Oklahoma City University

Audited Financial Report and Compliance Report
June 30, 2015

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Contents

Independent Auditor's Report

To the Board of Trustees
Oklahoma City University
Oklahoma City, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of Oklahoma City University (the University), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oklahoma City University as of June 30, 2015 and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The financial statements of the University, as of and for the year ended June 30, 2014, were audited by other auditors whose report dated October 20, 2014, expressed an unmodified opinion on those statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated October 26, 2015, on our consideration of the University's internal control over financial reporting and on 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 results 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.

RSM US LLP

Oklahoma City, Oklahoma
October 26, 2015

Oklahoma City University

Statements of Financial Position
June 30, 2015 and 2014

Assets	**2015**	2014
Cash and cash equivalents	**$ 6,234,307**	$ 7,748,218
Receivables:		
Student, less allowance for uncollectible accounts of $550,000 in 2015 and 2014	**2,196,264**	2,241,848
Federal loan reimbursements	**-**	356,695
Contributions, net	**6,692,855**	8,997,255
Accrued interest and other	**992,712**	910,773
Student notes receivable, less allowance for uncollectible notes of $86,900 in 2015 and 2014	**4,432,078**	4,671,742
Prepaid expenses, deposits and other assets	**1,404,761**	2,006,220
Investments:		
Securities	**62,211,485**	61,454,946
Investments held in charitable remainder annuity trusts	**3,748,565**	4,414,972
Real estate	**-**	89,207
Beneficial interest in trusts held by others	**29,570,378**	30,253,731
Deferred costs	**1,117,650**	1,217,424
Note receivable—related party	**3,659,601**	25,000
Property, plant and equipment, net	**161,565,267**	163,077,299
Total assets	**$ 283,825,923**	$ 287,465,330

Liabilities and Net Assets

Liabilities		
Accounts payable and accrued liabilities:		
Salaries, wages and benefits	**$ 4,041,066**	$ 3,939,913
Other	**2,437,682**	1,121,976
Notes payable	**-**	2,500,000
Deferred revenue	**4,116,399**	4,597,555
Deposits held in custody for others	**404,608**	921,093
Annuities payable	**3,166,546**	3,797,267
Capital lease obligations	**161,987**	305,807
Interest rate swap agreements, net	**15,078,071**	14,234,275
Bonds payable, net	**54,647,930**	55,811,246
Advances from Federal Government for student loans	**3,788,000**	3,788,000
Total liabilities	**87,842,289**	91,017,132
Net assets:		
Unrestricted	**82,911,864**	86,601,461
Temporarily restricted	**47,289,226**	45,999,531
Permanently restricted	**65,782,544**	63,847,206
Total net assets	**195,983,634**	196,448,198
Total liabilities and net assets	**$ 283,825,923**	$ 287,465,330

See Notes to Financial Statements.

Oklahoma City University

Statements of Activities
Year ended June 30, 2015 (with comparative totals for 2014)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2015	2014
Revenues, Gains and Other Support:					
Student tuition and fees	$ 79,910,598	$ -	$ -	$ 79,910,598	$ 82,131,427
Less student aid	(29,359,997)	-	-	(29,359,997)	(31,214,321)
Net student tuition and fees	50,550,601	-	-	50,550,601	50,917,106
Federal and state grants and contracts	-	424,772	-	424,772	570,514
Private gifts and grants, including contributions receivable	1,367,639	7,792,382	1,936,544	11,096,565	11,801,752
Changes in value of split interest agreements	-	(46,900)	-	(46,900)	247,944
Changes in the fair value of interest rate swap agreement	(843,796)	-	-	(843,796)	(73,279)
Sales and services of educational departments	851,015	29,494	-	880,509	735,729
Sales and services of auxiliary, net of student aid of $817,908	6,954,394	-	-	6,954,394	6,647,329
Investment income, net	982,677	816,864	23,394	1,822,935	13,791,540
Other income	2,089,778	895,306	-	2,985,084	2,202,938
	61,952,308	9,911,918	1,959,938	73,824,164	86,841,573
Changes in restrictions by donors:					
Reclassifications	-	24,600	(24,600)	-	-
Net assets released from restrictions	8,646,823	(8,646,823)	-	-	-
Total revenues, gains and other support	70,599,131	1,289,695	1,935,338	73,824,164	86,841,573
Expenses:					
Educational and general:					
Instruction	37,461,095	-	-	37,461,095	37,073,245
Academic support	8,046,178	-	-	8,046,178	6,305,794
Student services	12,241,655	-	-	12,241,655	12,700,074
Institutional support	9,245,538	-	-	9,245,538	8,367,118
Total educational and general	66,994,466	-	-	66,994,466	64,446,231
Auxiliary enterprises	7,294,262	-	-	7,294,262	8,146,685
Total expenses	74,288,728	-	-	74,288,728	72,592,916
Change in net assets	(3,689,597)	1,289,695	1,935,338	(464,564)	14,248,657
Net Assets:					
Beginning	86,601,461	45,999,531	63,847,206	196,448,198	182,199,541
Ending	$ 82,911,864	$ 47,289,226	$ 65,782,544	$ 195,983,634	$ 196,448,198

See Notes to Financial Statements.

Oklahoma City University

Statement of Activities
Year ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	2014
Revenues, Gains, and Other Support:				
Student tuition and fees	$ 82,131,427	$ -	$ -	$ 82,131,427
Less student aid	(31,214,321)	-	-	(31,214,321)
Net student tuition and fees	50,917,106	-	-	50,917,106
Federal and state grants and contracts	-	570,514	-	570,514
Private gifts and grants, including contributions receivable	1,919,569	8,657,846	1,224,337	11,801,752
Changes in value of split interest agreements	-	247,944	-	247,944
Changes in the fair value of interest rate swap agreement	(73,279)	-	-	(73,279)
Sales and services of educational departments	693,402	42,327	-	735,729
Sales and services of auxiliary, net of student aid of $926,153	6,647,329	-	-	6,647,329
Investment income, net	9,496,232	4,262,324	32,984	13,791,540
Other income	1,524,599	678,339	-	2,202,938
	71,124,958	14,459,294	1,257,321	86,841,573
Changes in restrictions by donors:	-	526,543	(526,543)	-
Reclassifications	(3,521,756)	3,521,756	-	-
Net assets released from restrictions	5,939,840	(5,939,840)	-	-
Total revenues, gains and other support	73,543,042	12,567,753	730,778	86,841,573
Expenses:				
Educational and general:				
Instruction	37,073,245	-	-	37,073,245
Academic support	6,305,794	-	-	6,305,794
Student services	12,700,074	-	-	12,700,074
Institutional support	8,367,118	-	-	8,367,118
Total educational and general	64,446,231	-	-	64,446,231
Auxiliary enterprises	8,146,685	-	-	8,146,685
Total expenses	72,592,916	-	-	72,592,916
Change in net assets	950,126	12,567,753	730,778	14,248,657
Net Assets:				
Beginning	85,651,335	33,431,778	63,116,428	182,199,541
Ending	$ 86,601,461	$ 45,999,531	$ 63,847,206	$196,448,198

See Notes to Financial Statements.

