STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The statement of revenues, expenses, and changes in net position presents the University's results of operation for the year and the effect on net position. Operating revenues and expenses are generated from "exchange" transactions that arise during normal activity for the organization. Tuition and fees, sales of services and merchandise, and similar transactions are considered operating revenues, and all the expenses required to provide these services are considered operating expenses. Non-operating revenue and expenses are characterized as non-exchange and include such items as gifts and contributions, investment income or expense, federal Pell grants, and most significantly, state appropriations.



MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued  
SOUTHWESTERN OKLAHOMA STATE UNIVERSITY

Year Ended June 30, 2020

CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

A Statement of Revenues, Expenses, and Changes in Net Position is prepared from the University's statement of revenues, expenses, and changes in net position.

**Schedule B**  
**Condensed Statements of Revenues, Expenses and Changes in Net Assets**  
**Years Ended June 30, 2020 and 2019**  
**(In Millions)**

	2020	2019
Operating Revenue		
Student tuition and Fees	\$ 26.9	\$ 26.6
Federal, state and local grants and contracts	2.2	3.9
Auxiliary	6.2	6.8
Other	1.9	1.0
Total Operating Revenues	37.2	38.3
Operating Expenses		
Compensation and employee benefits	46.9	45.3
Contractual Services	5.2	4.8
Supplies and materials	3.5	3.1
Depreciation	4.4	4.2
Utilities	1.4	1.5
Communication expense	0.2	0.2
Scholarships and fellowships	7.1	5.9
Other Operating expense	2.9	2.8
Total Operating Expenses	71.6	67.8
Operating Income (Loss)	(34.4)	(29.5)
Non-operating revenues (expenses)		
State appropriations	18.2	17.7
City sales tax revenue	0.5	0.8
Grant (Federal & State)	13.4	11.6
Investment income	0.3	0.3
Interest costs	(0.6)	(0.9)
Net Non-operating Revenues	31.8	29.6
Income (loss) before other revenues, expenses, gains and losses	(2.7)	.1
State appropriations restricted for capital purposes	1.1	1.2
Other	.3	1.4
Change in Net Position	(1.3)	2.7
Net Position, Beginning of Year	81.7	79.0
Net Position, End of Year	80.4	\$ 81.7

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued  
SOUTHWESTERN OKLAHOMA STATE UNIVERSITY

Year Ended June 30, 2020

Revenues 2020

Operating revenues include tuition and fees, certain federal, state, and local grants and contracts, and revenue generated by auxiliary units, including housing and food service. Non-operating revenues include state appropriations, investment income, and certain federal, state, and local grants and contracts.

Student tuition and fees, net of scholarships and allowances, are \$26.9 million, a increase of \$.3 million over the previous year. The official Oklahoma State Regents for Higher Education student full-time equivalent (FTE) enrollment for fiscal year 2020 and fiscal year 2019 was 4,255 and 4,631, respectively. This would indicate an FTE enrollment decrease of 8.1%.

Operating Grants and Contracts activity is \$2.2 million, a decrease of approximately \$1.7 million over the previous year. During FY19, the Department of Education awarded the University a five-year Title III grant to promote student success. Revenue recorded in FY20 was approximately \$409,000. Significant federal grants, classified as non-operating revenue, are for Student Financial Aid and include Pell, Student Work Study, and Supplemental Education Opportunity Grants. CARES Act grant, due to the pandemic, contributed \$1,721,756 funding which was immediately refunded to students based on the hours enrolled for Spring, 2020.

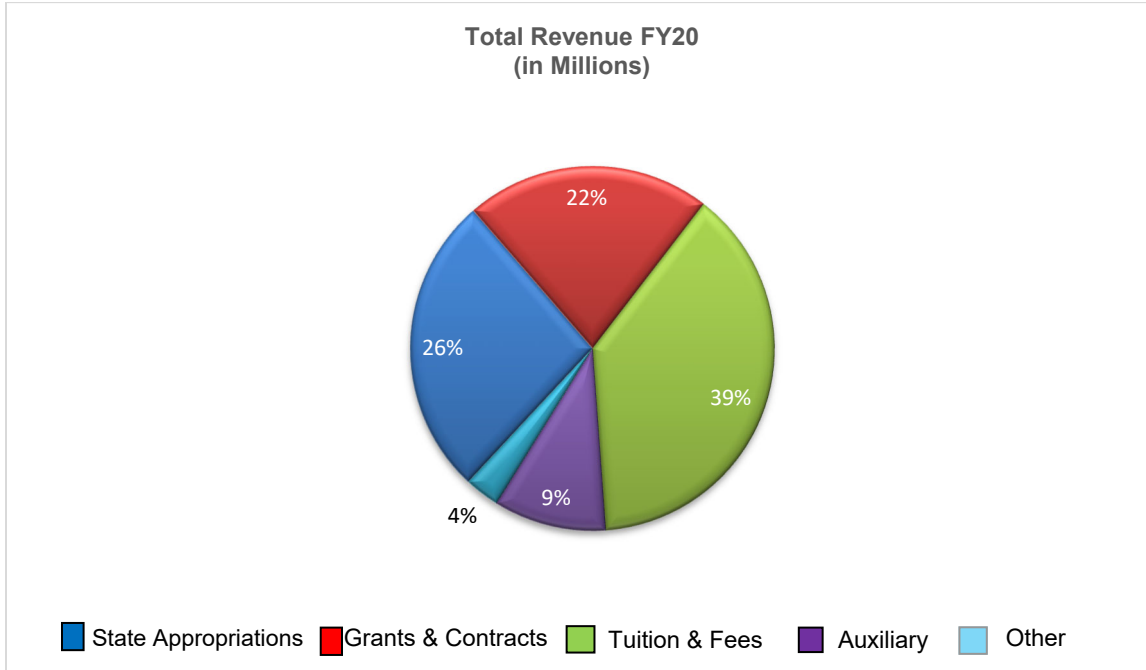
Auxiliary operations generated total revenues of \$6.2 million in fiscal year 2020 of which \$5.6 million is from housing and food services, as compared to fiscal year 2019 revenues of \$6.8 million, of which \$6.0 million is from housing and food services. Due to the pandemic in Spring 2020 refunds for housing and food service amount to more than \$900,000.

State appropriations for operations in fiscal year 2020 were \$18.2 million; state appropriations restricted for capital purposes, which comes from the Land Trust Reserves, were \$1.1 million; and OCIA on-behalf appropriations for payment of principal and interest were \$260,000. This amount no longer includes the Oklahoma Teachers Retirement System on-behalf contributions; these are reported at the RUSO level consolidation. State appropriations increased by \$426,000 and were mandated to give faculty a raise. The allocation increase did not cover the additional cost of fringe benefits for faculty; nor allow for staff salary increases. In comparison the FY11 appropriation was \$26 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued  
SOUTHWESTERN OKLAHOMA STATE UNIVERSITY

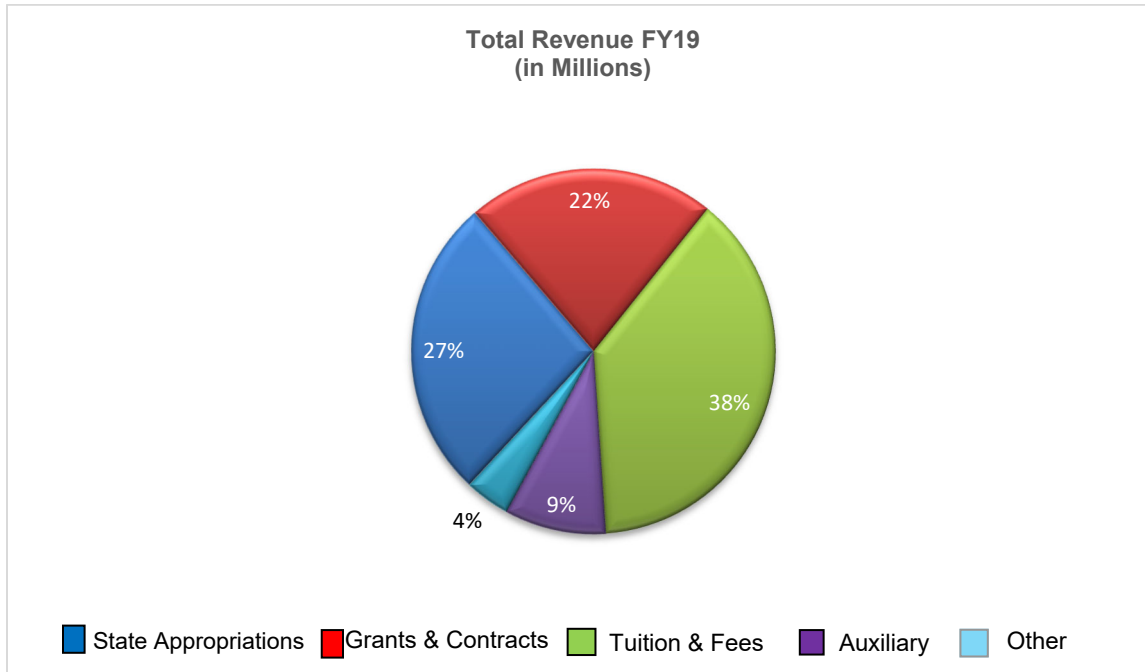
Year Ended June 30, 2020

The following graphs represents sources and amounts of revenue.



MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued  
SOUTHWESTERN OKLAHOMA STATE UNIVERSITY

Year Ended June 30, 2020



**EXPENSES 2020**

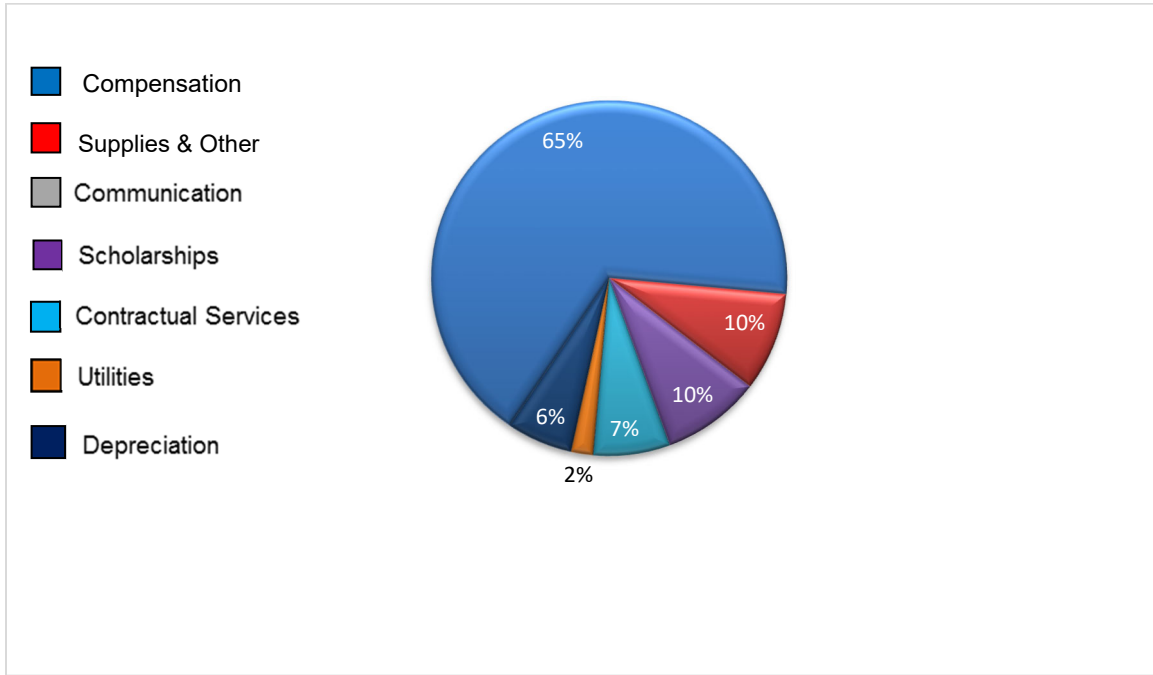
Operating expenses for the year are \$71.68 million, an increase of \$3.8 million. Many changes occurred in Spring, 2020. The pandemic caused all classes to go to electronic delivery after spring break; this resulted in refunds to students for housing and food service; and cost increased for additional technology equipment, software licenses and cleaning and sanitizing equipment and supplies.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued  
SOUTHWESTERN OKLAHOMA STATE UNIVERSITY

Year Ended June 30, 2020

The following are graphic representations of expenses during fiscal year 2020:

