

**ODESSA COLLEGE FOUNDATION,
INCORPORATED**

FINANCIAL STATEMENTS

**Years Ended December 31, 2020 and 2019
with Report of Independent Auditors**

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REPORT OF INDEPENDENT AUDITORS

The Board of Directors
Odessa College Foundation, Incorporated
Odessa, Texas

Report of Financial Statements

We have audited the accompanying financial statements of Odessa College Foundation, Incorporated (the "Foundation"), which comprise the statement of financial position as of December 31, 2020, 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.

Auditors' 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 ("GAAP"). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation'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 Odessa College Foundation, Incorporated as of December 31, 2020 and the changes in net assets and its cash flows for the year then ended in conformity with GAAP.

Other Matter

The financial statements of the Foundation as of and for the year ended December 31, 2019, were audited by Johnson, Miller & Co., CPA's PC, who merged with Whitley Penn LLP as of November 16, 2020, and whose report dated August 11, 2020 expressed an unmodified opinion on those statements.

Whitley Penn LLP

Odessa, Texas
August 12, 2021

ODESSA COLLEGE FOUNDATION, INCORPORATED

STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2020	2019
	<u> </u>	<u> </u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,271,149	\$ 1,438,976
Pledges receivable - current	10,000	12,700
Total current assets	<u>2,281,149</u>	<u>1,451,676</u>
Marketable securities at fair value	13,492,215	11,971,200
Pledges receivable - noncurrent	<u>10,000</u>	<u>10,000</u>
Total assets	<u><u>\$ 15,783,364</u></u>	<u><u>\$ 13,432,876</u></u>
Liabilities and Net Assets		
Current Liabilities		
Account payable	\$ 157,840	\$ 438
Total current liabilities	<u>157,840</u>	<u>438</u>
Net assets:		
Without donor restrictions		
Undesignated	2,600,165	1,570,564
Designated for Half-Century scholarships	205,155	205,155
Designated for Health Science scholarships	<u>156,040</u>	<u>156,040</u>
Total without restrictions	<u>2,961,360</u>	<u>1,931,759</u>
With donor restrictions	<u>12,664,164</u>	<u>11,500,679</u>
Total net assets	<u>15,625,524</u>	<u>13,432,438</u>
Total liabilities and net assets	<u><u>\$ 15,783,364</u></u>	<u><u>\$ 13,432,876</u></u>

See accompanying notes to financial statements.

ODESSA COLLEGE FOUNDATION, INCORPORATED

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total 2020
Revenue, gains, and other support:			
Contributions	\$ -	\$ 1,668,716	\$ 1,668,716
Earnings (losses) on investments, net of fees	(62,645)	474,587	411,942
Net realized loss on marketable securities	(5,315)	-	(5,315)
Net unrealized gains on marketable securities	1,114,928	-	1,114,928
Net assets released from restrictions	979,818	(979,818)	-
Total revenue, gains, and other support	2,026,786	1,163,485	3,190,271
Expenses:			
Scholarships	843,630	-	843,630
Program and college support	136,188	-	136,188
General and administrative	17,367	-	17,367
Total expenses	997,185	-	997,185
Changes in net assets	1,029,601	1,163,485	2,193,086
Net assets at beginning of year	1,931,759	11,500,679	13,432,438
Net assets at end of year	\$ 2,961,360	\$ 12,664,164	\$ 15,625,524

See accompanying notes to financial statements.

ODESSA COLLEGE FOUNDATION, INCORPORATED

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2019</u>
Revenue, gains, and other support:			
Contributions	\$ -	\$ 1,550,416	\$ 1,550,416
Earnings (losses) on investments, net of fees	(59,336)	579,878	520,542
Net realized gains on marketable securities	235,277	-	235,277
Net unrealized gains on marketable securities	1,265,199	-	1,265,199
Net assets released from restrictions	1,317,244	(1,317,244)	-
Total revenue, gains, and other support	2,758,384	813,050	3,571,434
Expenses:			
Scholarships	738,139	-	738,139
Program and college support	579,105	-	579,105
General and administrative	16,545	-	16,545
Total expenses	1,333,789	-	1,333,789
Changes in net assets	1,424,595	813,050	2,237,645
Net assets at beginning of year	507,164	10,687,629	11,194,793
Net assets at end of year	\$ 1,931,759	\$ 11,500,679	\$ 13,432,438

See accompanying notes to financial statements.