Oklahoma City University

Statements of Cash Flows
Years Ended June 30, 2015 and 2014

	2015	2014
Cash Flows from Operating Activities		
Change in net assets	**$ (464,564)**	$ 14,248,657
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Gifts restricted for capital expenditures	**(4,785,196)**	(6,440,610)
Gifts for permanently restricted purposes	**(1,936,544)**	(1,224,337)
Investment income for permanently restricted purposes	**(23,394)**	(32,984)
Advances for student notes receivable	**(705,332)**	(897,040)
Collections on student notes receivable	**944,996**	745,218
Net realized and unrealized investment gains	**(1,149,014)**	(11,547,354)
Depreciation and amortization	**6,745,843**	6,650,661
Unrealized loss on interest rate swap agreement	**843,796**	73,279
Loss on sale of property and equipment	**172,606**	-
Bad debt expense (recovery)	**1,656,942**	(450,000)
Changes in operating assets and liabilities that provided (used) cash:		
Student accounts receivable	**(261,820)**	626,492
Federal loan reimbursements	**356,695**	1,258,729
Prepaid expenses, deposits, and other assets	**601,459**	(477,959)
Contributions receivable	**(257,612)**	613,178
Accrued interest and other receivables	**(81,939)**	1,954,255
Accounts payable and accrued liabilities	**1,416,859**	(2,996,015)
Annuities payable	**(630,721)**	(278,579)
Deferred revenue	**(481,156)**	130,760
Deposits held in custody for others	**(516,485)**	(464,713)
Agency transaction receipts	**2,940,449**	2,887,984
Agency transaction disbursements	**(2,940,449)**	(2,887,984)
Net cash provided by operating activities	**1,445,419**	1,491,638
Cash Flows from Investing Activities		
Purchases of investments	**(763,219)**	(4,672,708)
Proceeds from sales of investments	**1,236,582**	4,580,108
Distributions from beneficial interest in assets held by others	**1,432,061**	1,452,611
Note receivable advances to related party	**(3,634,601)**	(25,000)
Capital expenditures	**(5,217,436)**	(3,006,075)
Net cash used in investing activities	**(6,946,613)**	(1,671,064)

(Continued)

Oklahoma City University

Statements of Cash Flows
Years Ended June 30, 2015 and 2014

	2015	2014
Cash Flows from Financing Activities		
Gifts collected for capital expenditures	**$ 5,986,831**	$ 4,066,506
Gifts collected for permanently restricted purposes	**1,784,194**	1,559,254
Investment income for permanently restricted purposes	**23,394**	32,984
Advances on notes payable	**2,000,000**	5,700,000
Payments on notes payable	**(4,500,000)**	(5,200,000)
Payments on bonds payable and capital lease obligations	**(1,307,136)**	(1,222,750)
Net cash provided by financing activities	**3,987,283**	4,935,994
Net change in cash and cash equivalents	**(1,513,911)**	4,756,568
Cash and Cash Equivalents:		
Beginning	**7,748,218**	2,991,650
Ending	**$ 6,234,307**	$ 7,748,218
Supplemental Data		
Noncash investing and financing activities:		
Gifts of beneficial interest in trusts held by others	**$ 163,189**	$ 58,700
Interest paid	**4,040,800**	4,075,397

See Notes to Financial Statements.

Note 1. Significant Accounting Policies

Nature of operations: Oklahoma City University (the University) is a private, not-for-profit institution of higher education with its campus located in Oklahoma City, Oklahoma. The University is accredited by the North Central Association of Colleges and Schools.

Basis of presentation: The accompanying financial statements have been prepared on the accrual basis of accounting. The University follows the accounting and reporting practices for private colleges and universities. Accordingly, net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets of the University and changes therein are classified and reported as follows:

Unrestricted net assets: Net assets that are generally not subject to donor-imposed restrictions. Uses of certain unrestricted net assets are committed as matching funds under student loan programs of the Federal Government. Unrestricted net assets may be designated for specific purposes by the University.

Temporarily restricted net assets: Net assets subject to donor-imposed restrictions that may or will be met either by actions of the University and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. The amount of net assets identified as released from donor restrictions includes any amounts released whether received in the current year or prior periods.

Permanently restricted net assets: Net assets subject to donor-imposed permanent restrictions. Generally, the donors of these assets permit the University to use all or part of the income earned on related investments for specific or general purposes.

Cash and cash equivalents: Cash and cash equivalents include cash on hand and on deposit in demand and interest-bearing accounts administered by the University with original maturities of three months or less. At June 30, 2015, the University had certain concentrations of credit risk with financial institutions in the form of uninsured cash and time deposits. For purposes of evaluating credit risk, the stability of financial institutions conducting business with the University is periodically reviewed, and management believes that credit risk related to the balances is minimal.

Student accounts receivable: Student accounts receivable consist primarily of tuition, fees and auxiliary charges. Management considers various factors in estimating the allowance for doubtful accounts, including the length of time from the initial billing that the receivables have been outstanding, the enrollment status of the students with outstanding receivables, and the University's collection history. Receivables are normally considered to be delinquent when they become more than 90 days outstanding from the date they were originally billed. A receivable is charged against the allowance when management has determined that all methods for collection of the receivable have been exhausted.

Federal loan reimbursement receivable: Federal loan reimbursement receivable balances are comprised of amounts due from the federal government for federal student loans the University has disbursed on behalf of the federal government.

Student notes receivable: Student notes receivable consist primarily of loans made to students under U.S. Government loan programs. The loans are stated at net realizable value in the accompanying statements of financial position.

Note 1. Significant Accounting Policies (Continued)

Investments: All investments received by gift or bequest are recorded at fair value in the statements of financial position on the date received. If fair value is not determinable on the date received, the asset received by gift or bequest is recorded at nominal value. Investments in securities (i.e. common stocks, pooled investments, bonds, and other securities) are marked to market at year end. Investments in real estate and commercial properties are carried at the value initially recorded, less depreciation or amortization, unless there has been an indication of either (a) impairment of value considered to be other than temporary, which would result in a write-down to fair value, or (b) increased market value, which would result in a write-up to fair value. Investments held in charitable remainder trusts are carried at fair value based on the underlying trust assets.

Beneficial interest in trusts held by others: The University's interests in beneficial trusts held by others are valued in accordance with the related trusts' policies for valuing the trusts' underlying assets, which may vary by trust.

Deferred costs: Specific incremental costs directly attributable to the various bond offerings are deferred and amortized, using the effective interest method, over the remaining life of the bonds. Accumulated amortization aggregated approximately $450,000 and $350,000 at June 30, 2015 and 2014, respectively.

Property, plant and equipment: Land, buildings and improvements, equipment, computers, and automobiles are stated at cost when purchased by the University or at fair value at date of receipt by gift when acquired by donation. The University's capitalization policy for furniture, fixtures and equipment includes all items with a unit cost of $5,000 or more and an estimated useful life of greater than one year. Assets are depreciated on the straight-line method over the estimated useful lives of the respective asset.

Estimated service lives for purposes of depreciation are as follows:

	Years
Buildings	40 to 70
Improvements	40
Steinway pianos	50
Equipment, including library books	10 to 20
Computers and automobiles	4

The University reports gifts of property, plant and equipment as unrestricted support unless explicit donor stipulations specify how the donated asset must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the University reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service or cash is used for construction in progress.

Investment revenue recognition: Investment income includes dividends, interest, realized and unrealized gains, royalties, and similar items and is recognized as revenue in the period in which it is earned. The amounts are reported as an increase in unrestricted net assets unless otherwise restricted by the donor.

Note 1. Significant Accounting Policies (Continued)

Unrestricted gains and losses on investments are recorded as increases or decreases in unrestricted net assets. Unrealized gains and losses are recorded as temporarily restricted and permanently restricted net assets in accordance with donor specifications and, as applicable, based on the ASC's guidance surrounding: *Endowments of Not-for-Profit Organizations—Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*.

Generally, losses on the investments of restricted endowments reduce temporarily restricted net assets to the extent donor-imposed temporary restrictions on net appreciation of investments have not been met before the loss occurs. Any remaining losses reduce unrestricted net assets but can be restored through subsequent investment gains.

Contributions and promises to give: Contributions are recorded at fair value. Unconditional promises to give are recorded net of an allowance for doubtful receivables estimated based on such factors for the University as prior collection history, types of contributions and the nature of the fund-raising activity. Amounts due in more than one year are recorded at net discounted cash flow using an appropriate discount rate commensurate with the risks involved.

Amortization of the discount is recorded as additional contribution revenue. Bequests are recorded at the time an unassignable right to the gift has been established and the proceeds are measurable in amount. Conditional promises to give are not recorded until conditions are substantially met.

Deferred revenue: Deferred revenue consists of funds collected prior to providing service to the payor, which includes tuition for partially complete and future semesters, contract revenue received in advance, and other advance payments. Deferred revenue also includes the estimated incremental costs of non-refundable tuition credits provided to individuals and businesses in connection with transactions with the University.

Tuition and auxiliary revenue: Tuition revenue is recognized as revenue in the period in which it is earned. Tuition and room and board for future periods are recognized as revenue at the beginning of the semester in the period to which the amount relates. Tuition revenue is reported as the gross revenue less the related discount. Sales and services of auxiliary are reported as gross revenue less related discounts when goods or services are provided. The University provides student aid to students meeting certain criteria.

