

Forvis Mazars Report to the Board of Directors/Trustees, Audit Committee, and Management

Oklahoma Bankers Association – April 30, 2024

Oklahoma Bankers Foundation – April 30, 2024

Oklahoma Bankers Public Affairs Committee – December 31, 2023

Oklahoma Bankers Federal Public Affairs Committee – December 31, 2023

Results of the Financial Statement Audits, Including Required Communications

Required Communications Regarding Our Audit Strategy & Approach (AU-C 260)

The following matters are required communications we must make to you, including these responsibilities:

Overview & Responsibilities

Scope of Our Audit & Inherent Limitation to *Reasonable Assurance*

Your & Our Responsibilities

Extent of Our Communication & Distribution Restriction

Independence Matters

Matter	Discussion
Scope of Our Audit	<p>This report covers audit results related to the following (collectively referred to as "the Association and related entities"):</p> <ul style="list-style-type: none"> • The audit of the consolidated financial statements of Oklahoma Bankers Association as of and for the year ended April 30, 2024 • The audit of the cash basis financial statements of Oklahoma Bankers Foundation for the year ended April 30, 2024 • The audit of the cash basis financial statements of the Oklahoma Bankers Public Affairs Committee for the year ended December 31, 2023 • The audit of the cash basis financial statements of Oklahoma Bankers Federal Public Affairs Committee for the year ended December 31, 2023 • The agreed-upon procedure services performed over the computation of the nondeductible portion of membership dues for the year ended April 30, 2024 • Conducted in accordance with our contract dated May 20, 2024
Our Responsibilities	<p>Forvis Mazars is responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with the oversight of those charged with governance, are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).</p>

Matter	Discussion
Audit Scope & Inherent Limitations to Reasonable Assurance	An audit performed in accordance with auditing standards generally accepted in the United States of America (GAAS) is designed to obtain reasonable, rather than absolute, assurance about the financial statements. The scope of our audit tests was established in relation to the financial statements taken as a whole and did not include a detailed audit of all transactions.
Extent of Our Communication	In addition to areas of interest and noting prior communications made during other phases of the engagement, this report includes communications required in accordance with GAAS that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process, including audit approach, results, and internal control. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.
Independence	The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.
Your Responsibilities	Our audits do not relieve management or those charged with governance of your responsibilities. Your responsibilities and ours are further referenced in our contract.
Distribution Restriction	<p>This communication is intended solely for the information and use of the following and is not intended to be, and should not be, used by anyone other than these specified parties:</p> <ul style="list-style-type: none"> • Board of Directors, Board of Trustees, Members, and Management • Others within the Association and related entities

Qualitative Aspects of Significant Accounting Policies and Practices

The following matters are detailed in the following pages and included in our assessment:

**Significant Accounting
Policies**

**Unusual Policies or
Methods**

**Alternative Accounting
Treatments**

**Management Judgments
& Accounting Estimates**

**Financial Statement
Disclosures**

**Our Judgment About the
Quality of the Entity's
Accounting Principles**

Significant Accounting Policies

The Association and related entities' significant accounting policies are described in Note 1 of their respective audited financial statements.

With respect to these significant accounting policies, we call to your attention the following topics detailed in the following pages:

- The related entities use the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Unusual Policies or Methods

With respect to significant unusual accounting policies or accounting methods used for significant unusual transactions (significant transactions outside the normal course of business or that otherwise appear to be unusual due to their timing, size, or nature):

- No matters are reportable

Alternative Accounting Treatments

We had discussions with management regarding alternative accounting treatments within GAAP for policies and practices for material items, including recognition, measurement and disclosure considerations related to the accounting for specific transactions as well as general accounting policies, as follows.

- No matters are reportable

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. Significant areas of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates include:

- Valuation of investment securities
- Functional expense allocation

Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Revenue recognition
- Customer contracts and relationships

Our Judgment About the Quality of the Entity's Accounting Principles

During the course of the audit, we made the following observations regarding the Entity's application of accounting principles:

- No matters are reportable

Adjustments Identified by Audit

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments that, in its judgment, are required to prevent the financial statements from being materially misstated.

A misstatement is a difference between the amount, classification, presentation, or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework.

Proposed & Recorded Adjustments

Auditor-proposed and management-recorded entries include the following:

- No matters are reportable

Uncorrected Misstatements

Some adjustments proposed were **not recorded** because their effect is not currently considered material. We request that all identified misstatements be corrected.

Uncorrected misstatements that were determined by management to be immaterial, both individually and in the aggregate, but more than trivial to the financial statements as a whole are listed below and included as an attachment to this communication.

While these uncorrected misstatements were deemed to be immaterial to the current-period financial statements, it is possible that the impact of these uncorrected misstatements, or matters underlying these uncorrected misstatements, could potentially cause future-period financial statements to be materially misstated.

Current-Period Uncorrected Misstatements

- Payable not recorded in the appropriate period related to services provided by a vendor

Other Required Communications

Other Material Communications

Listed below are other material communications between management and us related to the audits:

- Management representation letter (see Attachments)
- We orally communicated to management deficiencies in internal control identified during our audits that are not considered material weaknesses or significant deficiencies.

Attachments

Management Representation Letter (Attachment A)

As a material communication with management, included herein is a copy of the representation letter provided by management at the conclusion of our engagement.

Schedule of Uncorrected Misstatements (Attachment B)

The details of uncorrected misstatements identified as a result of our engagement are included herein.