ODESSA COLLEGE FOUNDATION, INCORPORATED

STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2020	2019
Cash flows from operating activities:		
Changes in net assets	\$ 2,193,086	\$ 2,237,645
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Net realized loss (gain) on securities	5,315	(235,277)
Net unrealized gain on securities	(1,114,928)	(1,265,199)
Decrease in pledges receivable	2,700	8,250
Contributions restricted for endowment and other	(1,668,716)	(1,550,416)
Increase (decrease) in accounts payable	157,402	(444)
Net cash used in operating activities	(425,141)	(805,441)
Cash flows from investing activities:		
Purchases of securities	(474,047)	(2,413,711)
Proceeds from sale of securities	62,645	1,894,689
Net cash used in investing activities	(411,402)	(519,022)
Cash flows from financing activities:		
Proceeds from contributions restricted for endowment and other	1,668,716	1,550,416
Net cash provided by financing activities	1,668,716	1,550,416
Net increase in cash and cash equivalents	832,173	225,953
Cash and cash equivalents at beginning of year	1,438,976	1,213,023
Cash and cash equivalents at end of year	\$ 2,271,149	\$ 1,438,976

See accompanying notes to financial statements.

ODESSA COLLEGE FOUNDATION, INCORPORATED

NOTES TO FINANCIAL STATEMENTS (*continued*)

A. Organization and Activities

Odessa College Foundation, Incorporated (the “Foundation”) was established January 26, 1996, for the purpose of providing charitable and educational aid to Odessa College and its students.

B. Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The financial statement presentation follows the requirements of Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* which among other things requires not-for-profit (“NFP”) entities such as the Foundation, to:

1. Present on the face of the statement of financial position amounts for two classes of net assets (net assets without donor restrictions and net assets with donor restrictions) rather than for the previously required three classes (unrestricted net assets, temporarily restricted net assets and permanently restricted net assets), as well as the amount for total net assets;
2. Present on the face of the statement of activities the changes in each of the two classes of net assets, as well as the change in total net assets; and,
3. Certain qualitative and quantitative information about how the NFP manages its liquid resources available to meet cash needs for general expenditures within one year of the statement of financial position date.

All programs that would be broken out functionally are program expenses for support of Odessa College and the remainder is immaterial.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include cash and money market balances in financial institutions.

The Foundation maintains deposits primarily in one financial institution, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (“FDIC”). The Foundation has not experienced any losses related to amounts in excess of FDIC limits.

Fair Value of Financial Instruments

The following methods and assumptions were used by the Foundation in estimating the fair value of its financial instruments:

ODESSA COLLEGE FOUNDATION, INCORPORATED

NOTES TO FINANCIAL STATEMENTS *(continued)*

B. Summary of Significant Accounting Policies - continued

Fair Value of Financial Instruments – continued

Cash and cash equivalents: The carrying amount reported in the statement of financial position for cash and cash equivalents approximates fair value.

Marketable Securities: Fair values, which are the amounts reported in the statement of financial position, are based on quoted market prices, if available, or estimated using quoted market prices for similar securities.

Pledges Receivable: The carrying amount reported in the statement of financial position for pledges receivable approximates fair value.

Accounts Payable: The carrying amount reported in the statement of financial position for accounts payable approximates fair value.

Contributions Revenue

The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, “net assets with donor restrictions” are reclassified to “net assets without donor restrictions” and reported in the statement of activities as net assets released from restrictions.

Pledges Receivable

The Foundation obtains pledges of support from various external parties. Pledges that are legally enforceable are accrued, net of an estimate for uncollectible pledges.

Conditional promises to give are reported at fair value at the date the gift is received.

