

NOTES TO FINANCIAL STATEMENTS--Continued

LANGSTON UNIVERSITY

June 30, 2014

NOTE K--FUNDS HELD IN TRUSTS BY OTHERS--Continued

Oklahoma State Regents Endowment Trust Fund--Continued

In connection with the OSRHE Endowment Program (the "Endowment Program"), the State of Oklahoma has matched contributions received under the Endowment Program. The State match amounts, plus retained accumulated earnings, totaled approximately \$2,759,000 and \$2,538,000 for June 30, 2014 and 2013, respectively, and is invested by the OSRHE on behalf of the University. The University is entitled to receive an annual distribution of 4.5% of the market value at year end on these funds. Legal title of these endowment funds is retained by the OSRHE; only the funds available for distribution, or approximately \$854,000 and \$736,000 at June 30, 2014 and 2013, respectively, have been reflected as assets in the statements of net position.

NOTE L--COMMITMENTS AND CONTINGENCIES

The University participates in a number of other federally assisted grant and contract programs. These programs are subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. The amount for expenditures that may be disallowed by the granting agencies cannot be determined at this time, although it is believed by the University that the amount, if any, would not be significant.

The operations of the apartments owned by the LLC are managed by the Habitat Company under an agreement originally dated May 1, 2005. The parties to the agreement signed a first amendment to the management agreement which extends the term of the agreement through June 30, 2016, and unless terminated by either party will automatically renew for three successive one-year terms through June 20, 2019. Management fees for the years ended June 30, 2014 and 2013 were approximately \$218,000 for both years. Management fees are increased by the consumer price index as defined in the agreement annually.

NOTE M--RISK MANAGEMENT

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