

NOTES TO FINANCIAL STATEMENTS

THE UNIVERSITY OF OKLAHOMA NORMAN CAMPUS

June 30, 2013 and 2012 (in thousands)

NOTE 1--ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Reporting Entity: The financial reporting entity, as defined by Governmental Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity*, and as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading.

The accompanying financial statements include the accounts of the Norman Campus and Law Center of The University of Oklahoma (hereafter referred to collectively as the "University" or the "Norman Campus"), which are agencies of the State of Oklahoma. The University is governed by the Board of Regents of The University of Oklahoma (the "Board"), and is part of the State of Oklahoma Higher Education System, which is under the governance of the Oklahoma State Regents for Higher Education ("State Regents"). These financial statements do not include the operations of the University of Oklahoma Health Sciences Center (the "Health Sciences Center" or "HSC"), Cameron University, and Rogers State University, which are distinct operational entities that prepare separate financial statements for the Board. Each of these entities receive separate state appropriations, prepare separate budgets, and are managed as separate component units supported in large part by separate systems and management personnel. The University is part of the State of Oklahoma's higher education component unit, and accordingly, is included in the comprehensive annual financial report of the State.

The University of Oklahoma Foundation, Inc. (the "Foundation") is an Oklahoma not-for-profit organization organized for the purpose of receiving and administering gifts intended for the benefit of the University of Oklahoma as a whole, including both the Norman Campus and the Health Sciences Center. Accordingly, the resources received and held by the Foundation are not entirely or almost entirely held for the benefit of the Norman Campus. As a result, the OU Foundation is not considered a component unit of the Norman Campus under the definition of GASB Statement No. 39.

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