The pledges receivable have not been discounted because they are immaterial to the financial statements.

Marketable Securities

Marketable securities are recorded at estimated fair value. Unrealized gains or losses are recognized in the period in which the gain or loss occurs, and are reported in the statement of activities.

Income Taxes

The Foundation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

The Foundation also meets the requirements of classification as a public charity as described in Sections 509 (a)(1) and 170 (b)(1)(A)(vi) of the Internal Revenue Code.

ODESSA COLLEGE FOUNDATION, INCORPORATED

NOTES TO FINANCIAL STATEMENTS (continued)

B. Summary of Significant Accounting Policies - continued

Use of Estimates

In preparing the Foundation's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Assets

Net assets without donor restrictions include those economic resources of the Foundation which are expendable for any purpose in performing the primary objectives of the Foundation. They are not subject to donor-imposed restrictions. Unrestricted net assets include:

Board designated funds which the Foundation's Board has earmarked for certain specific uses.

Other funds which have no donor recommendation, designation or preference.

The Foundation's net assets with donor restrictions are subject to donor-imposed restrictions as to lapse of time, specified dates or specified purposes. Some of the net assets with donor restrictions require that the principal be invested in perpetuity. Income and appreciation in the value of these funds is restricted for specified purposes and is reported in the accompanying statements of activities and changes in net assets as donor-restricted investment income.

C. Cash and Cash Equivalents

Cash and cash equivalents are comprised of the following liquid assets at December 31:

	2020	2019
Cash in financial institutions	\$ 1,964,868	\$ 732,552
Money market funds	206,345	205,807
Undeposited funds	99,936	500,617
	\$ 2,271,149	\$ 1,438,976

The Foundation maintains its cash balances at several financial institutions, which at times may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

ODESSA COLLEGE FOUNDATION, INCORPORATED

NOTES TO FINANCIAL STATEMENTS (continued)

D. Marketable Securities

Marketable securities are comprised of the following at:

	December 31, 2020	
	<u>Cost</u>	<u>Fair Value</u>
Mutual Funds:		
Bond Fund	\$ 2,729,571	\$ 2,824,836
Stock Fund	<u>7,770,273</u>	<u>10,667,379</u>
	<u>\$ 10,499,844</u>	<u>\$ 13,492,215</u>

	December 31, 2019	
	<u>Cost</u>	<u>Fair Value</u>
Mutual Funds:		
Bond Fund	\$ 2,701,679	\$ 2,680,425
Stock Fund	<u>7,399,222</u>	<u>9,290,775</u>
	<u>\$ 10,100,901</u>	<u>\$ 11,971,200</u>

E. Pledges Receivable

Net pledges receivable at December 31, 2020, are expected to be received as follows:

Less than one year	\$ 10,000
One to five years	<u>10,000</u>
	<u>\$ 20,000</u>

F. Scholarships

The Foundation was established as a separate nonprofit organization to raise funds to provide student scholarships and assistance in the development and growth of the Odessa College District and the Odessa Student Housing, L.L.C.

ODESSA COLLEGE FOUNDATION, INCORPORATED

NOTES TO FINANCIAL STATEMENTS (continued)

F. Scholarships (continued)

Scholarships awarded to Odessa College students for the years ended December 31, were as follows:

	2020	2019
Non-endowed Scholarships		
Student Success-General	\$ 344,020	\$ 341,569
Energy Industrial	71,266	21,000
Student Success-ECISD		
Education Foundation	17,770	(1,243)
Andrews Center	23,959	17,930
Fasken Fire Tech	752	693
Texas Scholars	22,500	37,000
Other Non-endowed Scholarships	102,288	25,770
Total Non-endowed Scholarships	582,555	442,719
 Endowed Scholarships		
Mangrum	57,257	61,370
Freel	19,081	24,577
Half-Century	21,837	28,853
Other Endowed Scholarships	162,900	180,620
Total Endowed Scholarships	261,075	295,420
Grand Total	\$ 843,630	\$ 738,139

G. Net Assets with Donor Restrictions

The Foundation's net assets with donor restrictions are subject to donor-imposed restrictions as to lapse of time, specified dates or specified purposes. The assets are used primarily to provide financial support to Odessa College District and for Foundation operations.