Compensated absences: The University's employees earn paid vacation based on their job classification and their years of service with the University. Vacation time accrues and vests based upon length of service and is expensed in the period earned. Employees are not paid for unused sick leave; therefore, an amount is not accrued.

Income tax status: The University is an organization exempt from federal income tax pursuant to Section 501 (a) of the Internal Revenue Code (the Code) as an organization described in Section 501(c)(3) of the Code. Provision has been made, where material, for any taxes due on unrelated business income.

Annuities payable: Annuities payable are agreements between donors and the University whereby the donor makes a contribution to the University and the University agrees to pay an agreed upon amount for a specified period of time to the donor. Assets are valued at fair value, and liabilities are stated at present value, using an appropriate discount rate commensurate with the risks involved and Internal Revenue Service Life Expectancy tables.

Note 1. Significant Accounting Policies (Continued)

Split interest agreements: The University receives gifts of future interests in certain trusts. Under the related agreements, the donors retain the rights to periodic distributions from the trusts for specified terms. At the end of the trusts' terms, the assets of the trust become the property of the University. Assets received under these agreements are recorded at fair value in the appropriate net asset category and included with investments. Related contributions per the agreements are recognized as contribution revenue and are equal to the present value of future benefits to be received by the University over the term of the agreements. No contribution revenue was recognized under split interest agreements for the years ended June 30, 2015 and 2014. Liabilities totaling approximately $2,703,000 and $3,333,000 as of June 30, 2015 and 2014, respectively, have been established for those split interest agreements for which the University is the trustee and is included in the statements of financial position with annuities payable. During the term of these agreements, changes in the value of the split interest agreements are recognized in the statements of activities and changes in net assets based on accretion of the discounted amount of the contribution, and reevaluations of the expected future benefits (payments) to be received (paid) by the University (beneficiaries), based on changes in life expectancy and other assumptions. A discount rate of 6 percent was used in these calculations at the dates of the contributions.

Advances from federal government for student loans: Funds provided by the United States Government under the Federal Perkins Loan Program are loaned to qualified students and may be re-loaned after collection. These funds are ultimately refundable to the government and are recorded as liabilities. Activity of the Federal Pell Grant and Supplemental Educational Opportunity Grant (SEOG) programs are not reflected in the financial statements, other than agency transactions receipts/disbursements in the statements of cash flows, as the transactions are considered to be agency transactions.

Interest rate swap agreement: The University recognizes its interest rate swap agreement, which is a derivative financial instrument, as either an asset or liability in the statements of financial position and measures the agreement at fair value. The University is party to an interest rate swap in order to manage fluctuations in cash flows resulting from variability in interest payments due to changes in interest rates. Changes in the fair value of the interest rate swap are recorded as a separate line item within total revenues, gains, and other support.

Advertising costs: The University expenses the costs of advertising as incurred. For the years ended June 30, 2015 and 2014, advertising expense was approximately $356,000 and $903,000, respectively.

Reclassifications: Certain amounts in the 2014 financial statements have been reclassified to conform to the 2015 presentation.

Fair value measurements: Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements accounting guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

Level 1: Quoted prices in active markets for identical assets or liabilities;
Level 2: Inputs that are derived principally from or corroborated by observable market data; and
Level 3: Inputs that are unobservable and significant to the overall fair value measurement.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Financial assets subject to fair value measurement disclosure requirements include investments in securities, investments held in charitable remainder annuity trusts, real estate, and beneficial interest in trusts held by others. Financial liabilities subject to fair value measurement disclosure requirements include interest rate swap agreements.

Note 1. Significant Accounting Policies (Continued)

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Recent accounting pronouncements: The FASB has issued ASU 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)* effective for fiscal periods beginning on or after December 15, 2016. The University may early adopt ASU 2015-07 and retrospectively apply to all periods presented when adopted. The amendments in ASU 2015-07 remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient.

The FASB has issued ASU-2015-03, *Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs.* The amendments in ASU 2015-03 are intended to simplify the presentation of debt issuance costs. These amendments require that debt issuance costs related -to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this ASU. ASU 2015-03 is effective for public business entities for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. For all other entities, the amendments are effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within fiscal years beginning after December 15, 2016. Early adoption is permitted for financial statements that have not been previously issued. The implementation of ASU 2015-13 will require the University to reclassify its deferred costs from an asset to a reduction of bonds payable in the statement of financial position.

Subsequent events: The University has evaluated subsequent events through October 26, 2015, which is the date the financial statements were available to be issued. There were no subsequent events requiring recognition or disclosure.

Note 2. Contributions Receivable

Contributions receivable are discounted at 5 percent to state amounts at estimated present value. Total discounts are approximately $272,000 and $477,000 at June 30, 2015 and 2014, respectively. Management has provided an allowance for uncollectible contributions receivable of approximately $23,000 and $71,000 at June 30, 2015 and 2014, respectively. Additionally, management has written off approximately $1,349,000 of contributions in year ending June 30, 2015, that were determined to be uncollectible. Net contributions receivable along with the period of expected collection are as follows at June 30:

	2015	2014
Due in less than one year	$ 3,830,245	$ 4,459,158
Due in one to five years	2,756,843	4,361,915
Due in more than five years	105,767	176,182
	$ 6,692,855	$ 8,997,255

Note 3. Student Notes Receivable

Federal Perkins Loan Program: Student loans under the Federal Perkins Loan Program were approximately $4,399,000 and $4,639,000 at June 30, 2015 and 2014, respectively. Perkins stipulates that the Federal Government provide 2/3rd of the total funds available with the University providing the remaining 1/3rd. Perkins provides for cancellation of a note at rates of 12.5 percent to 30 percent per year up to a maximum of 100 percent if the debtor complies with certain provisions of Perkins. The Federal Government reimburses the loan funds of the University at rates of 12.5 percent to 30 percent for canceled indebtedness due to certain teaching services and various types of services for the U.S. Government and 100 percent for loans declared not collectible due to death, permanent disability, or a declaration of bankruptcy. The total portion funded by the Federal Government, which includes cash balances maintained by the University as well as outstanding student loans, is shown as advances from Federal Government for student loans in the accompanying statements of financial position. At June 30, 2015 and 2014, student loans under the Federal Perkins Loan Program are reduced by an allowance for uncollectible notes of approximately $87,000. Management considers various factors in estimating the allowance for uncollectible notes, including the amounts of past due balances, the University's collection history, and amounts that will be reimbursed by the U.S. Government. The aging of the student loan portfolio by classes of loans as of June 30, 2015 and 2014 is presented as follows:

	Not in Repayment	Current	Less Than 240 Days Past Due	Greater Than 240 Days, but Less Than 2 Years Past Due	Greater Than 2 Years, but Less Than 5 Years Past Due	Greater Than 5 Years Past Due	Total
				2015			
Student loan receivables	$2,060,060	$1,264,926	$ 271,580	$ 178,664	$ 230,474	$ 513,274	$4,518,978
As a percentage of total loan portfolio	45.60%	27.99%	6.01%	3.95%	5.10%	11.36%	100.00%
				2014			
Student loan receivables	$2,179,235	$1,263,778	$ 396,831	$ 190,374	$ 234,526	$ 493,898	$4,758,642
As a percentage of total loan portfolio	45.80%	26.56%	8.34%	4.00%	4.93%	10.38%	100.00%

For student loans, the credit quality indicator is performance determined by delinquency status. Delinquency status is updated monthly by the University. Federal Perkins Loans that are originated and serviced properly under Department of Education regulations can be assigned to the Department of Education when deemed no longer collectible. The University is not aware of any material amount of loans not properly originated or serviced under Department of Education regulations.

Note 4. Beneficial Interest in Trusts Held by Others

The University has a beneficial interest in assets held in trusts by the Oklahoma United Methodist Foundation (OUMF). These assets are to be held in perpetuity by OUMF for the benefit of the University. The University receives distributions from the income earned by the trusts, which is generally restricted for scholarship purposes. During 2015 and 2014, the University received approximately $1,432,000 and $1,453,000, respectively, related to these trusts. The beneficial interest in trusts is recorded at the fair value of the underlying assets.