*FY 20 Expenses by Natural Classification  
(In Millions)*

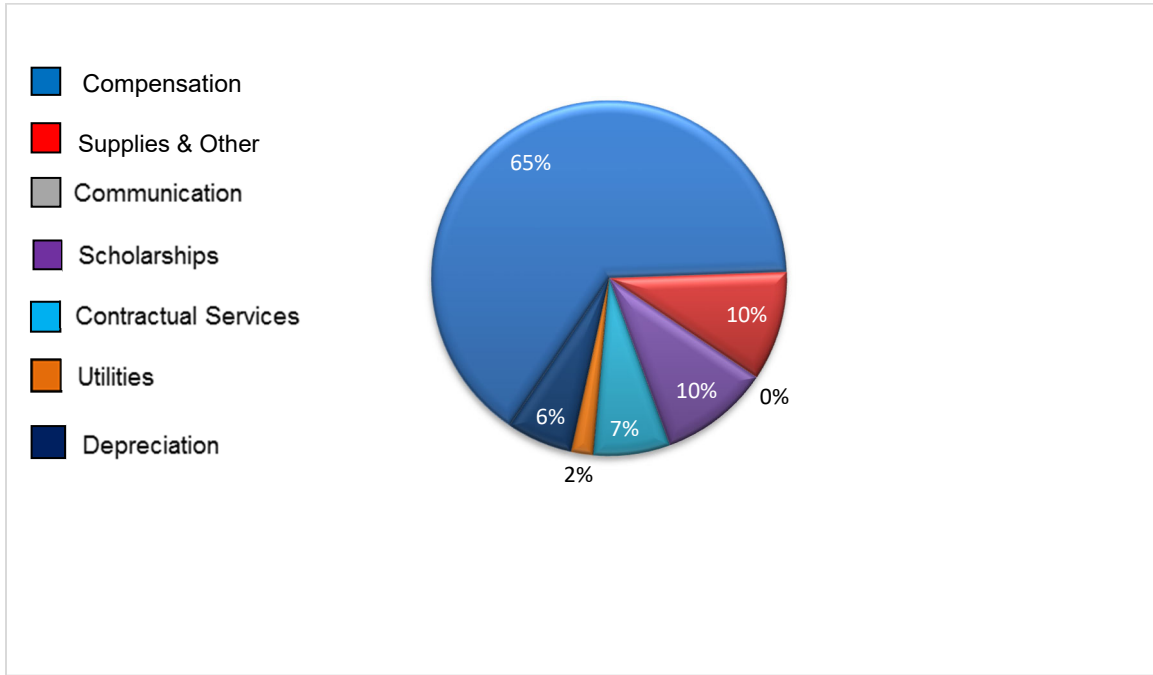


MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued  
SOUTHWESTERN OKLAHOMA STATE UNIVERSITY

Year Ended June 30, 2020

The following are graphic representations of expenses during fiscal year 2019:

*FY 19 Expenses by Natural Classification  
(In Millions)*



MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued  
SOUTHWESTERN OKLAHOMA STATE UNIVERSITY

Year Ended June 30, 2020

STATEMENT OF CASH FLOWS

The primary purpose of the Statement of Cash Flows is to provide information about the cash receipts and distributions of an entity during a period. This statement also aids in the assessment of an entity's ability to generate future net cash flows, ability to meet obligations as they come due, and needs for external financing.

This statement is a summary of the cash flows for the year ended June 30, 2020, compared to the year ended June 30, 2019, and is prepared from the Statement of Cash Flows.

CONDENSED STATEMENT OF CASH FLOWS

**Schedule C**  
**Condensed Statements of Cash Flows**  
**Years Ended June 30, 2020 and 2019**  
**(In Thousands)**

	2020	2019
Cash provided (used) by:		
Operating activities	\$ (28.8)	\$ (25.9)
Noncapital financing activities	32.1	30.2
Investing activities	.3	.3
Capital and related financing activities	(5.7)	(4.9)
Net increase (decrease) in cash	(2.0)	(.3)
Cash, beginning of the year	28.5	28.8
Cash, end of the year	\$ 26.5	\$ 28.5

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued  
SOUTHWESTERN OKLAHOMA STATE UNIVERSITY

Year Ended June 30, 2020

CAPITAL ASSETS

At June 30, 2020, the University had approximately \$77.5 million invested in capital assets, net of accumulated depreciation of \$83.2 million. Depreciation charges totaled approximately \$4.4 million for the current fiscal year. This year's major additions to capital assets were the completion costs for the renovation of the Business Enterprise Center, Foss Lake Facility and the development costs incurred for the new ERP system.

The University's fiscal-year 2021 capital budget will include completion of most capital projects, including the renovation of the Al Harris Library, the Music building, eSports Arena, Alma Mater Merc (bookstore/convenience store), and the Residence Life internet project. Student fees, a private donation, and other sources fund these projects.

At June 30, 2019, the University had approximately \$77.2 million invested in capital assets, net of accumulated depreciation of \$79.2 million. Depreciation charges totaled approximately \$4.2 million for the past fiscal year.

Details of balances of capital assets for the years ended June 30, 2020, and 2019 are shown below.

	June 30 (in Millions)	
	2020	2019
Land	\$ 1.1	\$ 1.1
Construction in Progress	\$ 3.0	\$ 1.8
Infrastructure	\$ 2.0	\$ 0.7
Land Improvements	\$ 0.4	\$ 0.5
Buildings	\$ 68.0	\$ 69.7
Furniture, fixtures and equipment	\$ 1.5	\$ 1.9
Library materials	\$ 1.5	\$ 1.5
Total	<u>\$ 77.5</u>	<u>\$ 77.2</u>



MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued  
SOUTHWESTERN OKLAHOMA STATE UNIVERSITY

Year Ended June 30, 2020

DEBT

At June 30, 2020, the University had approximately \$19.2 million in debt outstanding compared to \$21.1 outstanding at June 30, 2019. The table below summarizes these amounts by type.

OUTSTANDING DEBT

	June 30, (in Millions)	
	2020	2019
OCIA Lease Obligations	\$ 5.5	\$ 5.6
ODFA Lease Obligations	\$ 13.7	\$ 15.5
Total	\$ 19.2	\$ 21.1
	=====	=====

Southwestern is participating in the Master Lease program through the Oklahoma Development Finance Authority (ODFA) for \$2,000,000 for campus energy improvements; and \$1,000,000 for renovation at the Student Center. During 2011, there were two new bonds issued through ODFA: \$2,000,000 for improvements to renovate an unused dormitory to classrooms (this master lease was refinanced during 2020) and \$13,000,000 for construction of the Weatherford Event Center. During fiscal year 2014, a master lease was added in the amount of \$4,610,000 for refinancing the Revenue Bond issued in 2004. Additionally, there was a \$2,000,000 master lease added for renovation of Black Kettle Hall. During 2015, the bond issue for the renovation of the Student Center was refinanced. During fiscal year 2017, a \$1,141,000 master lease was issued for refinancing the bond issue for the campus energy improvements. Additionally, a \$3,678,000 master lease for Rogers Hall and a \$1,636,000 master lease for the Chemistry, Physics, and Pharmacy building were added.

During 2006, OCIA issued lease purchase obligations of about \$11,640,758 for capital improvements. This is a 25-year lease agreement and includes several capital improvement projects. In August 2010, OCIA issued the 2010A and 2010B series bonds to partially refund the 2005F revenue bonds. The 2010A lease agreement was fully paid in FY19.

In April 2014, OCIA issued the 2014A series bonds to partially refund the 2005F bonds.

The OCIA lease obligations provide that the University is to make specified monthly payments to OCIA for a bond issue in 2014. During the fiscal years ended June 30, 2020, and 2019, lease principal and interest payments were made on behalf of the University totaling \$286,089 and \$1,378,814, respectively. These on-behalf amounts have been recorded as OCIA on-behalf appropriations in the University's statement of revenues, expenses, and changes in net position.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued  
SOUTHWESTERN OKLAHOMA STATE UNIVERSITY

Year Ended June 30, 2020

More detailed information about the University's outstanding debt is presented in notes to financial statements.

DETERMINING WHETHER CERTAIN ORGANIZATIONS ARE COMPONENT UNITS

The Governmental Accounting Standards Board (GASB) published GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, which became effective June 2003, and which requires Universities to include in their financial statements' component unit financial information.

Southwestern Oklahoma State University Foundation, Inc. and the Southwestern Pharmacy Alumni Foundation, Inc. are component units of Southwestern Oklahoma State University, and the most recent financial statements of the Foundations are included in this presentation.

ECONOMIC OUTLOOK

The University has completed the update of the strategic plan and is preparing for the ten-year accreditation visit from the Higher Learning Commission. Enrollment is expected to take a downturn in the next year; however, the University will be starting the second year with Ruffalo Noel Levitz to redesign the scholarship program to focus on retention of students. The five-year Title III Grant from the Department of Education will further strengthen the University's ability to attract and retain students through the Student Success Program. The pandemic has changed many aspects of the institution, but our faculty and staff are adapting to the many changes. State financial support is expected to decrease for at least the 2021 and 2022 fiscal years.

The tuition and fee rates and our overall cost of attendance continue to be very competitive with our Oklahoma and IPED peer institutions.

**STATEMENT OF NET POSITION**  
**SOUTHWESTERN OKLAHOMA STATE UNIVERSITY**  
**(A Department of the Regional University System of Oklahoma)**  
**For the Year Ended June 30, 2020**

**ASSETS**

Current Assets

Cash and cash equivalents	\$ 23,181,406
Accounts receivable, net	1,848,241
Inventories	166,470
Total Current Assets	<u>25,196,117</u>

Noncurrent Assets

Restricted cash and cash equivalents	3,355,266
Funds held by others	279,215
Capital assets, net of accumulated depreciation	77,501,981
Total Noncurrent Assets	<u>81,136,462</u>

Total Assets	<u>\$ 106,332,579</u>
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**LIABILITIES AND NET ASSETS**

Current Liabilities

Accounts payable	\$ 2,231,443
Accrued payroll	71,105
Accrued interest payable	24,607
Unearned revenue	1,521,361
Deposits held in custody for others	-
Current portion of non current liabilities	2,596,962
Total Current Liabilities	<u>6,445,478</u>

Noncurrent Liabilities

Accrued compensated absences	789,762
Bond premium (net of amortization)	683,639
Lease obligations payable to state agency	17,779,152
Total Noncurrent Liabilities	<u>19,252,553</u>

Total Liabilities	<u>\$ 25,698,031</u>
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Deferred Inflows of Resources

	<u>\$ 203,448</u>
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Net Position

Invested in capital assets, net of related debt	\$ 57,359,075
Restricted:	
Expendable:	
Scholarships, instruction and other	7,803,612
Capital projects	2,270,593
Unrestricted	12,997,820
Total Net Position	<u>\$ 80,431,100</u>

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**SOUTHWESTERN OKLAHOMA STATE UNIVERSITY**  
**(A Department of the Regional University System of Oklahoma)**  
**Year Ended June 30, 2020**

Operating Revenues	
Student tuition and fees, net of scholarship discounts and allowances of \$16,655,352	\$ 26,932,218
Federal grants and contracts	925,321
State and local grants and contracts	1,269,671
Housing and food service, discounts and allowances of \$169,110	5,644,782
Other auxiliary operations	575,294
Other operating revenues	1,859,177
Total Operating Revenues	<u>37,206,463</u>
Operating Expenses	
Compensation and employee benefits	46,861,969
Contractual services	5,247,193
Supplies and materials	3,501,353
Depreciation	4,417,848
Utilities	1,380,571
Communication expense	185,123
Scholarships and fellowships	7,121,094
Other operating expenses	2,949,316
Total Operating Expenses	<u>71,664,467</u>
Operating Loss	(34,458,004)
Nonoperating Revenues (Expenses)	
State appropriations	18,178,133
City sales tax revenue	508,996
Federal grants and contracts	7,700,875
State and local grants and contracts	5,686,217
Investment income	333,316
Interest expense	(621,441)
Net Nonoperating Revenues	<u>31,786,096</u>
Income before other revenues, expenses, gains, and losses	(2,671,908)
Capital grants and gifts	4,283
State appropriations restricted for capital purposes	1,114,524
OCIA on-behalf appropriations	259,089
Change in Net Position	<u>(1,294,012)</u>
Net Position, Beginning of Year	<u>81,620,711</u>
Cumulative effect of change in accounting principle (GASB 84)	104,401
Net Position, Beginning of Year as Restated	<u>81,725,112</u>
Net Position, End of Year	<u><u>\$ 80,431,100</u></u>

**STATEMENT OF CASH FLOWS**  
**SOUTHWESTERN OKLAHOMA STATE UNIVERSITY**  
**(A Department of the Regional University System of Oklahoma)**  
**Year Ended June 30, 2020**