	December 31,	
	2020	2019
Temporary Restricted		
60th Anniversary	\$ 3,850	\$ 3,850
A. C. "Johnny" and Melba Bassett Endowed Scholarship	58,226	49,534
Ace and Bertha Doran	17,894	17,068
Allied Health Science Scholarship	29,226	11,026
Andrews Center	(9,276)	194
Arts Equipment (Rea)	200,000	100,000
Alumni Scholarship	580	-
BAAS Automation	50,000	50,000
Becker Apply More	45,060	41,170
Brandon Borchert Art Scholarship Endowment	17,114	16,370

ODESSA COLLEGE FOUNDATION, INCORPORATED

NOTES TO FINANCIAL STATEMENTS (continued)

G. Net Assets with Donor Restrictions – continued

Temporary Restricted - continued	December 31,	
	2020	2019
Charles Sweatt Math	\$ 4,435	\$ 3,892
Chase Quinn Memorial	78	78
Chevron Instrumentation Endowment	7,243	8,606
Chloe Hazel Freel Endowment	223,538	216,150
Chloe Shinn Endowment	3,819	3,500
Clarine Brown	583	583
Clay and Louise Wood Endowment	36,733	34,552
Covington Music Endowment	393	-
Crawford Nursing	(1,300)	(1,300)
Culinary Arts	(687)	765
Doelling Legacy Endowment	10,410	10,441
Dr. Ashok Khosla Scholarship Endowment	54,193	52,813
Dr. Edwin Rathbun Nursing Endowment	82,140	79,868
Dual Credit LVN	2,800	2,800
Dwain Handley	142	142
Emergency Scholarship	21,538	-
Energy Industry	(1,458)	69,808
Ethel Ward	2,873	2,117
Exceptional P.T.A.	5,975	5,975
Fasken Fire School	20,015	767
Florey Legacy Endowment	7,098	6,751
Freer Reading Lab Endowment	51,762	49,511
Friends of OC	6,529	5,747
General Vision 2015	40,000	40,000
George Brewer Math	5,892	5,562
Godwin Scholarship	365	2,625
Graduation Speakers	45,811	40,178
Gwen Shiever Endowment	13,796	13,828
Half-Century Endowment	188,460	185,003
Hazel Rich	14,218	12,234
Hearne Made Up Minds	517	517
Hunt Business	(500)	-
Jack and Ruth Rodgers Endowment	16,297	15,951
Jim and Marilyn Morris Endowment	82,129	81,173
Jimmy Russel Golf	-	247
John Doran CE	33,148	27,357
Jordan Squyres Scholarship Endowment	19,926	19,782
JVR Math & Science	6,634	6,799
Koonce Endowment	22,733	-
Language Arts Majors	(20)	365
LRC Book Scholarship	109	109
Manufacturing Technology Scholarship	-	425
McGary Regan Foundation Capital	20,000	-
McGary Regan Foundation Pecos	16,427	-

ODESSA COLLEGE FOUNDATION, INCORPORATED

NOTES TO FINANCIAL STATEMENTS (continued)