Note 4. Beneficial Interest in Trusts Held by Others

The University recognizes transfers it previously made to the Oklahoma City Community Foundation, Inc. (OCCF), which the University has specified itself as the beneficiary of the funds. In connection with the University's recognition of these transfers, the statement of financial position as of June 30, 2015 and 2014 includes the beneficial interest in assets held by OCCF of approximately $345,000 and $349,000, respectively. Annually, distributions from the funds are paid to the University according to OCCF's spending policy. OCCF maintains variance power over these funds. Variance power assures donors that if the charitable purpose of their contribution becomes impractical or impossible, the distributions will be directed to similar purposes in the community. OCCF also maintains legal ownership of the funds. However, U.S. GAAP requires the University to reflect its beneficial interest in these assets in its financial statements. In addition to the funds discussed above, OCCF maintains other funds that have been contributed by various donors to OCCF for the benefit of the University. These funds are not included as assets of the University and they have no remainder interest in the corpus of these funds. The earnings from these funds are paid to the University each year. For the years ended June 30, 2015 and 2014, the University received approximately $170,000 and $164,000, respectively, from the funds. At June 30, 2015 and 2014, the fair value of the funds was approximately $3,530,000 and $3,570,000, respectively.

Note 5. Property, Plant and Equipment

Property, plant and equipment are summarized as follows:

	2015	2014
Land	$ 6,365,828	$ 6,444,227
Building	156,895,088	156,895,088
Improvements	30,798,967	28,430,910
Steinway pianos	2,198,880	2,198,880
Equipment, including library books	45,289,633	43,749,295
Computers and automobiles	1,641,168	2,118,158
Construction in progress	308,497	423,366
	243,498,061	240,259,924
Less accumulated depreciation	81,932,794	77,182,625
Net property, plant and equipment	$ 161,565,267	$ 163,077,299

For the years ended June 30, 2015 and 2014, depreciation expense was approximately $6,646,000 and $6,558,000, respectively.

Note 6. Notes Payable

Following is a description of the University's note payable agreements and outstanding balance as of June 30, 2014:

(A) The University has an unsecured commercial line of credit with a financial institution. The agreement allows for borrowing up to $3,000,000 and bears interest at Wall Street Journal Prime Rate, subject to an interest rate floor of 5.75 percent (effective rate of 5.75 percent at June 30, 2015). The agreement matured December 31, 2014; however, the University renewed the agreement through December 31, 2015 at the same borrowing limit and interest rate. At June 30, 2015 and 2014, respectively, the amount drawn down was $0 and $2,500,000.

(B) In April 2012, the University entered into a line of credit agreement with The Oklahoma United Methodist Foundation (OUMF). The agreement allowed for borrowings up to $5,000,000 and accrued interest at 1.0 percent above OUMF's Short Term Fund Rate. The agreement matured May 1, 2014; however, the University renewed the agreement through December 31, 2015 at the same borrowing limit and interest rate. The use of the loan proceeds is restricted to satisfy collateral obligations with JP Morgan Chase, N.A. The agreement is secured by the certain investments in the OCU Endowment Fund held at OUMF.

Note 7. Bonds Payable

In November 2010, the University entered into an agreement with the Oklahoma Industries Authority (the Authority) to issue Series 2010A Revenue Notes (the 2010 Notes), which are secured by a pledge of revenues and other income of the University and a mortgage on the University's real property and related improvements/fixtures. The 2010 Notes were issued for the purposes of (a) redeeming the 2005 and 2006 Series Revenue Bonds, which totaled approximately $58,150,000, and (b) paying the costs of issuance of the 2010 Notes.

The 2010 Notes are held by six banks in amounts ranging from $5,000,000 to $20,500,000. The 2010 Notes are fully amortizing with monthly principal payments through November 30, 2035. The interest rate is paid monthly and is calculated on a variable rate as 74 percent of one-month LIBOR plus a fixed spread of 2.553 percent. The 2010 Notes also require an annual payment of l/20th of 1 percent of the declining principal amount to the Authority. The six banks have an initial optional tender date in November 2017. Absent an event of tender, the 2010 Notes automatically renew under the same terms for succeeding 5 year periods until fully matured in 2035. As of June 30, 2015 and 2014, respectively, the outstanding principal balance of the 2010 Notes was approximately $54,648,000 and $55,811,000.

The University must meet quarterly and annual financial and operating covenants including liquidity tests, debt service coverage test and a loan to value ratio test. The bonds are collateralized by certain plant, property and equipment of the University.

The University has entered into an interest rate swap agreement related to the 2010 Notes (see Note 8).

At June 30, 2015, annual maturities of principal of the 2010 Notes, assuming no event of tender, are as follows:

Year Ending June 30:	Amount Due
2016	$ 1,237,216
2017	1,337,782
2018	1,435,009
2019	1,539,303
2020	1,641,670
Thereafter	47,456,950
	$ 54,647,930

The University believes the fair value of bonds payable is not materially different from their carrying value due to the variable interest rate of the bonds.

Note 8. Interest Rate Swap Agreement

In November 2010, the University entered into an interest rate swap agreement with JP Morgan Chase, N.A. which terminated interest rate swaps related to the 2005 and 2006 Series Revenue Bonds and effectively converted the 2010 Notes variable interest rate into a fixed rate. The University did not enter into this agreement for any purpose other than interest cash flow purposes and does not speculate for investment purposes using interest rate swap agreements.

The terms of the interest rate swap agreement require the University to settle with the counterparty on a net basis for the difference between 74 percent of one-month LIBOR and a fixed rate of 4.332 percent. The swap expires November 2035. At June 30, 2015 and 2014, this interest rate swap agreement had a fair value of approximately $15,078,000 and $14,234,000, respectively, to the benefit of the counterparty. If the fair value of the swap agreement exceeds $19,500,000, to the benefit of the counter-party, the University is required to post collateral to the counterparty for the difference between fair value and $19,500,000. As of June 30, 2015 and 2014 no collateral was required to be posted.

Note 9. Leases

The University leases certain buildings, equipment, computers, and automobiles under non-cancelable operating leases and is a party to capital lease agreements (see Note 17 for a discussion of leasing agreements entered into for the University's Law School building).

Assets leased under capital leases are included in property, plant and equipment at June 30 as follows:

	2015	2014
Assets	$ 698,799	$ 698,799
Less accumulated depreciation	675,377	535,617
	$ 23,422	$ 163,182

At June 30, 2015, annual future minimum lease payments under these leases together with the present value of the future net minimum lease payments under the capital lease obligations are as follows:

Year Ending June 30:	Capital Leases	Operating Leases
2016	$ 153,914	$ 940,000
2017	13,114	945,000
2018	-	950,000
2019	-	955,000
2020	-	1,400,000
Thereafter	-	5,600,000
Total minimum lease payments	167,028	$ 10,790,000
Less amount representing interest	5,041	
Present value of minimum lease payments	$ 161,987	

Payments made on operating leases during fiscal years 2015 and 2014 were approximately $4,076,000 and $2,772,000, respectively.

Note 10. Restricted Net Assets

The University's restricted net assets are as follows at June 30:

	2015	2014
Temporarily restricted:		
Capital projects	$ 13,882,494	$ 12,190,630
Scholarships	24,577,253	21,690,362
Other	8,829,479	12,118,539
	$ 47,289,226	$ 45,999,531
Permanently restricted:		
Scholarships	$ 44,554,681	$ 42,726,539
Other	21,227,863	21,120,667
	$ 65,782,544	$ 63,847,206

Note 10. Restricted Net Assets (Continued)

Net assets were released by satisfying the purpose restriction or by passage of time, including $1,740,082 and $571,709 for capital expenditures for the years ending June 30, 2015 and 2014, respectively. During fiscal years 2015 and 2014, other reclassifications were made between net asset categories based on donor requests and availability of additional information.

Note 11. Retirement Plan

The University, through the Teachers Insurance Annuity Association (TIAA) and the College Retirement Equity Fund (CREF), provides an individual retirement plan for academic and nonacademic personnel. The University's policy is to contribute a percentage of the employee's base salary based on the contribution level made by the employee. The University's current contribution policy, which was effective in August 2010, matches the employees' contributions up to 5 percent. The University may cease matching contributions at its discretion.