Cash Flows from Operating Activities	
Tuition and fees	\$ 26,467,366
Grants and contracts	2,394,506
Housing and food service and other receipts	8,427,801
Payments to employees for salaries and benefits	(46,988,063)
Payments to suppliers	(19,066,757)
Net Cash Used in Operating Activities	<u>(28,765,147)</u>
Cash Flows from Noncapital Financing Activities	
State appropriations	18,178,133
Grants and contracts	13,387,092
Gifts	4,283
City sales tax received	508,996
Net Cash Provided by Noncapital Financing Activities	<u>32,078,504</u>
Cash Flows from Investing Activities	
Interest income received	333,316
Net Cash Provided by (Used in) Investing Activities	<u>333,316</u>
Cash Flows from Capital and Related Financing Activities	
Cash paid for capital assets	(4,702,317)
Capital appropriations received	1,114,524
Cash from bond proceeds	77,401
Debt issue costs	
Repayment of capital debt and leases	(1,779,894)
Interest paid on capital debt and leases	(386,228)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(5,676,514)</u>
Net Increase in Cash and Cash Equivalents	(2,029,841)
Cash and Cash Equivalents, Beginning of Year	<u>28,566,513</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 26,536,672</u></u>

**STATEMENT OF CASH FLOWS--Continued**  
**SOUTHWESTERN OKLAHOMA STATE UNIVERSITY**  
**(A Department of the Regional University System of Oklahoma)**  
**Year Ended June 30, 2020**

Reconciliation of Operating Loss to Net Cash Used in Operating Activities	
Operating loss	\$ (34,458,004)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	4,417,848
Changes in assets and liabilities:	
Accounts receivable	141,543
Notes receivable	217,670
Inventories	(39,139)
Funds held by others	74,449
Accounts payable and accrued payroll	1,271,941
Unearned revenue	(276,003)
Compensated absences	135,088
Deposits held for others	(250,540)
Net Cash Used in Operating Activities	<u><u>\$ (28,765,147)</u></u>
Noncash Investing, Noncapital Financing and Capital and Related Financing Activities	
Interest on capital debt paid by State Agency on behalf of the University	<u>\$ 263,222</u>
Principal on capital debt paid by State Agency on behalf of the University	<u>\$ 22,867</u>
Reconciliation of Cash and Cash Equivalents to Statements of Net Assets	
Current assets:	
Cash and cash equivalents	\$ 23,181,406
Restricted cash and cash equivalents	-
Total current cash and cash equivalents	<u>\$ 23,181,406</u>
Noncurrent restricted cash and cash equivalents	3,355,266
Total Cash and Cash Equivalents	<u><u>\$ 26,536,672</u></u>

**STATEMENT OF FIDUCIARY NET POSITION**  
**SOUTHWESTERN OKLAHOMA STATE UNIVERSITY**  
**(A Department of the Regional University System of Oklahoma)**  
**June 30, 2020**

ASSETS

Cash

\$ 975,703

LIABILITIES

Due to OKHEEI

\$ 658,845

Due to fringe vendors

316,858

\$ 975,703

**STATEMENT OF FIDUCIARY CHANGES IN NET POSITION**  
**SOUTHWESTERN OKLAHOMA STATE UNIVERSITY**  
**(A Department of the Regional University System of Oklahoma)**  
**June 30, 2020**

	<u>Fiduciary Funds</u>
ADDITIONS	
Premium payments for OKHEEI	\$ 4,240,327
Total additions	<u>\$ 4,240,327</u>
DEDUCTIONS	
Payments of premiums to OKHEEI	\$ 4,240,327
Total deductions	<u>\$ 4,240,327</u>
Change in Net Position	<u>\$ -</u>
Net Position at Beginning of Year	<u>\$ -</u>



**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Organization**

Southwestern Oklahoma State University (the "University") is a regional University operating under the jurisdiction of the Regional University System of Oklahoma ("RUSO" or the "System") and the Oklahoma State Regents for Higher Education.

**Reporting Entity**

The University is one of six institutions of higher education in Oklahoma that comprise part of RUSO, which in turn is part of the Higher Education component unit of the State of Oklahoma.

The Board of Regents has constitutional authority to govern, control, and manage RUSO. This authority includes, but is not limited, to the power to designate management, the ability to significantly influence operations, acquire and take title to real and personal property in its name, appoint or hire all necessary officers, supervisors, instructors, and employees for member institutions.

Accordingly, the University is considered an organizational unit of RUSO for financial reporting purposes due to the significance of its legal, operational, and financial relationships with the Board of Regents as defined in Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards.

**Discretely Presented Component Units**

Southwestern Oklahoma State University Foundation, Inc. (the "University Foundation") and the Southwestern Pharmacy Alumni Foundation, Inc. (the "Pharmacy Foundation") are component units of the University under GASB 39 that should be discretely presented with the financial statements of the University. The University Foundation and the Pharmacy Foundation have a fiscal year ending December 31. The University is the beneficiary of the University Foundation and the Pharmacy Foundation, separate legal entities with their own Boards of Trustees. The University Foundation is organized for the benefit of the University and its faculty, student body, and programs. The University Foundation provides scholarships and support and enhances the further development of the University. The Pharmacy Foundation was formed to provide support for the School of Pharmacy at the University. The Pharmacy Foundation gives scholarships and makes loans available to pharmacy students. The Pharmacy Foundation also provides research grants to faculty and students.

**Fiduciary Funds**

Fiduciary Funds are used to report assets held in a trustee or agency capacity for third parties and therefore are not available to support University programs. The reporting focus is net position and changes in net position and uses accounting principles similar to proprietary funds.

**Agency Funds**

Agency funds are used to report resources held by the University in a purely custodial capacity (assets equal liabilities). Agency fund assets and liabilities are recognized using the accrual basis of accounting. The University has one agency fund for the Oklahoma Higher Education Employee Interlocal Group (OKHEEI).

**NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Financial Statement Presentation**

The University's financial statements are presented in accordance with the requirements of GASB Statement No. 34, *Basic Financial Statement and Management's Discussion and Analysis – for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. Under GASB Statements No. 34 and 35, the University is required to present a statement of net position classified between current and noncurrent assets and liabilities; a statement of revenues, expenses, and changes in net position, with separate presentation for operating and non-operating revenues and expenses; and a statement of cash flows using the direct method.

**Basis of Accounting**

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

**Cash Equivalents**

For purposes of the statements of cash flows, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the State Treasurer's Cash Management Program are considered cash equivalents.

**Investments**

The University accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statement of revenues, expenses, and changes in net position.

**Accounts Receivable**

Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of Oklahoma. Accounts receivable also include amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grant and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

**Inventories**

Inventories are carried at the lower of cost or market on the first-in, first-out (FIFO) basis.

**NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Noncurrent Cash and Investments**

Cash and investments that are externally restricted to make debt service payments, maintain sinking or reserve funds, or purchase capital or other noncurrent assets are classified as noncurrent assets in the statement of net position.

**Capital Assets**

Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. For equipment, the University's capitalization policy includes all items with a unit cost of \$2,500 or more and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40 to 60 years for buildings, 20 to 30 years for infrastructure and land improvements, and 5 to 10 years for library materials and equipment.

**Unearned Revenue**

Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

**Compensated Absences**

Employee vacation pay is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as accrued vacation payable in the statement of net position and as a component of compensation and benefit expense in the statement of revenues, expenses, and changes in net position.

**Noncurrent Liabilities**

Noncurrent liabilities include (1) principal amounts of revenue bonds payable, notes payable, and capital lease obligations with contractual maturities greater than one year and (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year.

**Net Position**

The University's net position is classified as follows:

*Invested in capital assets, net of related debt:* This represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

**NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Restricted net position – expendable: Restricted expendable net position includes resources in which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Unrestricted net position: Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to first apply the expense towards restricted resources and then toward unrestricted resources.

**Income Taxes**

The University, as a political subdivision of the State of Oklahoma, is exempt from all federal income taxes under Section 115(1) of the Internal Revenue Code, as amended. However, the University may be subject to income taxes on unrelated business income under the Internal Revenue Code Section 511(a)(2)(B).

**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 these estimates.

**Classification of Revenues**

The University has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances; (3) certain federal, state, or local grants and contracts; and (4) interest on institutional student loans.

Non-operating revenues: Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB No. 34, such as state appropriations, certain governmental and other pass-through grants, and investment income.

**NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Scholarship Discounts and Allowances**

Student tuition and fee revenues and certain other revenues from students are reported net of scholarship discounts and allowances in the statements of revenues, expenses, and changes in net position.

Certain governmental grants, such as Pell grants and other federal, state, or nongovernmental programs, are recorded as non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on the students' behalf.

**Sales Tax Revenue**

The University receives a 1% allocation of the City of Weatherford's sales tax revenue, which is restricted to pay against the bonds attributable to the Event Center. The City of Weatherford's agreement with the University expired during the current year. Revenues are recognized when collected.

**Deferred Outflows of Resources**

Deferred outflows are the consumption of net position by the University that is applicable to a future reporting period. On June 30, 2020, the University does not report any deferred outflows.

**Deferred Inflows of Resources**

Deferred inflows are the acquisition of net position by the University that is applicable to a future reporting period. At June 30, 2020, the University's deferred inflows of resources were comprised of deferred gains on capital lease restructure.

**NOTE B DEPOSITS AND INVESTMENTS**

Deposits and investments are presented in the June 30, 2020 financial statements as follows:

Statement of Net Assets	
Cash and cash equivalents	\$ 23,181,406
Restricted cash and cash equivalents	3,355,266
Fiduciary Funds	<u>975,703</u>
Total Deposits and Investments	<u>\$ 27,512,375</u>

NOTES TO FINANCIAL STATEMENTS  
SOUTHWESTERN OKLAHOMA STATE UNIVERSITY  
(A Department of the Regional University System of Oklahoma)  
June 30, 2019

**NOTE B DEPOSITS AND INVESTMENTS** (Continued)

**Deposits**

*Custodial credit risk* for deposits is the risk that in the event of a bank failure, the University's deposits may not be returned or the University will not be able to recover collateral securities in the possession of an outside party. Generally, the University deposits its funds with the Office of the State Treasurer (OST), and those funds are pooled with funds of other state agencies and then, in accordance with statutory limitations, are placed in financial institutions or invested as the OST may determine, in the state's name. State statutes require the OST to ensure that all state funds are either insured by Federal Deposit Insurance, collateralized by securities held by the cognizant Federal Reserve Bank, or invested in U.S. government obligations. The OST's responsibilities include receiving and collateralizing the deposit of State funds, investing State funds in compliance with statutory requirements, and maintaining adequate liquidity to meet the cash flow needs of the State and all its funds and agencies. If the University deposits funds directly with financial institutions, those funds must be insured by Federal Deposit Insurance or collateralized by securities held by the cognizant Federal Reserve Bank in the University's name.

Some deposits with the OST are placed in the OST's internal investment pool, *OK INVEST*. *OK INVEST* pools the resources of all state funds and agencies and invests them in (a) U.S. treasury securities explicitly backed by the full faith and credit of the U.S. government; (b) U.S. agency securities which carry an implicit guarantee of the full faith and credit of the U.S. government; (c) money market mutual funds which participates in investments, either directly or indirectly, in securities issued by the U.S. treasury and/or agency and repurchase agreements relating to such securities; and (d) investments related to tri-party repurchase agreements which are collateralized at 102% and, whereby, the collateral is held by a third party in the name of the OST; (e) collateralized certificates of deposit; (f) commercial paper; (g) obligations of state and local governments; and (h) foreign bonds.

At June 30, 2020, the carrying amount of all University cash and cash equivalents totaled \$27,512,375, this includes \$975,703 in fiduciary funds. This amount consisted of deposits with the OST (\$27,423,467), deposits with financial institutions and money market funds (\$31,882), and change funds (\$32,476). Of funds on deposit with the OST, amounts invested in *OK INVEST* total \$13,775,485 as of June 30, 2019 (market value of \$14,154,852).

Agencies and funds that are considered to be part of the State's reporting entity in the State's Comprehensive Annual Financial Report are allowed to participate in *OK INVEST*. Oklahoma Statutes and the OST establish the primary objectives and guidelines governing the investment of funds in *OK INVEST*. Safety, liquidity, and return on investment are the objectives which establish the framework for the day to day *OK INVEST* management with an emphasis on safety of the capital and the probable income to be derived and meeting the State and its funds' and agencies' daily cash flow requirements.

Guidelines in the Investment Policy address credit quality requirements and diversification percentages and specify the types and maturities of allowable investments, and the specifics regarding these policies can be found on the OST website at <http://www.treasurer.state.ok.us/>.