G. Net Assets with Donor Restrictions – continued

Temporary Restricted - continued	December 31,	
	2020	2019
Memorial Fund Endowment	\$ 35,688	\$ 35,213
MOBEC	-	500
Modern Gardener Endowment	22,444	21,987
Moore Law Enforcement CE School	(1,370)	(370)
Music Masters Series Endowment	194,315	186,960
Nursing Testing	20,550	20,550
Nathaniel Silvas	2,994	-
Odessa College Honors	198,215	200,008
Odessa College Rodeo	3,829	3,829
Pauline Steele Endowment	37,121	34,349
PBAP	20,000	10,000
PBWDB Industry Recognition	(350)	(350)
PBWDB Workforce Childcare	91,161	91,161
Refner Golf Scholarship	3,969	3,969
Richard Abalos MASC Endowment	8,973	8,219
Rochester Legacy Endowment	64,188	61,891
Roy Hart	12,245	10,351
Rudy Acosta	83,318	78,703
Russ and Maureen Doran	13,780	12,284
Russell Wilson	5,715	4,816
Scott Theater Family Memorial Endowment	9,021	8,563
Sharon Lipham Endowment	3,123	3,033
Short Instrumentation	3,175	2,672
Stripes Scholarship	630	630
Student Success – Education Foundation	29,371	47,140
Student Success Scholarships	609,730	543,191
Student Veterans	617	617
Sue Spratt Coleman	1,000	1,000
Texas Scholars	15,500	13,000
Vincent and Ann Becker Endowment	24,062	27,550
Vision 2015 Globe	41,500	155,908
Vision 2015 Health Science	15,000	15,000
Vision 2030	900,000	500,000
Watkins Rodeo	20,025	18,893
Wendy Hines Educator	3,640	3,164
Title V Endowments:		
HIS - Doss	82,421	84,952
Isabell Rea	48,998	47,922
Marie Mangrum Endowment	343,576	353,151
Mary Gilmore	30,223	30,995
Pre-Engineering Endowment	33,381	32,203
Professional Development	136,678	123,807
Allied Health	586,649	603,150
Total net assets with temporary donor restrictions	<u>\$ 5,232,573</u>	<u>\$ 4,695,544</u>

ODESSA COLLEGE FOUNDATION, INCORPORATED

NOTES TO FINANCIAL STATEMENTS (continued)

G. Net Assets with Donor Restrictions – continued

Permanently Restricted	December 31,	
	2020	2019
A.C "Johnny" and Melba Bassett Endowed Scholarship	\$ 396,463	\$ 396,363
Ace and Bertha Doran	100,000	100,000
Becker Apply More	312,705	310,705
Charles Sweatt Math	8,040	8,040
Clara Hazel Freel Endowment	383,829	383,829
Clay and Louise Wood Endowment	166,824	166,824
Covington Music Endowment	20,000	20,000
Doelling Legacy Endowment	10,000	10,000
Ethel Ward	14,510	14,510
Exxon Mobil	100,000	-
Florey Legacy Endowment	10,000	10,000
Friends of OC	11,405	11,405
George Brewer - Math	10,925	10,925
Graduation Speaker	94,000	94,000
Half-Century Endowment	185,876	185,876
Hazel Rich	60,085	60,085
Jack and Ruth Rodgers Endowment	40,000	40,000
Jim and Marilyn Morris Endowment	60,220	60,220
John Doran CE	100,000	100,000
Jordan Squyers	4,650	4,650
Koonce Endowment	400,000	-
JVR Math and Science	35,100	35,100
Marie Mangrum Endowment	1,843,115	1,795,433
Memorial	19,430	15,260
Nathaniel Silvas	70,287	60,227
Pauline Steele Endowment	222,903	222,903
Richard Abalos MASC Endowment	49,665	49,640
Rochester Legacy Endowment	129,729	129,729
Roy Hart	88,636	88,636
Rudy Acosta	500,000	500,000
Russ and Maureen Doran	100,000	100,000
Russel Wilson	14,945	14,945
Scott Theater	1,500	1,500
Sharon Lipham Endowment	25,000	25,000
Shinn	3,500	3,500
Short Instrumentation	8,400	8,400
Vincent and Ann Becker Endowment	60,110	60,110
Watkins Rodeo	30,413	28,363
Wendy Hines Educator	23,671	21,671
Title V Endowments:		
Isabell Rea	172,818	167,992
Allied Heath	471,861	448,790
CCRAA Pre-engineering Endowment	152,186	148,152

ODESSA COLLEGE FOUNDATION, INCORPORATED

NOTES TO FINANCIAL STATEMENTS (continued)

G. Net Assets with Donor Restrictions – continued

Permanently Restricted (Continued)	December 31,	
	2020	2019
M.S. Doss	375,752	365,754
Mary Gilmore	87,788	84,220
Professional Development	455,250	442,378
Total net assets with permanent donor restrictions	7,431,591	6,805,135
Total net assets with donor restrictions	\$ 12,664,164	\$ 11,500,679

H. Endowment

The Foundation’s endowment consists of various funds established for a variety of purposes. As required by GAAP, net assets associated with endowment funds, are classified and reported based on the existence of donor-imposed restrictions.