The employer may contribute additional amounts within limits established by the Internal Revenue Service. The benefits payable by TIAA and CREF to a participant are dependent upon the sum of the contributions made by the participant and the University on their behalf and the earnings pertaining thereto. The University provides no guaranteed retirement benefits; therefore, the Plan is a defined contribution plan. The University contributed approximately $1,061,000 and $997,000 in 2015 and 2014, respectively.

During 2010, the University offered a one-year pilot program for a retiree healthcare savings plan (the Retiree Healthcare Plan). To participate in the one-year pilot of the Retiree Healthcare Plan, an individual was required to (a) be a tenured faculty member, (b) be at least 66 years of age by October 1, 2009, with a minimum of ten years of service to the University, and (c) voluntarily retire from the University on May 14, 2010. During 2011, the Retiree Healthcare Plan was expanded to individuals meeting: (a) faculty or staff with a minimum age of 50, (b) minimum service to the University of 10 years, (c) age plus service years equal to 70 or more, (d) letter of retirement effective May 8, 2011, for faculty, and (e) letter of retirement effective no later than June 30, 2011, for staff. For qualifying individuals participating in the Retiree Healthcare Plan, the University will provide an annual benefit of $11,000 for a six-year period. As of June 30, 2015 and 2014, the University has accrued and unpaid benefits of $319,000 and $495,000, respectively, in connection with the Retiree Healthcare Plan.

Note 12. Federal Financial Awards

The United States Government awards the University various monies restricted for student financial aid. The monies are awarded through three federal programs: Federal Pell Grant (Pell), Federal Supplemental Educational Opportunity Grant (SEOG) and Federal Work Study (FWS). The University considers this financial aid as an integral part of its educational and general activities.

Pell and SEOG provide eligible students a foundation of financial aid to assist with defraying the costs of post-secondary education. The FWS program provides part-time employment to students who need the earnings to help meet their post-secondary education costs. The program is also intended to broaden the range of worthwhile job opportunities to qualified students.

Note 13. Student Financial Aid--Off-Balance Sheet Risk

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

Note 13. Student Financial Aid--Off-Balance Sheet Risk (Continued)

The University participates in the Federal Direct Loan Program (the Program), which includes the Federal Stafford Loan Program, and Federal Plus Loans for Undergraduate and Graduate Students. Program loans are made by various lenders to students attending the University. Such transactions are not recorded in the financial statements of the University. The University performs certain administrative functions under the Program, which if not performed timely, could result in a liability to the University.

Note 14. Commitments and Contingencies

Litigation: The University is involved in various claims and lawsuits arising in the normal course of business but does not believe that the outcome of any of these matters will have a material adverse effect on the University's financial position. The University has included appropriate contingencies in the financial statements for such lawsuits.

On December 17, 2012, the University commenced an action seeking a declaration that the University does not owe a financial institution any money under a contract between the University and a development group, which the development group claimed to have assigned to the financial institution. The University sought (a) a declaration that a revenue share provision of, and amendment to, the contract, is not enforceable against the University; (b) a declaration that a settlement agreement among the University, the development group, and the financial institution is not enforceable against the University; and (c) repayment of money previously paid by the University under the revenue share provision of the contract. The financial institution and the development group asserted counter claims for payment under the contract and denied the University’s claim. The litigation has been temporarily stayed to pursue settlement discussions, which the University does not believe will have a material impact on the financial statements.

Self-insurance: The University offers health, dental and vision plans (the Plan) for employees who wish to participate. The Plan is facilitated and administered by Aetna. The University collects premiums from participating employees and remits monthly, along with University contributions, to an account at UMB that was specifically created for paying Plan expenses. Aetna is responsible for all aspects of administration including enrollment changes, issuing eligibility cards, claims payment, and claims reporting. The University maintains control over the Plan design, including changes to the Plan.

In 2015 and 2014, the University expensed approximately $2,463,000 and $1,891,000, respectively, related to the Plan. The University has recorded a provision for incurred but not reported claims, which at June 30, 2015 and 2014, amounted to approximately $288,000 and $105,000, respectively. The University has recorded an asset related to the funds on deposit with UMB to service claims and expenses, which at June 30, 2015 and 2014, amounted to approximately $361,000 and $5,100, respectively. The University replenishes their deposits with UMB on a monthly basis based on premiums collected from employees and the University match on premiums for the prior month.

Loan commitment: As further discussed in Note 17, the University has committed to loan up to $5,200,000 to OCU Law School Building Associations, LLC for continued renovation of the facility that the University has leased for the future site of its law school. As of June 30, 2015 and 2014, $3,659,601 and $25,000 of this commitment has been funded, respectively, with no further draws expected. The loan carries a fixed interest rate of 1.0% and requires interest only payments through December 31, 2019. Beginning January 1, 2020, the loan requires principal and interest payments for full amortization of the loan balance as of December 31, 2049.

Note 15. Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each financial instrument:

Cash and cash equivalents, student receivables, federal loan reimbursements, accrued interest and other, accounts payable and accrued liabilities, deposits held in custody for others, and notes payable: the carrying amounts approximate fair value due to their short maturity.

Contributions receivable: the fair value is determined by discounting the future cash flows of each instrument at a rate of 5 percent for both 2015 and 2014. Additionally, the University provides an allowance for contributions that are considered to be uncollectible. The carrying amount of contributions receivable approximates fair value.

Student notes receivable and advances from the federal government for student loans: it is not practicable to estimate the fair value since they contain federally mandated interest rates and repayment terms subject to significant restrictions as to their transfer and disposition.

Investments in securities and charitable remainder annuity trusts: the fair values of publicly traded securities and mutual funds are based on quoted market prices in active markets. Fair value of investments in pooled investment funds, government agency bonds, cash surrender value of life insurance, notes receivable, mineral interests, and other similar investments are estimated by the quoted market prices in non-active markets or determined by the fund manager or other third parties, as applicable. Fair values of other investments, including hedge fund investments and investments in closely-held corporations, are estimated based on current market conditions and other factors deemed relevant to the valuation as provided by the investment manager. Investments in securities and charitable remainder annuity trusts are carried at fair value in the accompanying financial statements.

Beneficial interest in trusts held by others: the fair values are based on the fair value of the investment assets held by the other entities as reported to the University. Beneficial interests in trusts held by others are carried at fair value in the accompanying financial statements. These assets are not redeemable by the University at stated net values.

Note receivable – related party: it is not practicable to estimate the fair value since the transaction was consummated between related parties.

Annuities payable: the fair value is determined by discounting the future cash flows of each annuity at a rate of 6 percent for both 2015 and 2014. The carrying amount of annuities payable approximates fair value.

Bonds payable: the fair value of bond issuances is based on carrying value as the bonds contain variable interest rates, which are consistent with terms the University could expect to receive in the current bond market.

Interest rate swap agreements: the fair value is determined by the counterparty financial institution using current market pricing models. Interest rate swap agreements are carried at fair value in the accompanying financial statements.