NOTES TO FINANCIAL STATEMENTS  
SOUTHWESTERN OKLAHOMA STATE UNIVERSITY  
(A Department of the Regional University System of Oklahoma)  
June 30, 2019

**NOTE B DEPOSITS AND INVESTMENTS** (Continued)

The State Treasurer, at his discretion, may further limit or restrict such investments on a day to day basis. *OK INVEST* includes investments in securities with an overnight maturity as well as in U.S. government securities with a maturity of up to ten years. *OK INVEST* maintains an overall weighted average maturity of no more than four years.

Participants in *OK INVEST* maintain an interest in its underlying investments and, accordingly, may be exposed to certain risks. As stated in the OST information statement, the main risks are interest rate risk, credit/default risk, liquidity risk, and U.S. government securities risk. *Interest rate risk* is the risk that during periods of rising interest rates, the yield and market value of the securities will tend to be lower than prevailing market rates; in periods of falling interest rates, the yield will tend to be higher. *Credit/default risk* is the risk that an issuer or guarantor of a security, or a bank or other financial institution that has entered a repurchase agreement, may default on its payment obligations.

*Liquidity risk* is the risk that *OK INVEST* will be unable to pay redemption proceeds within the stated time because of unusual market conditions, an unusually high volume of redemption requests, or other reasons. *U.S. Government securities risk* is the risk that the U.S. government will not provide financial support to U.S. government agencies, instrumentalities, or sponsored enterprises if it is not obligated to do so by law. Various investment restrictions and limitations are enumerated in the State Treasurer's Investment Policy to mitigate those risks; however, any interest in *OK INVEST* is not insured or guaranteed by the State of Oklahoma, the Federal Deposit Insurance Corporation, or any other government agency.

**Investments**

*Investment credit risk* is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the University's investments are managed by the State Treasurer. In accordance with state statutes, the State Treasurer may only purchase and invest in (a) obligations of the United States government, its agencies, and instrumentalities; (b) prime banker's acceptances; (c) investment grade obligations of state and local governments; (d) money market funds; (e) collateralized or insured certificates of deposits; (f) negotiable certificates of deposits; (g) prime commercial paper; and (h) repurchase agreements.

*Interest rate risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments that are held for longer periods of time are subject to increased risk of adverse interest changes. Neither the University nor state statutes limit investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates; however, the OST Investment policy limits the average maturity on its portfolio to four (4) years, with certain individual securities having more restrictive limits as defined in the policy. *Concentration of credit risk* is the risk of loss attributed to the magnitude of the University's investment in a single issuer. Neither the University's investment policy nor state statutes place limits on amounts that can be invested in any one issuer; however, the OST Investment Policy states that, with the exception of U.S. Treasury securities, no more than 50% of the State's total funds may be invested in a single security type or with a single financial institution, with diversification percentages being more restrictive on individual securities.

NOTES TO FINANCIAL STATEMENTS  
 SOUTHWESTERN OKLAHOMA STATE UNIVERSITY  
 (A Department of the Regional University System of Oklahoma)  
 June 30, 2019

**NOTE B DEPOSITS AND INVESTMENTS (Continued)**

*Custodial credit risk* for investments is the risk that, in the event of failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities in the possession of an outside party. As of June 30, 2020, the University was not subject to custodial credit risk.

**Bond fund cash and investments**

Certain non-pooled cash and investments are restricted in purpose by policies incorporated in applicable bond indentures. *Credit risk* policy generally restricts investing to cash, investments fully insured by the FDIC, and U.S. government and agency securities or mutual funds investing in these types of securities. There may be some variance among the investments authorized by the specific bond indentures of University bond issues. The OST and/or a trustee bank generally provide the management of restricted, non-pooled investments.

*Custodial credit risk* is not addressed by bond indentures. *Interest rate risk* in bond indentures provides that investments mature in no more than six to sixty months depending on the purpose of the funds and the requirements of the account in which the funds are deposited (i.e., construction, reserve, operations, and maintenance, etc.). *Concentration of credit risk* is not addressed.

**NOTE C ACCOUNTS RECEIVABLE**

Accounts receivable consisted of the following at June 30, 2020:

Student tuition and fees	\$ 2,108,939
Auxiliary enterprises and other operating activities	265,302
Federal, state, and private grants and contracts	<u>92,556</u>
	2,466,797
Less: allowance for doubtful accounts	<u>(618,556)</u>
NET ACCOUNTS RECEIVABLE	<u>\$ 1,848,241</u>

**NOTE D NOTES RECEIVABLE**

The loans receivable balance at June 30, 2020 consists of sponsorships for the University's Event Center and Athletic Facilities and University funds loaned to students. The University does not participate in the Perkins Loan Program. The University has provided an allowance for uncollectible loans, which in management's opinion, is sufficient to absorb loans that will ultimately be written off.



NOTES TO FINANCIAL STATEMENTS--Continued  
 SOUTHWESTERN OKLAHOMA STATE UNIVERSITY  
 (A Department of the Regional University System of Oklahoma)  
 June 30, 2020

**NOTE D NOTES RECEIVABLE** (Continued)

At June 30, 2020, loans receivable consisted of the following:

Loans receivable	\$ 194,500
Less: allowance for uncollectible loans	<u>(194,500)</u>
<b>NET LOANS RECEIVABLE</b>	<b><u>\$ -</u></b>

**NOTE E CAPITAL ASSETS**

Following are the changes in capital assets for the year ended June 30, 2020:

	<u>6/30/19</u>	<u>Additions</u>	<u>Transfers</u>	<u>Disposals</u>	<u>6/30/20</u>
<b>TOTAL COST OF CAPITAL ASSETS</b>					
Land	1,098,348			(280)	1,098,068
Construction in Progress	<u>1,843,569</u>	<u>3,768,327</u>	<u>(2,573,909)</u>		<u>3,037,987</u>
Total Assets not being depreciated	<u>2,941,917</u>	<u>3,768,327</u>	<u>(2,573,909)</u>	<u>(280)</u>	<u>4,136,055</u>
<i>Other Capital Assets</i>					
Non Major Infrastructure-network	1,928,272		1,655,303		3,583,575
Land Improvements	1,954,117				1,954,117
Buildings	114,099,611		918,606	(11,475)	115,006,742
Furniture, Fixtures and Equipment	17,410,681	376,620		(305,097)	17,482,204
Library Materials	<u>18,123,398</u>	<u>563,865</u>		<u>(172,320)</u>	<u>18,514,943</u>
TOTAL COST OF OTHER CAPITAL ASSETS	<u>153,516,079</u>	<u>940,485</u>	<u>2,573,909</u>	<u>(488,892)</u>	<u>156,541,581</u>
<b>TOTAL ACCUMULATED DEPRECIATION</b>					
Non-major infrastructure network	(1,201,800)	(387,810)			(1,589,610)
Land Improvements	(1,493,480)	(81,231)			(1,574,711)
Buildings	(44,371,323)	(2,616,982)		5,260	(46,983,045)
Furniture, Fixtures and Equipment	(15,541,459)	(725,555)		305,097	(15,961,917)
Library materials	(16,632,422)	(606,270)		172,320	(17,066,372)
TOTAL ACCUMULATED DEPRECIATION	<u>(79,240,484)</u>	<u>(4,417,848)</u>	<u>-</u>	<u>482,677</u>	<u>(83,175,655)</u>
Other Capital Assets, Net	<u>74,275,595</u>	<u>(3,477,363)</u>	<u>2,573,909</u>	<u>(6,215)</u>	<u>73,365,926</u>
<b>Capital assets summary:</b>					
Capital assets not being depreciated	2,941,917	3,768,327	(2,573,909)	(280)	4,136,055
Other capital assets, at cost	<u>153,516,079</u>	<u>940,485</u>	<u>2,573,909</u>	<u>(488,892)</u>	<u>156,541,581</u>
Total cost of capital assets	156,457,996	4,708,812	-	(489,172)	160,677,636
Less accumulated depreciation	<u>(79,240,484)</u>	<u>(4,417,848)</u>	<u>-</u>	<u>482,677</u>	<u>(83,175,655)</u>
Capital assets, net	<u>77,217,512</u>	<u>290,964</u>	<u>-</u>	<u>(6,495)</u>	<u>77,501,981</u>

NOTES TO FINANCIAL STATEMENTS--Continued  
 SOUTHWESTERN OKLAHOMA STATE UNIVERSITY  
 (A Department of the Regional University System of Oklahoma)  
 June 30, 2020

**NOTE E CAPITAL ASSETS**

At June 30, 2020, the cost and related accumulated depreciation of assets held under capital lease obligations were \$42,267,484 and \$16,562,062, respectively.

The University maintains various collection of inexhaustible assets for which no value can be determined. Such collections include works of art, historical treasures, and literature.

**NOTE F LONG-TERM LIABILITIES**

Long-term liability activity for the years ended June 30, 2020, was as follows:

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Amounts due within one year
<b>Bonds and Capital Leases</b>					
OCIA lease obligations	\$ 5,544,996	\$ -	\$ (22,867)	\$ 5,522,129	\$ -
ODFA master lease obligations	15,513,584	-	(1,779,894)	13,733,690	1,476,667
Premium on lease obligations	<u>687,813</u>	<u>62,855</u>	<u>(67,029)</u>	<u>683,639</u>	<u>79,600</u>
TOTAL BONDS AND CAPITAL LEASES	<u>21,746,393</u>	<u>62,855</u>	<u>(1,869,790)</u>	<u>19,939,458</u>	<u>1,556,267</u>
<b>Other liabilities</b>					
Accrued compensated absences	<u>1,774,969</u>	<u>1,112,574</u>	<u>(977,486)</u>	<u>1,910,057</u>	<u>1,120,295</u>
TOTAL OTHER LIABILITIES	<u>1,774,969</u>	<u>1,112,574</u>	<u>(977,486)</u>	<u>1,910,057</u>	<u>1,120,295</u>
TOTAL LONG-TERM LIABILITIES	<u>\$ 23,521,362</u>	<u>\$ 1,175,429</u>	<u>\$ (2,847,276)</u>	<u>\$ 21,849,515</u>	<u>\$ 2,676,562</u>

**Capital Lease Obligations**

*Oklahoma Capital Improvement Authority Lease Obligations*

In September 1999, the Oklahoma Capital Improvement Authority (OCIA) issued its OCIA Bond Issues, which was refinanced by Bond Issue Series 2014B. Of the total bond indebtedness, the State Regents for Higher Education allocated \$1,200,000 to the University. Concurrently with the allocation, the University entered into four individual lease agreements with OCIA, representing the four individual projects being funded by the OCIA bonds. The lease agreement provides for the University to make specified monthly payments to OCIA over the respective terms of the agreements, ranging from 4 to 20 years. The proceeds of the bonds and subsequent leases are to provide for capital improvements at the University. At June 30, 2020, the outstanding balance of the 2014 Series B lease obligations was zero.

In April 2014, the University's 2005F lease agreement with the OCIA was restructured through a partial refunding of OCIA's 2005F bond debt; OCIA issued one new bond, Series 2014A. OCIA issued this new debt to reduce the interest paid on this bond. The University has recorded a deferred inflow of \$329,586, which will be amortized over the life of the bond. As of June 30, 2020, the unamortized cost totaled \$203,448. At June 30, 2020, the outstanding balance of the 2014 Series C lease obligation was \$5,522,129.

**NOTE F      LONG-TERM LIABILITIES** (Continued)

During the year ended June 30, 2020, the State of Oklahoma made lease principal and interest payments to OCIA totaling \$286,089 on behalf of the University. These on-behalf payments have been recorded as OCIA on-behalf appropriations in the University's statements of revenues, expenses, and changes in net position.

*Oklahoma Development Finance Authority Master Lease Program*

In May 2005, the ODFA issued its ODFA Master Lease Revenue Bonds, Series 2005B. Of the total bond indebtedness, the State Regents for Higher Education allocated \$1,000,000 to the University. Concurrently with the allocation, the University entered into a lease agreement with ODFA for the project being funded by the ODFA bonds. The lease agreement provides for the University to make specified monthly payments to ODFA over the respective terms of the agreement, which is through May 31, 2025. The proceeds of the bonds and subsequent leases are to provide for capital improvements to the University. In 2015, the ODFA issued Bond Series 2015B that refunded the outstanding balance of the 2005B Series. Concurrent with the allocation, the University entered into a lease agreement with ODFA for the project being funded by the ODFA bonds. The lease agreement provides for the University to make specified monthly payments to ODFA over the respective terms of the agreement, which is through June 1, 2025. The remaining lease obligation is \$214,583 at June 30, 2020.