With the State of Texas enactment of the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”), the Foundation became subject to the reporting requirements of UPMIFA beginning in the fiscal year ending December 31, 2008. Included within UPMIFA is the elimination of the Historical Dollar Value (“HDV”) limitation on expenditures that was in the previous governing requirements.

HDV was a concept that established a floor beneath which an endowment could not be spent. This concept is now replaced, in the new enactment, with a standard of prudence that applies to the decision making process of the governing board. Governing boards are now required to establish permanent asset balances where explicit donor instructions on future gifts are absent.

To fulfill its fiduciary obligation under UPMIFA, the Foundation has determined that funds will be considered temporarily restricted unless the donor explicitly states that a gift is for the permanent endowment of that fund.

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 3,003,211	\$ 6,805,135	\$ 9,808,346
Investment return:			
Investment income	369,536	105,051	474,587
Net appreciation, realized and unrealized	-	-	-
Total investment return	369,536	105,051	474,587
Contributions	6,200	521,405	527,605
Withdrawals	(274,492)	-	(274,492)
Reclassifications	-	-	-
Endowment net assets, end of year	\$ 3,104,455	\$ 7,431,591	\$ 10,536,046

ODESSA COLLEGE FOUNDATION, INCORPORATED

NOTES TO FINANCIAL STATEMENTS *(continued)*

H. Endowment - continued

Return Objectives and Risk Parameters

The Foundation has adopted an investment policy for endowment assets that has as its objective the prudent financial management of the assets entrusted to the Foundation. The tenets to achieving this objective are to (1) protect the corpus of funds administered by the Foundation, and (2) to seek investment opportunities which provide sufficient income to meet the needs and administrative objectives of the Foundation, while simultaneously adding long-term growth and value to the corpus of the component funds. Over rolling five year periods, the investment pool is expected to achieve an annualized rate of return (net of costs and expenses) that exceeds the increase in the Consumer Price Index by 3 percentage points per year. The risk level as measured by standard deviation of the investment pool should not exceed the risk of a composite index as described in the investment policy statement. In connection with professional management fees and related services, the Foundation incurred \$62,645 and \$59,765 for the years ended December 31, 2020 and 2019, respectively. Fees are reported net of realized and unrealized gains/loss within the statements of activities.

Strategies Employed for Achieving Objectives

The investment pool is to be broadly diversified in order to minimize the risk of large losses in individual investments. Diversification is intended to be accomplished through the selection of asset classes and strict adherence to concentration guidelines for each class of asset.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution an amount not greater than a predetermined percentage of the fund's average net assets computed on a rolling four quarter average. The annual spending rate is currently 5 percent. The Foundation expects the spending policy to provide for long-term growth of its endowment. Accordingly, the long-term growth of the endowment is expected to exceed the Consumer Price Index at an annualized rate of 3 percent.

I. Fair Value Measurements

The carrying values of cash and cash equivalents, pledges receivable and accounts payable, and other liabilities, approximate fair value at December 31, 2020 and 2019. Securities are carried at fair value, see Note D.

Fair values for substantially all of the Foundation's financial instruments were measured using market or income approaches. Considerable judgment may be required in interpreting market data used to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that could be realized in an actual current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value.

ODESSA COLLEGE FOUNDATION, INCORPORATED

NOTES TO FINANCIAL STATEMENTS (continued)

I. Fair Value Measurements - continued

The hierarchy for measuring fair value consists of Levels 1 through 3.

Level 1 – Inputs represent unadjusted quoted prices for identical assets or liabilities exchanged in active markets. Substantially all of our equity investments are traded on an exchange in active markets and fair value is based on the closing prices as of the balance sheet date.