Note 15. Fair Value of Financial Instruments (Continued)

Assets and liabilities measured at fair value on a recurring basis are classified within the fair value hierarchy as of June 30, 2015 and 2014 are as follows:

	June 30, 2015			
	Level 1	Level 2	Level 3	Total
Investments in securities:				
Cash	$ 300,822	$ -	$ -	$ 300,822
Alternative investments:				
Assets held in OUMF Endowment Pool:				
Early secondaries private equity fund, Goldman Sachs	95,844	-	469,550	565,394
Investment in OCU Law Building Associates, LLC			988,709	988,709
OUMF pooled investment funds	-	55,744,075	-	55,744,075
Note receivable from OCU MNTC Investment Fund, LLC	-	-	1,750,000	1,750,000
Mineral interests	-	-	954,148	954,148
Assets held in pooled funds—OCCF	-	-	344,531	344,531
Cash surrender value of life insurance	-	-	189,331	189,331
Minerals and other	145,652	-	1,228,823	1,374,475
Total investments in securities	542,318	55,744,075	5,925,092	62,211,485
Beneficial interest in assets held by others:				
Assets held and managed by JP Morgan	-	-	145,438	145,438
Assets held and managed by OUMF	-	-	28,771,105	28,771,105
Assets held and managed by Trust Company of Oklahoma	-	-	653,835	653,835
Total beneficial interest in assets held by others	-	-	29,570,378	29,570,378
Investments in charitable remainder annuity trusts:				
Cash and money market funds	76,524	-	-	76,524
Corporate and government obligations	-	503,390	-	503,390
Mutual funds	2,428,336	-	-	2,428,336
Common stock	740,315	-	-	740,315
Total investments in charitable remainder annuity trusts	3,245,175	503,390	-	3,748,565
Total assets carried at fair value	$ 3,787,493	$ 56,247,465	$ 35,495,470	$ 95,530,428
Interest rate swap agreement liabilities	$ -	$ -	$ 15,078,071	$ 15,078,071

Note 15. Fair Value of Financial Instruments (Continued)

	June 30, 2014			
	Level 1	Level 2	Level 3	Total
Investments in securities:				
Cash	$ 332,871	$ -	$ -	$ 332,871
Alternative investments:				
Assets held in OUMF Endowment Pool:				
Early secondaries private equity fund, Goldman Sachs	11,727	-	549,601	561,328
Investment in OCU Law Building Associates, LLC	-	-	826,470	826,470
OUMF pooled investment funds	-	55,188,349	-	55,188,349
Note receivable from OCU MNTC Investment Fund, LLC	-	-	1,900,000	1,900,000
Mineral interests	-	-	1,101,194	1,101,194
Assets held in pooled funds—OCCF	-	-	348,955	348,955
Cash surrender value of life insurance	-	174,262	-	174,262
Minerals and other	-	-	1,021,517	1,021,517
Total investments in securities	344,598	55,362,611	5,747,737	61,454,946
Beneficial interest in assets held by others:				
Assets held and managed by JP Morgan	-	-	151,336	151,336
Assets held and managed by OUMF	-	-	29,437,265	29,437,265
Assets held and managed by Trust Company of Oklahoma	-	-	665,130	665,130
Total beneficial interest in assets held by others	-	-	30,253,731	30,253,731
Investments in charitable remainder annuity trusts:				
Cash and money market funds	78,959	-	-	78,959
Corporate and government obligations	-	718,754	-	718,754
Mutual funds	2,337,459	-	-	2,337,459
Common stock	1,279,800	-	-	1,279,800
Total investments in charitable remainder annuity trusts	3,696,218	718,754	-	4,414,972
Real estate	-	-	89,207	89,207
Total assets carried at fair value	$ 4,040,816	$ 56,081,365	$ 36,090,675	$ 96,212,856
Interest rate swap agreement liabilities	$ -	$ -	$ 14,234,275	$ 14,234,275

Following is a description of methodologies used for instruments measured at fair value on a recurring basis. There have been no changes in the valuation methodologies used at June 30, 2015 and 2014:

Investments in securities and investments held in charitable remainder annuity trusts: When quoted prices are available in an active market, securities are classified within level 1 of the hierarchy. Investments classified as level 1 include cash and cash equivalents. Other investments, such as pooled investment funds and managed hedge funds, which are measured at net asset value and redeemable at net asset value are classified within level 2 of the hierarchy. Government and corporate bonds, and cash surrender values are classified within level 2 of the hierarchy due to their proprietary nature. Securities classified as level 2 are independently valued by the fund manager. Assets held in closely held stocks, notes receivable, mineral interests, non-redeemable pooled funds, and other alternative investments are classified within level 3 of the hierarchy due to unobservable inputs and/or being non-redeemable.

Real estate: Due to the significant unobservable inputs required to estimate the expected future cash receipts from the real estate, all of the University’s real estate held as investment is classified as level 3 in the hierarchy.

Note 15. Fair Value of Financial Instruments (Continued)

Beneficial interest in trusts held by others: Beneficial interests in trusts held by others are primarily pooled investment funds held and managed by OUMF, which the University does not have the ability to redeem. The balances held and invested by OUMF are reported based on an allocation of pooled investment balances at OUMF. Due to the nonredeemable nature of these assets, they are categorized as level 3 within the hierarchy.

Interest rate swap agreements: Interest rate swap agreements are valued by the counterparty using proprietary valuation methods. As a result, these agreements are classified as level 3.

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

Investments in securities: Investments in securities that calculate net asset value per share (or its equivalent, such as membership units) total $56,558,156 and $56,086,905 at June 30, 2015 and 2014, respectively. These investments consist of various domestic and international equity and bond funds and alternative investments. The University invests in these assets to achieve endowment returns consistent with the adopted investment policies. Investments in these funds include U.S. equities, non-U.S. equities, corporate and governmental bonds, commodities, secondary investments and other investment vehicles. Investments in the OUMF pooled investment funds are redeemable upon request by the University.

Beneficial interest in trust held by others: Beneficial interest in trust held by others that calculate net asset value per share total $26,961,135 and $27,108,956 at June 30, 2015 and 2014, respectively. These investments consist primarily of pooled investment funds held in beneficial interests in assets held by others. These investments are directed by OUMF and others and are designed to achieve endowment returns consistent with their adopted investment policies. Investments in this category cannot be redeemed at the current net asset value per share as the University is the beneficiary of only investment earnings.

The University's valuation process for fair value measurements is determined by University management and monitored by the investment committee. The investment committee reports directly to the Board of Trustees. The University relies on the fair values provided by the custodians throughout the year and reviewed at least annually by the investment committee. The frequency and methods for calibration, back testing and other procedures, including analysis of changes in fair value measurements, are determined based on management's evaluation of the relevant facts and circumstances and reported to and monitored by the investment committee.

Note 15. Fair Value of Financial Instruments (Continued)

The following table summarizes the changes in the fair value of the University's level 3 financial assets and liabilities for the periods ending June 30, 2015 and 2014:

	Investments in Securities	Real Estate	Beneficial Interest in Trusts Held by Others	Interest Rate Swap Agreements	Total
Balance at June 30, 2013	$ 4,617,050	$ 120,000	$27,365,436	$(14,160,996)	$17,941,490
Investment income, net	879,219	-	4,282,208	-	5,161,427
Change in the value of interest rate swap agreement	-	-	-	(73,279)	(73,279)
Distributions from trusts held by others	-	-	(1,452,613)	-	(1,452,613)
Sales of investments	-	(30,793)	-	-	(30,793)
Gifts by others	-	-	58,700	-	58,700
Purchases	251,468	-	-	-	251,468
Balance at June 30, 2014	5,747,737	89,207	30,253,731	(14,234,275)	21,856,400
Investment income, net	327,355	-	585,519	-	912,874
Change in the value of interest rate swap agreement	-	-	-	(843,796)	(843,796)
Distributions from trusts held by others	-	-	(1,432,061)	-	(1,432,061)
Sales of investments	(150,000)	(89,207)	-	-	(239,207)
Gifts by others	-	-	163,189	-	163,189
Purchases	-	-	-	-	-
Balance at June 30, 2015	$ 5,925,092	$ -	$29,570,378	$(15,078,071)	$20,417,399
Change in unrealized gains or losses for the year included in change in net assets for assets held at the end of the year:					
June 30, 2015	$ 287,553	$ -	$ (1,045,190)	$ -	$ (757,637)
June 30, 2014	$ 850,594	$ -	$ 2,839,227	$ -	$ 3,689,821

The summary of changes in the fair value of level 3 assets and liabilities have been prepared to reflect the same categories as those used in the statements of activities. Investment income for beneficial interest in trusts held by others represents unrealized gains for those level 3 assets.

The following table summarizes the valuation techniques and significant unobservable inputs used for the University's investments that are categorized within level 3 of the fair value hierarchy at June 30, 2015 (excluding investments valued at net asset value per share discussed above):

	Fair Value June 30,			
Investment Type	2015	2014	Valuation Techniques	Unobservable Input (d)
Minerals and other	$ 2,182,971	$ 2,122,711	Multiple of annual income	Income multiple (b)
Oil producing properties	2,609,243	3,144,776	Multiple of annual income	Income multiple (b)
Real estate	-	89,207	Comparable sales/appraisal	Market rate discount (a)
Investment—OCU Law Building Associates	988,709	826,470	Discounted cash flows	Discount rate (c)
Note from OCU MNTC Investment Fund	1,750,000	1,900,000	Discounted cash flows	Discount rate (c)

Note 15. Fair Value of Financial Instruments (Continued)

(a) Represents amounts used when the University has determined that market participants would take into account these discounts when pricing the investments.