In May 2007, the ODFA issued its ODFA Master Lease Revenue Bonds, Series 2007A. Of the total bond indebtedness, the State Regents for Higher Education allocated \$2,023,000 to the University. Concurrently with the allocation, the University entered into a lease agreement with ODFA for the project being funded by the ODFA bonds. The lease agreement provides for the University to make specified monthly payment to ODFA over the respective terms of the agreement, which is through June 1, 2027. The proceeds of the bonds and subsequent leases are to provide for capital improvements to the University. In 2017, the ODFA issued Bond Series 2017C that refunded the outstanding balance of the 2007A Series. ODFA issued this new debt to reduce the interest paid on this bond. Concurrent with the allocation, the University entered into a lease agreement with ODFA for the project being funded by the ODFA bonds. The difference between the reacquisition price of the new debt and the carrying value of the old debt is \$3,341. Due to the de minimis amount, it was recorded as an offset to bond costs. The lease agreement provides for the University to make specified monthly payments to ODFA over the respective terms of the agreement, which is through May 15, 2027. The bond bears interest at variable rates ranging from 2.0% to 4.0%. The remaining lease obligation is \$837,250 at June 30, 2020.

In September 2010, the ODFA issued its ODFA Master Lease Revenue Bonds, Series 2010A. Of the total bond indebtedness, the State Regents for Higher Education allocated \$2,002,000 to the University. The lease agreement provides for the University to make specified monthly payment to ODFA over the respective terms of the agreement, which is through June 1, 2025. In 2020, the ODFA issued Bond Series 2020A that refunded the outstanding balance of the 2010A Series. ODFA issued this new debt to reduce the interest paid on this bond. Concurrent with the allocation, the University entered into a lease agreement with the ODFA for the project being funded by the ODFA bonds. The proceeds of the bonds and subsequent leases are to provide for capital improvements to the University. The remaining lease obligation payable pursuant to this capital lease obligation is \$712,000 at June 30, 2020.

**NOTE F      LONG-TERM LIABILITIES** (Continued)

*Oklahoma Development Finance Authority Master Lease Program--Continued*

In December 2010, the ODFA issued its ODFA Master Lease Revenue Bonds, Series 2010D. Of the total bond indebtedness, the State Regents for Higher Education allocated \$13,110,000 to the University. Concurrently with the allocation, the University entered into a lease agreement with ODFA for the project being funded by the ODFA bonds. The lease agreement provides for the University to make specified monthly payments to ODFA over the respective terms of the agreement, which is through November 15, 2030. The proceeds of the bonds and subsequent leases are to provide for capital improvements to the University. The remaining lease obligation payable pursuant to this capital lease obligation is \$4,002,917 at June 30, 2020.

In December 2013, the ODFA issued its ODFA Master Lease Revenue Bonds, Series 2013B. Of the total bond indebtedness, the State Regents for Higher Education allocated \$4,610,000 to the University. Concurrently with the allocation, the University entered into a lease agreement with ODFA for the project being funded by the ODFA bonds. The lease agreement provides for the University to make specified monthly payment to ODFA over the respective terms of the agreement, which is through May 15, 2024. The proceeds of the bonds and subsequent leases are to retire the Revenue Bond issued in 2004 to construct the Wellness Center. The remaining lease obligation payable pursuant to this capital lease obligation is \$1,949,750 at June 30, 2020.

In March 2014, the ODFA issued its ODFA Master Lease Revenue Bonds, Series 2014C. Of the total bond indebtedness, the State Regents for Higher Education allocated \$1,972,000 to the University. Concurrently with the allocation, the University entered into a lease agreement with ODFA for the project being funded by the ODFA bonds. The lease agreement provides for the University to make specified monthly payment to ODFA over the respective terms of the agreement, which is through May 15, 2034. The proceeds of the bonds and subsequent leases are to provide for capital improvements to the University. The remaining lease obligation payable pursuant to this capital lease obligation is \$1,513,000 at June 30, 2020.

In September 2016, the ODFA issued its ODFA Master Lease Revenue Bonds, Series 2016F. Of the total bond indebtedness, the State Regents for Higher Education allocated \$3,678,000 to the University. Concurrently with the allocation, the University entered into a lease agreement with ODFA for the project being funded by the ODFA bonds. The lease agreement provides for the University to make specified monthly payment to ODFA over the respective terms of the agreement, which is through May 15, 2036. The bond bears interest at variable rates ranging from 0.55% to 4.0%. The proceeds of the bonds and subsequent leases are to provide for capital improvements to the University. The remaining lease obligation payable pursuant to this capital lease obligation is \$3,120,250 at June 30, 2020.

NOTES TO FINANCIAL STATEMENTS--Continued  
 SOUTHWESTERN OKLAHOMA STATE UNIVERSITY  
 (A Department of the Regional University System of Oklahoma)  
 June 30, 2020

**NOTE F LONG-TERM LIABILITIES (Continued)**

*Oklahoma Development Finance Authority Master Lease Program--Continued*

In June 2017, the ODFA issued its ODFA Master Lease Revenue Bonds, Series 2017A. Of the total bond indebtedness, the State Regents for Higher Education allocated \$1,636,000 to the University. Concurrently with the allocation, the University entered into a lease agreement with ODFA for the project being funded by the ODFA bonds. The lease agreement provides for the University to make specified monthly payment to ODFA over the respective terms of the agreement, which is through May 15, 2032. The bond bears interest at variable rates ranging from 1.0% to 4.0%. The proceeds of the bonds and subsequent leases are to provide for capital improvements to the University. The remaining lease obligation payable pursuant to this capital lease obligation is \$1,368,250 at June 30, 2020.

Future minimum lease payments under the University's capital lease obligations to OCIA and ODFA are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30:			
2021	1,465,250	833,882	2,299,132
2022	1,450,833	779,829	2,230,662
2023	2,026,259	720,728	2,746,987
2024	2,060,092	632,536	2,692,628
2025	1,640,762	521,422	2,162,184
2026-2030	7,131,555	1,621,107	8,752,662
2031-2035	2,883,293	313,350	3,196,643
2036-2037	256,000	10,240	266,240
	<u>\$ 18,914,044</u>	<u>\$ 5,433,094</u>	<u>\$ 24,347,138</u>

**NOTE G RETIREMENT PLANS**

The University's academic and nonacademic personnel are covered by various retirement plans. The plans available to University personnel include the Oklahoma Teachers' Retirement System (OTRS), which is a State of Oklahoma public employees' retirement system, the Supplemental Retirement Annuity (SRA), a single employer defined benefit pension plan available to employees hired prior to July 1, 1995, and a defined contribution 403(b) plan. Personnel may also be eligible to participate in the Other Post-Employment Insurance (OPEB) plan, as described further in Note H. The University does not maintain the accounting records, hold the investments for, or administer these plans.

**NOTE G RETIREMENT PLAN** (Continued)

The application of GAAP at the departmental level does not include certain liabilities incurred by the System as a whole. These liabilities relate to the participation of System employees in the OTRS, the SRA, and the Postemployment Healthcare Plan.

The accounting and financial reporting for OTRS, the SRA, and the OPEB plans are recorded at the reporting entity level in the System's financial statements. That report may be obtained by writing to the Regional University System of Oklahoma, 3555 N.W. 58<sup>th</sup> Street, Suite 320, Oklahoma City, Oklahoma 73112, or by calling (405) 924-8817.

*Oklahoma Teachers' Retirement System (OTRS).*

**Plan Description**

The University contributes to the OTRS, a cost-sharing multiple-employer defined benefit pension plan sponsored by the State of Oklahoma. OTRS provides defined retirement benefits based on members' final compensation, age and term of service. In addition, the retirement program provides for benefits upon disability and to survivors up the death of eligible member. The benefit provisions are established and may be amended by the legislature of the State of Oklahoma. Title 70 of the Oklahoma Statutes, Sections 17-101 through 116.9, as amended, assigns the authority for management and operations of the Plan to the Board of Trustees of OTRS. OTRS is not required to provide for a cost of living adjustment. OTRS issues a publicly available financial report that can be obtained at [www.ok.gov/OTRS](http://www.ok.gov/OTRS).

**Funding Policy**

The University is required by state statute to contribute a fixed percentage of annual compensation on behalf of active members. The employer contribution rate, as determined by state statute, was 8.55% for 2020, 2019, and 2018, and was applied to annual compensation.

Employees' contributions are also determined by state statute. For all employees, the contribution rate was 7% of covered salaries and fringe benefits in 2020, 2019, and 2018. The University paid the entire amount of employee's contributions directly to OTRS.

The University's contributions to the OTRS for the years ended June 30, 2020, 2019, and 2018, were \$2,576,479, \$2,437,793, and \$2,378,611, respectively, equal to the required contributions for each year. These contributions included the University's statutory contribution and the share of the employee's contribution paid directly by the University.

The State of Oklahoma is also required to contribute to the OTRS on behalf of the participating employers. Beginning in 2015, the State of Oklahoma contribution was 5% of state revenues from sales and use taxes and individual income taxes, to the OTRS on behalf of participating employers.

**NOTE G RETIREMENT PLAN (Continued)**

These amounts and other system-wide related amounts are reported in the System's financial statements and not at the individual department level.

*Supplemental Retirement Annuity (SRA)*

**Plan Description**

The University's SRA plan is a single employer, defined benefit pension plan administered by the University's Board of Regents. The SRA was established by the University's Board of Regents to provide supplemental retirement and death benefits to University employees who were hired prior to July 1, 1987, or to those eligible employees' beneficiaries. Effective December 1, 2002, the SRA was amended to provide supplemental retirement and death benefits to University employees who were hired between July 1, 1987 and June 30, 1995. Effective October 1, 2003, the SRA plan was changed to eliminate the TIAA offset in the benefit calculation. The authority to amend the SRA's benefit provisions rests with the University's Board of Regents.

The SRA is included in the financial report of the Regional University System of Oklahoma reporting entity, and does not issue separate, stand-alone financial statements.

**Funding Policy**

The authority to establish and amend eligible employees' and employer contribution obligations to the SRA rests with the University's Board of Regents. Eligible employees are not required to make contributions to the SRA. The University is required to contribute to the SRA an actuarially determined amount on an annual basis. Under a policy adopted in December 2002, the Plan must achieve 80% funding of the pension benefit obligation by December 1, 2022.

The University's contributions to the SRA for the years ended June 30, 2020, 2019, and 2018, were \$500,000, \$500,000, and \$600,000, respectively.

*Defined Contribution Plan*

The University also has a defined contribution 403(b) plan (DCP) available to full-time employees. The DCP is administered by the RUSO System, and the plan provisions are established and may be amended by the Board of Regents. Plan members may make voluntary contributions in accordance with IRS regulations. The University has no contribution requirements. The University made a contribution of \$25,000 in 2020 and no contributions were made during the years ended June 30, 2019, and 2018.

**Plan Description**

The University's postemployment healthcare plan is a single employer defined benefit plan administered by the Board of Regents. The plan provides medical and life insurance benefits to eligible retired employees until age 65. A retiring employee must have been employed full-time in the System for not less than ten years immediately preceding the date of retirement; been a member of the OTRS during that time; and elected to receive a vested benefit under the provision of OTRS. As of June 30, 2019, there were 509 active participants in the plan. The Board of Regents adopted the retirement insurance program in 1985. In March of 2008, the Retiree Medical Trust for the System was established to hold assets and pay benefits on behalf of the University's postemployment healthcare plan, and was administered by The Bank Oklahoma, N.A. Prior to the establishment of the trust, the insurance benefits were accounted for on a pay-as-you-go basis so that premiums were made from current operating funds. The plan is included in the financial report of RUSO and does not issue separate, stand-alone financial statements.

## **NOTE H OTHER POST-EMPLOYMENT INSURANCE BENEFITS**

### **Funding Policy**

The contribution requirements of the University are established and may be amended by the Board of Regents. The University is required to contribute the *annual required contribution of the employer* (ARC), in an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The University's contributions to the plan for the years ended June 30, 2020, 2019, and 2018, were \$250,000, \$250,000, and \$131,040, respectively.

## **NOTE I FUNDS HELD IN TRUST BY OTHERS**

### **Beneficial Interest in State School Land Funds**

The University has a beneficial interest in the "Section Thirteen Fund State Educational Institutions" and the "New College Fund" administered by the Commissioners of the Land Office as trustees for the various educational institutions entitled thereto. The University has the right to receive annually 3.7% of the distributions of income produced by "Section Thirteen Fund State Educational Institutions" assets and 100% of the distributions of income produced by the University's "New College Fund." The University received \$1,114,524 during the year ended June 30, 2020, which is restricted to the construction or acquisition of buildings, equipment, or other capital items. This amount is recorded as state appropriations restricted for capital purposes in the statement of revenues, expenses, and changes in net position. State law prohibits the distribution of any corpus of these funds to the beneficiaries. The total trust reserve for the University, held in trust by the commissioners of Land Office, was \$20,252,881 at June 30, 2020.