Level 2 – Inputs include directly or indirectly observable inputs (other than Level 1 inputs) such as quoted prices for similar assets or liabilities exchanged in active or inactive markets; quoted prices for identical assets or liabilities exchanged in inactive markets; other inputs that may be considered in fair value determinations of the assets or liabilities, such as interest rates and yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. Fair values for our investments in fixed maturity securities are primarily based on market prices and market data available for instruments with similar characteristics. Pricing evaluations are based on yield curves for instruments with similar characteristics, such as credit rating, estimated duration, and yields for other instruments of the issuer or entities in the same industry sector.

Level 3 – Inputs include unobservable inputs used in the measurement of assets and liabilities. Management is required to use its own assumptions regarding unobservable inputs because there is little, if any, market activity in the assets or liabilities or related observable inputs that can be corroborated at the measurement date. Unobservable inputs require management to make certain projections and assumptions about the information that would be used by market participants in pricing assets or liabilities.

The following tables present the Foundation’s fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2020:

Fair Value Measurements	Quoted Prices (Level 1)	Significant Other Observable Input (Level 2)	Significant Unobservable Input (Level 3)	Total Fair Value
Cash and cash equivalents	\$ 2,271,149	\$ -	\$ -	\$ 2,271,149
Marketable securities	13,492,215	-	-	13,492,215
Total Assets at Fair Value	\$ 15,763,364	\$ -	\$ -	\$ 15,763,364

ODESSA COLLEGE FOUNDATION, INCORPORATED

NOTES TO FINANCIAL STATEMENTS (continued)

I. Fair Value Measurements – continued

The following tables present the Foundation’s fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2019:

Fair Value Measurements	Quoted Prices (Level 1)	Significant Other Observable Input (Level 2)	Significant Unobservable Input (Level 3)	Total Fair Value
Cash and cash equivalents	\$ 1,438,976	\$ -	\$ -	\$ 1,438,976
Marketable securities	11,971,200	-	-	11,971,200
Total Assets at Fair Value	\$ 13,410,176	\$ -	\$ -	\$ 13,410,176

J. Liquidity and Availability of Resources

The following represents the Foundation’s financial assets at December 31, 2020 and 2019, reduced by amounts not anticipated to be available for general expenditure within one year of the statement of financial position dates. Financial assets are considered unavailable when not readily available or they are not convertible to cash within one year. Financial assets are available for general expenditure if they do not have donor or other restrictions limiting their use through purpose restrictions.

	2020	2019
Financial assets available within one year:		
Cash and cash equivalents	\$ 2,271,149	\$ 1,438,976
Pledges receivable - current	10,000	12,700
Marketable securities at fair value	13,492,215	11,971,200
Total Financial assets available within one year	15,773,364	13,422,876
Amounts limited to use:		
With donor restrictions - purpose or time	(5,232,573)	(4,695,544)
With donor restrictions - perpetual	(7,431,591)	(6,805,135)
Without donor restriction - Board designated quasi-endowment	(361,195)	(361,195)
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,748,005	\$ 1,561,002

The Foundation’s goal is to maintain financial assets to meet one year of operating expenses (approximately \$1 million). As part of the Foundation’s liquidity management plan, cash in excess of daily requirements is invested in registered investment companies such that amounts can be made available as general expenditures and liabilities become due.

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NOTES TO FINANCIAL STATEMENTS *(continued)*

K. Risks and Uncertainties

In March 2020, the World Health Organization categorized Coronavirus Disease 2019 ("COVID-19") as a pandemic, and the President of the United States declared the COVID-19 outbreak a national emergency. The COVID-19 pandemic has led to volatility in financial markets and has affected, and may continue to affect, the market price of the Foundation's assets. The potential economic impact brought by, and the duration of, COVID-19 is difficult to assess or predict and will depend on future developments that are highly uncertain and cannot be predicted.

L. Subsequent Events

Management of the Foundation has performed an evaluation of the Foundation's activities through August 12, 2021 the date the financial statements were available for issuance and noted no significant subsequent events.