(b) Represents amounts used when the University has determined that market participants would use such multiples when pricing the investments.

(c) Represents the rate that market participants would take into account when determining fair value of estimated future cash flows.

(d) Significant increases or decreases in any of the above unobservable inputs in isolation may result in a significantly lower or higher fair value measurement.

Note 16. Endowment Disclosures

The University's endowments consist of individual donor-restricted funds which are managed and controlled by the University. The University also has endowment funds which are held and managed by OUMF and others (see Note 4). As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. All of the endowment funds held by the University are managed and controlled by the University in accordance with the following policies, except for the funds managed by OUMF which are subject to OUMF's interpretation of the law, investment policies and spending policies.

Interpretation of relevant law: The Board of Trustees of the University has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the University classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund;
(2) The purposes of the organization and the donor-restricted endowment fund;
(3) General economic conditions;
(4) The possible effect of inflation and deflation;
(5) The expected total return from income and the appreciation of investments;
(6) Other resources of the organization; and
(7) The investment policies of the University.

Note 16. Endowment Disclosures (Continued)

Endowment net asset composition by type of fund as of June 30, 2015 and 2014:

June 30, 2015	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (6,458,001)	$ 22,965,424	$ 65,503,533	$ 82,010,956
Board-designated endowment funds	1,636,713	-	-	1,636,713
Total endowment funds	$ (4,821,288)	$ 22,965,424	$ 65,503,533	$ 83,647,669

June 30, 2014	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (4,793,228)	$ 22,851,720	$ 63,566,962	$ 81,625,454
Board-designated endowment funds	2,383,256	-	-	2,383,256
Total endowment funds	$ (2,409,972)	$ 22,851,720	$ 63,566,962	$ 84,008,710

Change in endowment net assets for the years ended June 30, 2015 and 2014:

June 30, 2015	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ (2,409,972)	$ 22,851,720	$ 63,566,962	$ 84,008,710
Investment income, net	373,374	786,596	23,394	1,183,364
Contributions/transfers	-	770,990	1,913,177	2,684,167
Appropriation of endowment assets for expenditure	(2,784,690)	(1,443,882)	-	(4,228,572)
Endowment net assets, end of year	$ (4,821,288)	$ 22,965,424	$ 65,503,533	$ 83,647,669

June 30, 2014	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ (7,406,694)	$ 20,436,755	$ 62,041,253	$ 75,071,314
Investment income, net	7,694,060	3,733,766	32,984	11,460,810
Contributions/transfers	-	-	1,355,451	1,355,451
Changes in restrictions by donors	-	-	137,274	137,274
Appropriation of endowment assets for expenditure	(2,697,338)	(1,318,801)	-	(4,016,139)
Endowment net assets, end of year	$ (2,409,972)	$ 22,851,720	$ 63,566,962	$ 84,008,710

Funds with deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the University to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature that are reported in unrestricted net assets were $6,458,001 and $4,793,228 at June 30, 2015 and 2014, respectively. As of June 30, 2015 and 2014, respectively, $5,663,256 and $4,141,147 of the deficiencies are related to the endowment funds managed by the University. These deficiencies resulted from unfavorable market fluctuations. As a result, appropriations were limited to appropriations that were deemed prudent and necessary for the programs of the University.

Note 16. Endowment Disclosures (Continued)

Return objectives and risk parameters: For endowment assets the University manages, the University has adopted investment and spending policies for these assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the University must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the board of trustees, the endowment assets are invested for the dual purpose of maximizing total return and meeting income needs while managing the level of risk associated with these objectives by effectively diversifying the investments among different asset classes and securities. The asset allocation policies reflect and are consistent with the investment objectives and risk tolerances expressed through the investment policy. These policies, developed after examining the historical relationships of risk and return among asset classes, are designed to provide the highest probability of meeting or exceeding the return objectives at the lowest level of risk. Actual returns in any given year may vary from this amount.

Strategies employed for achieving objectives: To satisfy its long-term rate-of-return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The University targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

Investments managed by OUMF are subject to their investment strategies.

Spending policy and how the investment objectives relate to spending policy: The University's spending policy is to appropriate for distribution each year 5 percent (on an annualized basis) of the ending market value for each month in the quarter. The University applies this spending policy to endowments in net surplus or net deficit positions. Net deficit position endowments are funded through the University's unrestricted net assets, always maintaining the corpus of the endowment in temporarily or permanently restricted net assets, as appropriate. The University periodically evaluates the spending policy to ensure it remains in accordance with the long-term objectives of the University.

Investments managed by OUMF are subject to their spending policies.

Note 17. Law School Building

During fiscal year 2013, the University participated in a structured transaction involving new markets tax credits. This transaction resulted in the University entering into equity investment, loan, and leasing transactions with entities formed to facilitate transactions involving new markets tax credits. The purpose of the transactions is to facilitate the acquisition of a building to be leased, and potentially acquired in the future, by the University as its Law School. These transactions are summarized below.

During fiscal year 2013, the University made an equity investment of $700,000 into OCU Law Building Associations, LLC (OLBA, LLC), which was formed to acquire and lease a facility to be used as the University's Law School. OLBA LLC also raised an additional $1,300,000 in equity investments from other sources. The University's investment represents a 35.0 percent ownership interest in OLBA LLC.

In connection with the above investment, the University loaned $1,780,000 to OCU NMTC Investment Fund LLC (the Investment Fund, LLC), which was formed to raise funds for investment in a qualified equity investment vehicle. The Investment Fund LLC also raised an additional $10,341,120 from other sources for a total of $12,121,200. The Investment Fund LLC invested $12,000,000 of these funds into MF OCU Law Building, LLC (MF Building, LLC) as a qualified equity investment.

MF Building LLC loaned the investment proceeds of $12,000,000 to OLBA, LLC. In December 2012, OLBA, LLC utilized $10,000,000 of the loan proceeds to acquire a building located at 800 N. Harvey Avenue, Oklahoma City, Oklahoma, and $521,023 for title work, attorney, and consulting fees. The balance of the funds is to be used for renovation and other operating expenses.

Note 17. Law School Building (Continued)

During fiscal year 2014, the University participated in another structured transaction involving historical tax credits. This transaction resulted in the University entering into another loan, revised the previous lease agreement entered into with OLBA, LLC, and increased the University's equity investment in OLBA, LLC from 35 percent to 36.84 percent. The purpose of this transaction is to raise additional funds for continued renovation of the facility purchased in the first structured transaction noted above. This transaction is summarized below.

This transaction created a new entity, OCULBA Master Tenant, LLC (Master Tenant, LLC) which raised $971,074 of equity investments from other sources which were then loaned to OLBA, LLC. The University also agreed to loan OLBA, LLC up to $5,200,000 under this transaction of which $3,659,601 and $25,000 was funded as of June 30, 2015 and 2014, respectively. Finally, OLBA, LLC sold the historical tax credits that will be generated as a result of qualifying rehabilitation expenditures that OLBA, LLC expects to incur in the renovation of the facility for an initial purchase price of $1,767,211 which will be subsequently adjusted in accordance with the related purchase and sale agreement. $319,250 of the proceeds raised in this transaction was used for attorney and consulting fees with the balance of the funds to be used for renovation and other operating expenses.

As of June 30, OLBA, LLC's summarized unaudited balance sheet information is as follows:

	2015	2014
Current assets	$ 72,361	$ 517,500
Noncurrent assets	21,756,184	15,801,500
Total assets	$ 21,828,545	$ 16,319,000
Current liabilities	$ 20,369	$ 1,898,000
Noncurrent liabilities	19,283,640	12,129,500
	19,304,009	14,027,500
Equity	2,524,536	2,291,500
Total liabilities and equity	$ 21,828,545	$ 16,319,000

For the year ended June 30, 2015, OLBA, LLC had net income of approximately $376,000 and paid distributions to members of approximately $143,000. For the year ended June 30, 2014, OLBA, LLC had net income of approximately $836,000 and paid distributions to members of approximately $148,000.