### **Oklahoma State Regents Endowment Trust Fund**

In connection with the Oklahoma State Regents' Endowment Program (the Endowment Program), the State of Oklahoma has matched contributions received under the program. The state match amount, plus any retained accumulated earnings, totaled approximately \$4,622,465 at June 30, 2020, and are invested by the Oklahoma State Regents on behalf of the University. The University is entitled to receive an annual distribution of earnings on these funds. As legal title of the match amount is retained by the Oklahoma State Regents, only the funds available for distribution, estimated to be \$279,215 at June 30, 2020, have been reflected as assets in the statements of net position.

## **NOTE J COMMITMENTS AND CONTINGENCIES**

The University conducts certain programs pursuant to various grants and contracts that are subject to audit by federal and state agencies. Costs questioned as a result of these audits, if any, may result in refunds to these governmental agencies from various sources of the University.

During the ordinary course of business, the University may be subjected to various lawsuits and civil action claims. Management does not anticipate any significant losses as the result of any such asserted claims.



**NOTE K RISK MANAGEMENT**

The University is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruptions; errors and omission; employee injuries and illness; natural disasters; and employee health, life, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than torts, property, and workers' compensation. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

The University, along with other state agencies and political subdivisions, participates in the State of Oklahoma Risk Management Program and the State Insurance Fund, public entity risk pools currently operating as a common risk management and insurance program for its members. The University pays annual premiums to the pools for tort, property, and liability insurance coverage.

The Oklahoma Risk Management Pool's governing agreement specifies that the pool will be self-sustaining through member premiums and will reinsure through commercial carriers for claims in excess of specified stop-loss amounts.

The University also participates in the College Association of Liability Management (CALM) Workers' Compensation Plan for its workers' compensation coverage. CALM is an Interlocal Cooperative Act Agency that was organized to provide workers' compensation insurance coverage for participating colleges and universities through the State Insurance Fund. CALM is a political subdivision of the State of Oklahoma and is governed by a board of trustees elected from members of the participating colleges and universities.

The University also participates in the Oklahoma Higher Education Employee Interlocal Group Health Insurance Pool "OKHEEI". University employees are provided health insurance coverage through OKHEEI. OKHEEI is an Interlocal Cooperative Act Agency organized as a public entity risk pool health insurance program for participating colleges and universities in the State. The University pays monthly health insurance premiums to OKHEEI for employee health insurance coverage based on the health coverage elected by the employee and the maximum benefit provided by the University for health coverage. Amounts of premiums exceeding benefits are payable by the employee. The governing agreement for OKHEEI specifies that the pool will be self-sustaining through premiums received and with additional stop-loss coverages obtained. If health care claims exceed reserves and reinsurance coverages, additional assessments may be made to participating colleges and universities. As of June 30, 2020 additional assessments did not occur.

**NOTE L RELATED PARTY TRANSACTIONS**

Payables to related party of \$62,261 was report as of December 31, 2019.

**NOTE M NEW ACCOUNTING STANDARDS**

*Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

GASB Statement No. 75 was issued in June 2015, and addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures.

For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. The application of this new accounting standard is effective for the University's year ended June 30, 2018. However, the University, as a department of the System, has determined this standard is applicable to the System but not to the individual Universities or departments of the System. Therefore, the accounting and reporting requirements of this standard has been adopted by the System, but not the University.

*Statement No. 84 Fiduciary Activities*

In January 2017, GASB issued Statement No.84, *Fiduciary Activities* (GASB 84). GASB 84 improves guidance regarding the recognition and reporting of fiduciary activities. GASB 84 identifies four types of reportable fiduciary fund types, including 1) pension (and other employee benefit) trust funds, 2) investment trust funds, 3) private-purpose trust funds, and 4) custodial funds. GASB 84 outlines the accounting and disclosure requirements for operating structures that qualify as a fiduciary activity. The University adopted GASB 84 effective July 1, 2019, for the June 30, 2020, reporting year. The implementation of GASB 84 did not have a significant impact on the financial statements.

**Restatement**

The July 1, 2019, beginning net position has been restated to reflect the implementation of GASB 84. The effect of the restatement is as follows:

Beginning net position, as previously reported	\$81,620,711
Implementation of GASB Statement No. 84	<u>104,401</u>
Beginning net position, restated	<u>\$81,725,112</u>

**NOTE N DISCRETE COMPONENT UNITS**

**Southwestern Oklahoma State University Foundation, Inc.**

The following are significant disclosures of Southwestern University Foundation, Inc.

**Organization**

Southwestern Oklahoma State University Foundation, Inc. (the "Foundation") is organized for the benefit of Southwestern Oklahoma State University (the "University"), Weatherford, Oklahoma, branch campus in Sayre, Oklahoma, its faculty, its student body, and its programs. The Foundation provides scholarships and support and enhances the further development of the University. The Foundation receives contributions from the public, which are generally to be used for the benefit of the University. The Foundation also receives certain program service revenues, which support the various departmental activities at the University.

The Foundation acts primarily as a fundraising organization, soliciting, receiving, managing, and disbursing contributions on behalf of the university. Distributions of amounts held in the funds of the Foundation are subject to the approval of the Foundation and the availability of monies.

**Net Position Classifications**

Accordingly, the accompanying financial statements generally reflect expenditures which have been submitted to and approved by the Foundation as of the financial reporting date.

Although the University does not control the timing or amount of receipts from the Foundation, the majority of the Foundation's resources and related income are restricted by donors for the benefit of the University. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

**Accounting Standards Codification**

The Foundation follows the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). The ASC provides the single source of authoritative accounting principles generally accepted in the United States of America ("U.S. GAAP") for nongovernmental entities.

**Basis of Presentation**

The Foundations financial statements have been prepared on the accrual basis of accounting in accordance with U.S. GAAP, and accordingly reflect all significant receivables, payables and other assets and liabilities. To ensure the observance of limitations and restrictions placed on the set of available resources, the Foundation maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the process by which resources for various purposes are classified for accounting purposes into funds that are maintained in accordance with the activities or objectives of the Foundation.

**NOTE N DISCRETE COMPONENT UNITS (Continued)**

**Basis of Presentation** (Continued)

The Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA") was enacted in the state of Oklahoma effective November 1, 2007 ("OK UPMIFA"). The Foundation's Board of Trustees' (the "Trustees") interpretation of the OK UPMIFA and other required endowment disclosures are included in Note 8 in the Foundation's statements.

Net position, revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. The Foundation is required to report information regarding its financial position and activities according to three classes of net assets as follows:

**Net Assets Without Donor Restrictions:** Net assets for which there are no donor-imposed restrictions.

**Board Designated Net Assets:** Net assets without donor restrictions subject to self-imposed limits by action of the governing board. Board designated net assets may be earmarked for future programs, investments, contingencies, purchase or construction of fixed assets, or other uses.

**Net Assets With Donor Imposed Restrictions:** Net assets subject to donor-imposed stipulations that can be met either by actions of the Organization or by the passage of time. Contributions with donor-imposed restrictions that are met in the same period as the contribution are accounted for as unrestricted contributions.

**Beneficial Interest in Perpetual Trust**

The Foundation is the beneficiary of a perpetual trust, which is not in the possession of the Foundation. The Foundation has an irrevocable right to a portion of the net income from the trust. The Foundation's interest in the trust is recorded at fair value of the estimated future cash flows, which is measured using the fair value of the underlying trust assets adjusted for the Foundation's beneficial interest percentage of the total trust.

Under the terms of the trust agreement, the trust generally distributes 100% of the annual income to the beneficiaries. The beneficial interest is classified as permanently restricted net assets, and distributions are classified as temporarily restricted investment income from perpetual trust in accordance with the donor's restriction. Changes in the fair market value of the beneficial interest are recorded as permanently restricted gain or loss on beneficial interest in perpetual trust in the statement of activities.

**Contributions**

Contributions, including unconditional promises to give, are recognized as revenues in the period received by the Foundation. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Transfers of assets under conditional promises, which are received by the Foundation prior to fulfilling these conditions, are recorded as a liability (i.e. unearned revenue) until the conditions are substantially met. Contributions of assets other than cash are recorded at the estimated fair value on the gift date.

**NOTE N DISCRETE COMPONENT UNITS (Continued)**

**Contributions** (Continued)

Contributions to be received after one year are recorded at the present value of their estimated future cash flows using a discount rate which will commensurate with the risks involved.

Amortization of the discount is recorded as additional contribution revenue in the same net asset class and fund as the original contribution. An allowance is made for uncollectable contributions based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience, and other relevant factors.

Contributions are reported as increases in the appropriate net position category. Expenses are reported as decreases in unrestricted net assets. Temporary restrictions on gifts to acquire long lived assets are considered met in the period in which the assets are acquired or placed in service. Gifts of property and equipment are recorded as unrestricted support unless explicit donor stipulations specify how the assets must be used or how long the assets must be held, in which case the gift is recorded as restricted support. Expirations of temporary restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Contributed services are recognized when (1) they create or enhance a nonfinancial asset and/or (2) required specialized skills, are provided by individuals possessing those skills and would typically need to be purchased had they not been provided by contributions. Many individuals volunteer their time and perform a variety of tasks that assist the Foundation, but these services do not meet the criteria for recognition as contributed services. The Foundation received contributed services meeting the specified criteria totaling \$0 in 2019.

The Foundation recognizes all services received from personnel of the University that directly benefit the Foundation. The amount of in-kind contributions was determined based on the cost recognized for services and facilities provided by the University. The Foundation recorded \$525,395 for in-kind contributions and related in-kind expenses for fiscal 2019.

**Investments**

Investments consist of cash and cash equivalent funds, certificates of deposit, government agency securities, corporate bonds, mutual funds, common and preferred stock, structured investments in unsecured notes, an annuity contract, and an investment in private equity real estate and real estate investment trusts. Investments are stated at fair value as determined by the fund and/or investment manager and realized gains and losses on sales of investments are computed on the first-in, first-out basis or the average cost basis. Interest and dividend income in the statements of activities is reported net of the investment management and custodial fees.

**Investment Revenue**

Income and gains on investments are reported as increases in net assets with donor restrictions if the terms of the gift that gave rise to the investment require such amounts be added to the permanent endowment. Income and gains are reported as increases in net assets with donor restrictions if the terms of the gift or applicable law-imposed restrictions on the use of the income and as increases in unrestricted net assets in all other cases.

**NOTE N DISCRETE COMPONENT UNITS (Continued)**

**Investment Revenue** (Continued)

Generally, losses on investments of endowments reduce net assets with donor restrictions to the extent donor-imposed temporary restrictions on the net appreciation of investments have not been met before the loss occurs. Any remaining losses reduce unrestricted net assets. Subsequent investment gains are applied first to unrestricted net assets to the extent that losses have previously been recognized, and then to net assets with donor restrictions.

**Cash and Cash Equivalents**

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

**Marketable Securities**

Marketable securities are stated at fair value. Fair values are generally determined based upon quoted market prices. Realized gains and losses on sales of marketable securities are computed on the first-in, first-out basis. The Foundation utilizes various investment instruments. Marketable securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of marketable securities will occur in the near term and that such changes could materially affect the amounts reported in the 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.

**Property and Equipment**

It is the Foundation's policy to capitalize property and equipment additions with a cost basis, or fair value on the gift date if donated, which exceed \$5,000. Property and equipment is depreciated using the straight-line methods as follows:

Building and improvements	10-44 years
Furniture and equipment	5-10 years

**Real Property**

In 2016, the Foundation received donated vacant land and mineral rights, each with an estimated fair value of \$20,000 and \$13,020 at December 31, 2016, respectively. These assets are carried at cost or fair market value on the contribution date. The Foundation's management sold the vacant lot in April 2017. At this time, the mineral rights are retained by the Foundation and are being amortized over a five-year period beginning with 2017. No attempt is made by the Foundation's management to revalue the real property's assets at subsequent dates prior to transfer or sale due to the prohibitive cost of obtaining periodic appraisals. However, the Foundation's management is of the opinion that reevaluation of all the real property would not have a significant impact on the Foundation's statements of financial position or changes in net assets.

**NOTE N DISCRETE COMPONENT UNITS (Continued)**

**Income Taxes**

The Foundation is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code (the Code”) and has been determined not to be a private foundation under Section 509(a) of the Code. Generally, all revenue earned outside the purpose for which the Foundation is created is taxable as earned income.

**Administrative Fee**

The Foundation assesses an annual Fund Management fee (“Fee”). The Fee is charged to all funds, endowed or otherwise, and is used to defray general and administrative expenses of the Foundation. The Fee is assessed annually at a rate of .625 % (.00625) of the January 1<sup>st</sup> fund balances greater than or equal to \$1,000. For the endowed and restricted funds, this fee is accounted for as a transfer between net assets with restrictions to net assets without restrictions.