In December 2012, the University entered into a lease agreement with OLBA, LLC to lease the acquired building which was terminated in April 2014. In April 2014, OLBA, LLC entered into a lease agreement with Master Tenant, LLC to lease the acquired building who simultaneously entered into an agreement with the University to sublease the acquired building to the University. The lease term is April 25, 2014 through December 31, 2024 and requires rents as follows (annually on a calendar year):

Lease Period	Annual Rent	Lease Period	Annual Rent
April 25, 2014 - December 31, 2014	$ 100,000	2020	$ 1,400,000
2015	898,000	2021	1,400,000
2016	940,000	2022	1,400,000
2017	945,000	2023	1,400,000
2018	950,000	2024	1,400,000
2019	955,000		

Note 17. Law School Building (Continued)

Due to escalation clauses included in both the original and revised lease agreements, the University records annual rents using a straight-line allocation approach. The monthly rental rate under the sublease agreement entered in April 2014 is $92,094 (annual rate of $1,105,128). For the year ended June 30, 2015 and 2014, respectively, the University paid $549,000 and $150,000 of rentals under the lease agreements.

The University has an option to purchase the leased premises, which becomes effective on the later of (i) the 5th anniversary of the leased premises being placed in service and (ii) December 5, 2019. The optional purchase price of the leased premises is the greater of (i) the fair market value of the premises at the time of the exercise of the purchase option and (ii) the sum of (A) an amount calculated to provide the Owner with a guaranteed positive return over the term of the Master Lease, and (B) the termination payment (as defined in the Master Lease). The termination payment is $950,000 if the University exercises its option to purchase the leased premises on the initial exercise option date and such payment shall be reduced proportionately each month through the lease term that the purchase option is not exercised.

Note 18. Trust Funds Held For Others

Trust funds held for others are recorded with annuities payable in the accompanying statement of financial position and consist of the following as of June 30:

	2015	2014
Trust A (a)	$ 1,935,375	$ 2,486,619
Trust B (b)	661,936	693,678
Other	105,737	153,085
	$ 2,703,048	$ 3,333,382

(a) In 2001, the University became the trustee of a charitable remainder annuity trust initially funded with investments totaling $10,000,000. Since establishing the trust, the original donor has requested $4,500,000 of trust assets be used for other projects of the University. Each year, the trust pays six percent (6 percent) of the original fair market value of assets contributed to the trust to the beneficiary to the extent that there are trust assets available. Upon the death of the beneficiary, remaining trust assets, if any, shall be distributed to the University to be used for unrestricted endowment purposes.

(b) In 2011, the University became the trustee of a charitable remainder unitrust initially funded with investments totaling $1,500,000. Each year, the trust pays eight and 15/1000 percent (8.015 percent) of the original fair market value of assets contributed to the trust to the beneficiary to the extent that there are trust assets available. Upon the death of the beneficiary, remaining trust assets, if any, shall be distributed to the University to be used to fund an endowed chair in the school of dance.

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*

Independent Auditor's Report

The Board of Trustees
Oklahoma City University
Oklahoma City, Oklahoma

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Oklahoma City University (the University) as of and for the year ended June 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated October 26, 2015.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 the University's financial statements are free of material misstatements, 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 determination of financial statement amounts. 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.

RSM US LLP

Oklahoma City, Oklahoma
October 26, 2015

Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

Board of Trustees
Oklahoma City University
Oklahoma City, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited the compliance of Oklahoma City University (the University) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2015. The University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements 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, the 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, 2015.

Report on Internal Control Over Compliance
Management of the 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 OMB Circular A-133, 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 consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133
We have audited the financial statements of the University as of and for the year ended June 30, 2015, and have issued our report thereon dated October 26, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

RSM US LLP

Oklahoma City, Oklahoma
December 1, 2015

Other Supplementary Information

Oklahoma City University

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Grantor	CFDA Number	Grant Expenditures	Loan Disbursements
U. S. Department of Education			
Student Financial Aid Cluster:			
Cash Assistance:			
Federal Pell Grant	84.063	$ 1,541,071	$ -
Federal Supplemental Educational Opportunity Grant (SEOG)	84.007	100,782	-
Federal Perkins Loan Program	84.038	-	707,332
Federal Work Study	84.033	357,322	-
Cash Assistance not provided by the University			
Federal Direct Loan Programs:			
Federal Stafford Loan Program	84.268	-	18,143,738
Federal Parents' Loans for Undergraduate Students Programs (PLUS)	84.268	-	6,808,252
Federal Parents' Loans for Graduate Students Programs	84.268	-	7,778,816
Total Student Financial Aid Cluster		1,999,175	33,438,138
U. S. Department of Health & Human Services			
American Recovery & Reinvestment Act of 2009:			
Accelerating Grape Cultivar Improvement	10.309	22,662	-
U.S. Department of Justice			
Cash Assistance:			
Tribal Government SA Apache Grant	16.524	44,789	-
Total schedule of expenditures of federal awards		$ 2,066,626	$ 33,438,138

See notes to schedule of expenditures of federal awards.

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Oklahoma City University (the University) under programs of the federal government for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*. 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 assets, or cash flows of the University.

Note 2. Basis of Accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-133, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Relationship to University Financial Statements

Expenditures on the Schedule are recorded in the functional expenses in the University's Statement of Activities (the Statement) with the exception of Pell expenditures, which are treated as agency transactions. The expenditures may not equal the amount of federal revenues reported in the Statement, if any of the said revenues were not expended.

Note 4. Federal Direct Loan Programs

Under the Federal Direct Loan Programs (Direct Loan Programs), the U.S. Department of Education makes loans to enable a student or parent to pay the costs of the student's attendance at a postsecondary school. The Direct Loan Programs enable an eligible student or parent to obtain a loan to pay for the student's cost of attendance directly from the U.S. Department of Education rather than through private lenders. The University began participation in the Direct Loan Programs on July 1, 2010. The University administers the origination and disbursement of the loans to eligible students or parents. The University is not responsible for the collection of these loans.

Note 5. Federal Perkins Loan Program

The University administers the Federal Perkins Loan Program. Disbursements presented in the accompanying schedule include approximately $707,000 for loans to students and no administrative cost allowances in the current year. The loan balance outstanding at June 30, 2015, was approximately $4,486,000. During 2015, the University did not receive federal contributions for the Federal Perkins Loan Program. Accordingly, the University did not transfer contributions to the program for its share of the current year matching grant.

Note 6. Subrecipients

During the year ended June 30, 2015, the University did not provide any federal awards to subrecipients.

Oklahoma City University

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2015

Comment Number	Comment	Corrective Action Taken

Findings Related to the Financial Statement Audit as Reported in Accordance with Generally Accepted Government Auditing Standards:

A. Internal Control

No matters were reported.

B. Compliance Findings

No matters were reported.

Findings and Questioned Costs for Federal Awards:

A. Internal Control

No matters were reported.

B. Compliance Findings

No matters were reported.

Oklahoma City University

Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

I. Summary of Auditor's Results:

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ____ Yes __X__ No
- Significant deficiency(ies) identified? ____ Yes __X__ None Reported

Noncompliance material to financial statements noted? ____ Yes __X__ No

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? ____ Yes __X__ No
- Significant deficiency(ies) identified? ____ Yes __X__ None Reported

Type of auditors' report issued on compliance for major programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ____ Yes __X__ No

Identification of major programs:

Federal CFDA #	Name of Federal Program
84.007, 84.033, 84.038, 84.063, 84.268	Student Financial Aid Cluster

Dollar threshold used to distinguish between type A and type B programs: $300,000

Auditee qualified as low-risk auditee? __X__ Yes ____ No

II. Findings Relating to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted *Government Auditing Standards*

(A) Internal Control

No matters were reported.

(B) Compliance Findings

No matters were reported.

III. Findings Required to be Reported in Accordance with OMB Circular A-133

(A) Internal Control

No matters were reported.

(B) Compliance Findings

No matters were reported.