**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 quotes 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 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 measure.

The Foundation has certain investments which are measured at net asset value per share (“NAV”). If the Foundation has the ability to redeem its investment with the investee at NAV at the measurement date or within ninety days of the measurement date, the fair value of the asset is categorized as a Level 2 fair value measurement. If the Foundation will never have the ability to redeem its investment with the investee at NAV or if the Foundation cannot redeem its investment within ninety days of the measurement date, the Foundation categorizes the asset as a Level 3 measurement.

Financial assets and liabilities carried at fair value on a recurring basis include investments and beneficial interest in perpetual trust. The Foundation had no assets or liabilities carried at fair value on a non-recurring basis at December 31, 2019 or 2018.

**NOTE N DISCRETE COMPONENT UNITS** (Continued)

**Accounting for Uncertain Tax Positions**

Management has evaluated the Foundation's tax positions and concluded that the Foundation has taken no uncertain tax positions that required adjustment or disclosure in the financial statements to comply with the provisions of this guidance. With few exceptions, the Foundation is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years ending on or before December 31, 2013.

**Concentrations of Credit Risk**

The Foundation maintains cash in bank deposit accounts that, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk on cash or cash equivalents.

**Management Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United State 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Estimates that are particularly susceptible to significant change include the valuation of investments, beneficial interest in perpetual trust, and contributions receivable. Investments in securities and beneficial interest in perpetual trust are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with these financial instruments and beneficial interests, it is reasonably possible that changes in the values of these assets will occur in the near term and that such changes could materially affect the amounts reported in the statement 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. Management's estimate of contributions receivable and the related allowance for doubtful accounts is based on considerations of all relevant available information and an analysis of the collectability of individual contributions, which arise primarily from pledges at the financial statement date.



NOTES TO FINANCIAL STATEMENTS--Continued  
 SOUTHWESTERN OKLAHOMA STATE UNIVERSITY  
 (A Department of the Regional University System of Oklahoma)  
 June 30, 2020

**NOTE N DISCRETE COMPONENT UNITS (Continued)**

**Fair Value Measurements**

Financial instruments measured at fair value on a recurring basis are classified within the fair value hierarchy as follows:

Assets	As of December 31, 2019			Total
	Level 1	Level 2	Level 3	
<i>Assets recorded at fair value on a recurring basis</i>				
Investments:				
Cash/Money accounts	\$ 903,506	\$ —	\$ —	\$ 903,506
Equities	15,583,958	—	—	15,583,958
Fixed income	4,510,280	—	—	4,510,280
Annuity Contract	—	—	293,065	293,065
Pooled funds	—	—	—	—
Interest in limited liability company	—	—	988,634	988,634
Alternative investments	—	358,441	—	358,441
Real estate investment trust (REIT) funds	—	—	1,058,883	1,058,883
Total Investments	<u>20,997,744</u>	<u>358,441</u>	<u>2,340,582</u>	<u>23,696,767</u>
Beneficial interest in perpetual trust	—	—	1,517,528	1,517,528
<i>Assets recorded at fair value on a non-recurring basis</i>				
Assets held for sale	—	—	—	—
Total assets carried at fair value	<u>\$20,997,744</u>	<u>\$ 358,441</u>	<u>\$3,858,110</u>	<u>\$25,214,295</u>

**Land, Building, and Equipment**

Property and equipment consist of the following at December 31, 2019:

	<u>2019</u>
Land	\$ 120,000
Buildings	974,896
Furniture and equipment	<u>99,321</u>
	1,194,217
Less accumulated depreciation	<u>(417,024)</u>
	<u>\$ 777,193</u>

**Related Party Transactions**

Substantially all expenditures are incurred for the benefit of the University. University management and faculty are very much involved in the operations of the Foundation and are considered related parties. Accounts payable to related party of \$62,261 at December 31, 2019 reflect amounts to be paid to the University

*Rental Property:* The Foundation acquired property and completed construction of a building during 2003. The Foundation has a lease agreement with Oklahoma Family Counseling Services (OCFS) to lease the property. The lease provides for annual rental payments of \$54,000 payable in monthly installments of \$4,500 and is renewed annually. The Foundation is to provide any significant repairs and maintenance. OFCS is to provide for all utilities, services and other operating costs including general repair and maintenance. At December 31, 2019, OFCS's future rental payments to the Foundation are \$54,000 for the year ended December 31, 2020 and \$27,000 through June 30, 2020.

NOTES TO FINANCIAL STATEMENTS--Continued  
SOUTHWESTERN OKLAHOMA STATE UNIVERSITY  
(A Department of the Regional University System of Oklahoma)  
June 30, 2020

**NOTE N DISCRETE COMPONENT UNITS** (Continued)

**Net Assets**

Net assets with donor restrictions consist of the following at December 31, 2019:

Scholarships and grants	\$ 18,523,035
Foundation operations	775,668
General University support	1,877,638
Endowed chair, professorships, and other	3,791,265
Athletic support	635,647
	<u>\$ 25,603,253</u>

**Endowment Disclosures**

The Foundation's endowment consists of approximately 180+ endowment funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Trustees to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds including funds designated by the Trustee to function as endowments are classified and reported on the existence or absence of donor-imposed restrictions.

***Interpretation of Relevant Law***

The Trustees of the Foundation have chosen to preserve the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions not subject to appropriation (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by OK UPMIFA.

In accordance with OK UPMIFA, the Foundation considers the following factors in making a determination 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;
- The investment policies of the Foundation.

**NOTE N DISCRETE COMPONENT UNITS** (Continued)

**Endowment Disclosures** (Continued)

*Return Objectives and Risk Parameters*

The Foundation has adopted investment and spending policies for endowment funds 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. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results which generate a dependable, increasing source of income and appreciation while assuming a moderate level on investment risk. The stated return objective of this policy is the Consumer Price Index plus three percent net of fees. Actual returns in any given year may vary from this amount.

In general, the Foundation has a policy of appropriating for distribution each year, eighty-five percent of the net earnings from each endowment fund for the donor-restricted purpose, if any. The remaining fifteen percent of the net earnings are held in the endowment fund in order to provide for inflation and future growth. The Foundation honors the specific request of each donor, recognizes all investment income, realized and unrealized gains and/or losses as restricted based on donor restrictions, and makes distributions accordingly. In the absence of donor-restrictions on investment income, all earnings from donor-restricted endowment funds are classified as restricted until appropriated for expenditure. All earnings on board-designated endowment funds are classified as unrestricted.

*Spending Policy*

For 2019, the Foundation has a spending policy of appropriating for expenditure each year the equivalent up to 5% of the rolling 60-month average balance of the endowment fund's fair value as of the immediately preceding year ended December 31.

**Southwestern Pharmacy Alumni Foundation, Inc.**

Southwestern Pharmacy Alumni Foundation, Inc. (Foundation), was formed in November 1974 to provide support for the School of Pharmacy at Southwestern Oklahoma State University (University); to give scholarships and make loans available to pharmacy students; and to provide research grants to faculty and students.

The organization is supported primarily by contributions from the general public, proceeds from sponsoring continuing education courses, and income earned from invested funds.

The Foundation prepares its financial statements in accordance with FASB ASC 958, Financial Statements of Not-for-Profit Organizations, accounting principles generally accepted in the United States of America.

**NOTE N DISCRETE COMPONENT UNITS** (Continued)

**Southwestern Pharmacy Alumni Foundation, Inc** (Continued)

The Foundation is required to report information regarding its financial position and activities according to the following net asset classifications:

*Without donor restrictions:* Net assets for that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Foundation's management and may be designated for specific purposes by the Board of Directors.

*With donor restriction:* Net position subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained permanently by the Foundation. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Investments**

The Foundation is required to report investments in equity securities with readily determinable fair values and all investments in debt securities in the statement of financial position at fair value and report realized and unrealized gains and losses in the statement of activities.

Investment return is reflected in the statement of activities as with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

The Foundation maintains pooled investment accounts for its endowments and special funds. A target earning percentage of five percent is to be posted annually to all funds based on the average balance of each fund. This target earning percentage may be adjusted based on Management's review of the economic and other conditions as approved by the Board of Director's. The earnings percentage used for the years ended December 31, 2019 was 4.0%.

NOTES TO FINANCIAL STATEMENTS--Continued  
SOUTHWESTERN OKLAHOMA STATE UNIVERSITY  
(A Department of the Regional University System of Oklahoma)  
June 30, 2020

**NOTE N DISCRETE COMPONENT UNITS** (Continued)

**Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Financial Assets, at year end	\$ 7,597,028
Less those unavailable for general expenditures within one year, due to:	
Collections of receivable due in more than one year	(750)
Investments designated by the Board	(168,432)
Investments requested by donors in perpetuity	(1,950,260)
Investments restricted by donors with purpose restrictions	<u>(923,906)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 4,553,680</u>

Endowment funds consist of donor-restricted endowments and Board designated endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The Foundation has a goal to maintain certificates of deposits of at least \$1,250,000. The overall balance may drop below this level occasionally due to market fluctuations and timing of maturities and reinvestments. This is included in financial assets available to meet cash needs for general expenditure within one year as these funds are not designated for this use.

As part of the Foundation's liquidity management plan, cash in excess of normal operating requirements is invested using investment policies established by the Board of Directors of the Foundation.

**Fair Market Value Measurement**

The Organization has determined the fair value of certain assets and liabilities through application FASB ASC 820, Fair Value Measurements.

Financial assets and liabilities valued using level 1 inputs are based on unadjusted quoted prices for identical assets and liabilities in active markets that are accessible at the measurement date. Financial assets and liabilities valued using level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. Financial assets and liabilities using level 3 inputs were primarily valued using management's assumptions about the assumptions market participants would utilize in pricing the asset or liability. Valuation techniques utilized to determine fair value are consistently applied.

NOTES TO FINANCIAL STATEMENTS--Continued  
 SOUTHWESTERN OKLAHOMA STATE UNIVERSITY  
 (A Department of the Regional University System of Oklahoma)  
 June 30, 2020

**NOTE N DISCRETE COMPONENT UNITS** (Continued)

**Fair Market Value Measurement** (Continued)

Financial assets and liabilities carried at fair value on a recurring basis include common stocks (equities), mutual funds with equity related investment, mutual funds with fixed income related investments, unit trust with fixed income related investments, and certificates of deposit held as investment. The Foundation has no financial assets or liabilities carried at fair value on a non-recurring basis.

Fair Value Measurements at Reporting Date Using:

December 31, 2019	Fair Value	Quoted Prices in Active Markets for Identical Assets Level 1			Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Mutual Funds - equited related	\$ 3,606,424	\$ 3,606,424	\$ -	\$ -		
Mutual Funds - fixed income	734,806	734,806	-	-		
Equity Securities	1,544,451	1,544,451	-	-		
Certificates of Deposit						
Local	155,000				155,000	
Brokered	1,096,557	-	1,096,557			
<b>Total</b>	<b>\$ 7,137,238</b>	<b>\$ 5,885,681</b>	<b>\$ 1,096,557</b>	<b>\$ 155,000</b>		

The brokered certificates of deposit were transferred from a Level 3 measurement to a Level 2 measurement during the year ended December 31, 2018 after the Foundation re-evaluated the availability of observable inputs. All assets have been valued using a market approach.

**Endowment**

The Foundation's endowment consists of multiple individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). Net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundations' governing body has interpreted the State of Oklahoma Prudent Management of Institutions Funds Act (SPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets the original value of the gift, the subsequent gifts and accumulations of all investment return to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added.

**NOTE N DISCRETE COMPONENT UNITS** (Continued)

**Endowment** (Continued)

The remaining portion of the endowment fund is classified as temporarily restricted until they are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Foundation and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Foundation
7. Investment policies contained herein

The Foundation spends monies on an annual basis for scholarships as directed by the donor. The amounts funded by each individual endowment may vary from year to year and if funds are not available then no scholarship shall be awarded.

SUPPLEMENTARY  
INFORMATION



**COMBINED STATEMENTS OF FINANCIAL POSITION**  
**SOUTHWESTERN OKLAHOMA STATE UNIVERSITY**  
**(A Department of the Regional University System of Oklahoma)**  
**Aggregate Discretely Presented Component Unit**  
**December 31, 2020 (Fiscal Year End of Component Units)**

ASSETS

Cash and cash equivalents	\$ 851,427
Pledges receivable	1,500
Interest receivable	8,966
Contributions receivable	365,547
Investments	30,834,005
Cash value, life insurance	131,026
Beneficial interest in perpetual trust	1,517,528
Property and equipment	777,193
Other assets	5,208
	<hr/>
Total Assets	<u><u>\$ 34,492,400</u></u>

LIABILITIES

Accounts payable	\$ 7,191
Payable to related party	62,261
	<hr/>
Total Liabilities	<u>69,452</u>

NET ASSETS

Without donor restrictions	
Board designated endowment	
Specific purposes	865,026
General	142,877
Undesignated	4,937,626
With donor restrictions	28,477,419
	<hr/>
Total Net Position	<u>34,422,948</u>
	<hr/>
Total Liabilities and Net Position	<u><u>\$ 34,492,400</u></u>

**COMBINED STATEMENT OF FINANCING POSITION**  
**SOUTHWESTERN OKLAHOMA STATE UNIVERSITY**  
**(A Department of the Regional University System of Oklahoma)**  
**Other Supplementary Information**  
**Discretely Presented Component Units'**  
**December 31, 2020 (Fiscal Year End of Component Units)**

	University Foundation	Pharmacy Foundation	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 402,103	\$ 449,324	\$ 851,427
Pledges receivable	-	1,500	1,500
Interest receivable	-	8,966	8,966
Contributions receivable	365,547	-	365,547
Loans revievable	-	-	-
Investments	23,696,767	7,137,238	30,834,005
Cash value, Life insurance	131,026	-	131,026
Beneficial interest in perpetual trust	1,517,528	-	1,517,528
Property and equipment	777,193	-	777,193
Other assets	5,208	-	5,208
	<u>\$ 26,895,372</u>	<u>\$ 7,597,028</u>	<u>\$ 34,492,400</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 7,191	\$ -	\$ 7,191
Payable to related party	62,261	-	62,261
Funds held for others	-	-	-
	<u>69,452</u>	<u>-</u>	<u>69,452</u>
<b>NET ASSETS</b>			
Without donor restrictions	-	-	-
Board designated endowment	-	-	-
Specific purposes	696,594	168,432	865,026
General	142,877	-	142,877
Undesignated	383,196	4,554,430	4,937,626
With donor restrictions	25,603,253	2,874,166	28,477,419
	<u>26,825,920</u>	<u>7,597,028</u>	<u>34,422,948</u>
	<u>\$ 26,895,372</u>	<u>\$ 7,597,028</u>	<u>\$ 34,492,400</u>
Total Liabilities and Net Assets			

**COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION**  
**SOUTHWESTERN OKLAHOMA STATE UNIVERSITY**  
**(A Department of the Regional University System of Oklahoma)**  
**Other Supplementary Information**  
**Discretely Presented Component Units'**  
**Year Ended December 31, 2020 (Fiscal Year End of Component Units)**

	University Foundation		Pharmacy Foundation		Total	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
<b>SUPPORT, REVENUES, GAINS AND OTHER ADDITIONS</b>						
Contributions	\$ 307,051	\$ 911,570	\$ 24,315	\$ 343,561	\$ 331,366	\$ 1,255,131
In-kind contributions	525,395	-	-	-	525,395	-
Sponsorship revenue	200,000	-	-	-	200,000	-
Provision for loss on uncollectible contributions receivable	-	-	-	-	-	-
Program service revenue	81,595	638	-	-	81,595	638
Interest and dividend income	-	-	26,274	-	26,274	-
Net appreciation on investments	604,887	2,856,033	595,306	107,354	1,200,193	2,963,387
Net appreciation on perpetual trust	-	327,645	-	-	-	327,645
Rental income	62,000	-	-	-	62,000	-
Other income	11,822	1,355	24,602	31,525	36,424	32,880
Other investment income	118,977	542,184	249,872	-	368,849	542,184
Foundation fund management fee	441,145	(441,145)	-	-	441,145	(441,145)
Net assets released from restrictions	1,152,625	(1,152,625)	200,765	(200,765)	1,353,390	(1,353,390)
<b>Total Support, Revenues, Gains and Other Additions</b>	<b>3,505,497</b>	<b>3,045,655</b>	<b>1,121,134</b>	<b>281,675</b>	<b>4,626,631</b>	<b>3,327,330</b>
<b>EXPENSES</b>						
Program services for university	2,024,019	-	61,563	-	2,085,582	-
Supporting services:						
Management and general	579,376	-	147,184	-	726,560	-
Fundraising	389,421	-	-	-	389,421	-
Scholarships and grants	-	-	157,460	-	157,460	-
School of Pharmacy	-	-	44,178	-	44,178	-
<b>Total Expenses</b>	<b>2,992,816</b>	<b>-</b>	<b>410,385</b>	<b>-</b>	<b>3,403,201</b>	<b>-</b>
Change in Net Assets, before Transfers	512,681	3,045,655	710,749	281,675	1,223,430	3,327,330
Transfers	(47,578)	47,578	-	-	(47,578)	47,578
Change in Net Assets	465,103	3,093,233	710,749	281,675	1,175,852	3,374,908
Net Assets, Beginning of Year	757,564	22,510,020	4,012,113	2,592,491	4,769,677	25,102,511
Net Assets, End of Year	\$ 1,222,667	\$ 25,603,253	\$ 4,722,862	\$ 2,874,166	\$ 5,945,529	\$ 28,477,419



**SOUTHWESTERN OKLAHOMA STATE UNIVERSITY**

**A Department of the Regional  
University System of Oklahoma**

**SINGLE AUDIT REPORTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2020**

**SOUTHWESTERN OKLAHOMA STATE UNIVERSITY**  
A Department of the Regional University System of Oklahoma  
June 30, 2020

**Reports Required by *Government Auditing Standards* and Uniform Guidance**

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* ..... 1

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance ..... 3

Schedule of Expenditures of Federal Awards..... 5

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**Independent Auditors' Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of the Financial  
Statements Performed in Accordance with  
Government Auditing Standards**

Board of Regents  
Regional University System of Oklahoma  
Southwestern Oklahoma State University  
Oklahoma City, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Southwestern Oklahoma State University (the "University"), a department of the Regional University system of Oklahoma ("RUSO"), which is a component unit of the State of Oklahoma, as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the University's basic financial statements and have issued our report thereon dated October 30, 2020.

Our report includes a reference to other auditors who audited the financial statements of Southeastern Foundation, Inc. (the "Foundation"), the University's discretely presented component unit, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Southwestern Oklahoma State University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hill & Company, PC

Tulsa, Oklahoma  
October 30, 2020





**Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

Board of Regents  
Regional University System of Oklahoma  
Southwestern Oklahoma State University  
Oklahoma City, Oklahoma

**Report on Compliance for Each Major Federal Program**

We have audited Southwestern Oklahoma State University's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of the University's major federal programs for the year ended June 30, 2020. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations and the terms and conditions applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Southwestern Oklahoma State University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.



## **Report on Internal Control Over Compliance**

Management of Southwestern Oklahoma State University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified. The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the Southwestern Oklahoma State University as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the University's basic financial statements. We issued our report thereon dated October 30, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Tulsa, Oklahoma  
October 30, 2020

Hill & Company, PC



**SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS**  
**SOUTHWESTERN OKLAHOMA STATE UNIVERSITY**  
**(A Department of the Regional University System of Oklahoma)**  
**Year Ended June 30, 2020**

Federal Grantor/Pass-through Grantor/Program Title	CFDA Number	Pass-Through Entity Identification Number	Expenditures	Passed Through Subrecipients
U.S. Department of Education				
Student Financial Aid Cluster				
Federal Pell Grant Program	84.063	N/A	\$ 7,342,106	\$ -
Federal Supplemental Education Opportunity Grants	84.007	N/A	142,982	-
Federal Workstudy Program	84.033	N/A	200,876	-
Federal Direct Student Loan Program	84.268	N/A	19,855,377	-
Total Student Financial Aid Cluster			<u>27,541,341</u>	<u>-</u>
Other Programs				
CARES ACT Southwestern Oklahoma State University	84.425E	N/A	1,721,756	-
TRIO Upward Bound	84.047	N/A	358,335	-
SWOSU Student Success Center	84.031A	N/A	409,218	-
Total Other Programs			<u>2,489,309</u>	<u>-</u>
Total U.S. Department of Education			<u>30,030,650</u>	<u>-</u>
U.S. Department of Health and Human Services				
OK INBRE Research Project - Developing small Molecules Targeting Cancer				
Biomedical Research & Research Training	93.389	N/A	88,881	-
Health Disease, Stroke, and Diabetes Prevention	93.859	N/A	47,319	-
Total U.S. Department of Health and Human Services	93.757	N/A	<u>107,948</u>	<u>-</u>
U.S. Department of Veterans Affairs				
Vocational Rehanilitation				
Total U.S. Department of Veteran Affairs	64.116	N/A	<u>4,423</u>	<u>-</u>
National Science Foundation				
Multiple Organization Regional One Oklahoma Friction Free Network				
Louis Stokes Alliance for Minority Participation in Science, Mathematics, Engineering, and Technology	47.070	N/A	300	-
Total National Science Foundation	47.076	N/A	<u>50,472</u>	<u>-</u>
National Aeronautics and Space Admsitration				
NASA/Fellowship/Career Workforce				
NASA EPSCoR	43.001	N/A	39,173	-
Total National Aeronautics and Space Administration	43.008	N/A	<u>9,068</u>	<u>-</u>
U.S. Department of Interior				
Indian Child Welfare Act Partnership				
Bureau of Indian Affairs	93.468	N/A	19,933	-
Total U.S. Department of Interior	15.114	N/A	<u>893,031</u>	<u>-</u>
National Endowment for the Arts				
Mid America Arts Alliance St Louis Brass Concert & Master Class				
Total National Endowment for the Arts	45.024	N/A	<u>3,300</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 31,294,497</u>	<u>\$ -</u>

## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

SOUTHWESTERN OKLAHOMA STATE UNIVERSITY  
A Department of the Regional University System of Oklahoma

Year Ended June 30, 2020

### **NOTE A: BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Southwestern Oklahoma State University (the "University") under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net position, or cash flows of the University.

### **NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The University has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

### **NOTE C: FEDERAL DIRECT STUDENT LOAN PROGRAM**

The University participates in the Federal Direct Loan Program (the "Program"), CFDA number 84.268, which includes the Federal Subsidized Direct Loan, the Federal Unsubsidized Direct Loan, the Federal Graduate Student PLUS Direct Loan and Federal Direct Loans Parents of Undergraduate Students. The Federal Direct Loan Program requires the University to draw down cash; and the University is required to perform certain administrative functions under the Program. Failure to perform such functions may require the University to reimburse the loan guarantee agencies. The University is not responsible for the collection of these loans. The value of loans made during the audit period are considered Federal awards expended for the audit period.

### **Note D: SUB-RECIPIENTS**

During the year ended June 30, 2020, the University provided one federal awards to a sub-recipient.

SOUTHWESTERN OKLAHOMA STATE UNIVERSITY  
A Department of the Regional University System of Oklahoma

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2020

**Summary of Auditors' Results**

1. The opinion expressed in the independent accountants' report was:  
 Unmodified     Qualified     Adverse     Disclaimed
  
2. The independent accountants' report on internal control over financial reporting described:  
Significant deficiencies  Yes     None reported  
Material weaknesses?  Yes     No
  
3. Noncompliance considered material to the financial statements was disclosed by the audit?  Yes     No
  
4. The independent auditors' report on internal control over compliance for major federal awards programs disclosed:  
Significant deficiencies?  Yes     None reported  
Material weaknesses?  Yes     No
  
5. The opinion expressed in the independent auditors' report on compliance for major federal awards was:  
 Unmodified     Qualified     Adverse     Disclaimed
  
6. The audit disclosed findings required to be reported by the Uniform Guidance?  Yes     No

SOUTHWESTERN OKLAHOMA STATE UNIVERSITY  
A Department of the Regional University System of Oklahoma

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2020

**Summary of Auditors' Results** (Continued)

7. The University's major program was:

<u>Cluster/Program</u>	<u>CFDA Number</u>
Student Financial Aid Cluster	
Federal Pell Grant	84.063
Federal Supplemental Education Opportunity Grants	84.007
Federal Direct Loan Program	84.268
Federal Work Study	84.033
Coronavirus Aid, Relief, and Economic Security Act	
Education Stabilization Fund	84.425E

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in the Uniform Guidance was \$750,000.

9. The University qualified as a low-risk auditee as that term is defined in Uniform Guidance.  Yes  No

**Section II - Findings Required to be Reported by Government Auditing Standards**

None to report for the year ended June 30, 2020.

**Section III - Findings Required to be Reported by the Uniform Guidance**

None to report for the year ended June 30, 2020.

SOUTHWESTERN OKLAHOMA STATE UNIVERSITY  
A Department of the Regional University System of Oklahoma

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2020

No matters were reportable.