Attachment A

Management Representation Letter

Representation of:
Oklahoma Bankers Association
643 NE 41st Street
Oklahoma City, OK 73105

Provided to:
Forvis Mazars, LLP
Certified Public Accountants
211 N. Robinson Avenue, Suite 600
Oklahoma City, OK 73102

The undersigned (We) are providing this letter in connection with Forvis Mazars' audits of our consolidated financial statements as of and for the years ended April 30, 2024 and 2023 and the audits of the cash basis financial statements of Oklahoma Bankers Foundation for the years ended April 30, 2024 and 2023 and Oklahoma Bankers Public Affairs Committee and Oklahoma Bankers Federal Public Affairs Committee for the years ended December 31, 2023 and 2022.

We are also providing this letter in connection with the Agreed-Upon Procedures Performed Over the Calculation of the Nondeductible Portion of Membership Dues.

Our representations are current and effective as of the date of Forvis Mazars' report: August 15, 2024.

Our engagement with Forvis Mazars is based on our contract for services dated: May 20, 2024.

Our Responsibility & Consideration of Material Matters

We confirm that we are responsible for the fair presentation of the Oklahoma Bankers Association financial statements subject to Forvis Mazars' report in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

We also confirm that we are responsible for the fair presentation of the financial statements for the Oklahoma Bankers Foundation, Oklahoma Bankers Public Affairs Committee, and Oklahoma Bankers Federal Public Affairs Committee in accordance with the cash basis of accounting. We are also responsible for determining the cash basis of accounting is an acceptable basis for the preparation of these financial statements.

We are also responsible for adopting sound accounting policies; establishing and maintaining effective internal control over financial reporting, operations, and compliance; and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

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Confirmation of Matters Specific to the Subject Matter of Forvis Mazars' Report

We confirm, to the best of our knowledge and belief, the following:

Broad Matters

1. We have fulfilled our responsibilities, as set out in the terms of our contract, for the preparation and fair presentation of the Oklahoma Bankers Association consolidated financial statements in accordance with U.S. GAAP. We have also fulfilled our responsibilities, as set out in the terms of our contract, for the preparation and fair presentation of the Oklahoma Bankers Foundation, Oklahoma Bankers Public Affairs Committee, and Oklahoma Bankers Federal Public Affairs Committee financial statements in accordance with the cash basis of accounting.
2. We acknowledge our responsibility for the design, implementation, and maintenance of:
 - a. Internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.
 - b. Internal control to prevent and detect fraud.
3. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. All minutes of directors' and committee of directors meetings held through the date of this letter or summaries of actions of recent meetings for which minutes have not yet been prepared. All unsigned copies of minutes provided to you are copies of our original minutes approved by the board, if applicable, and maintained as part of our records.
 - e. All significant contracts.
4. We have responded fully and truthfully to all your inquiries.

Misappropriation, Misstatements, & Fraud

5. We have informed you of all current risks of a material amount that are not adequately prevented or detected by our procedures with respect to:
 - a. Misappropriation of assets.
 - b. Misrepresented or misstated assets, liabilities, or net assets.
6. We have no knowledge of fraud or suspected fraud affecting the entity involving:
 - a. Management or employees who have significant roles in internal control over financial reporting, or
 - b. Others when the fraud could have a material effect on the financial statements.

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7. We understand that the term “fraud” includes misstatements arising from fraudulent financial reporting and misstatements arising from misappropriation of assets. Misstatements arising from fraudulent financial reporting are intentional misstatements, or omissions of amounts or disclosures in financial statements to deceive financial statement users. Misstatements arising from misappropriation of assets involve the theft of an entity’s assets where the effect of the theft causes the financial statements not to be presented in conformity with U.S. GAAP.
8. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, members, contributors, customers, regulators, suppliers, or others.
9. We have assessed the risk that the financial statements may be materially misstated as a result of fraud and disclosed to you any such risk identified.

Ongoing Operations

10. We have evaluated whether there are conditions or events known or reasonably knowable, considered in the aggregate, that raise substantial doubt about the entity’s ability to continue as a going concern within one year of the date of this letter without consideration of potential mitigating effects of management’s plans not yet fully implemented and concluded substantial doubt does not exist.

Related Parties

11. We have disclosed to you the identity of all of the entity’s related parties and all the related-party relationships of which we are aware.

In addition, we have disclosed to you all related-party transactions and amounts receivable from or payable to related parties of which we are aware, including any modifications during the year that were made to related-party transaction agreements which existed prior to the beginning of the year under audit, as well as new related-party transaction agreements that were executed during the year under audit.

Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.

12. We understand that the term related party refers to:

- Affiliates.
- Entities for which investments are accounted for by the equity method.
- Trusts for the benefits of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management.
- Principal owners and members of their immediate families.
- Management and members of their immediate families.
- Any other party with which the entity may deal if one party can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.

Another party is also a related party if it can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

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The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with, the entity.

Litigation, Laws, Rulings, & Regulations

13. We are not aware of any pending or threatened litigation or claims whose effects should be considered when preparing the financial statements. We have not sought or received attorney's services related to pending or threatened litigation or claims during or subsequent to the audit period. Also, we are not aware of any litigation or claims, pending or threatened, for which legal counsel should be sought.
14. We have no knowledge of communications, other than those specifically disclosed, from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations of noncompliance with laws and regulations, deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.
15. We have disclosed to you all known instances of violations or noncompliance or possible violations or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements or as a basis for recording a loss contingency.
16. We have no reason to believe the entity owes any penalties or payments under the Employer Shared Responsibility Provisions of the *Patient Protection and Affordable Care Act*, nor have we received any correspondence from the IRS or other agencies indicating such payments may be due.
17. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations:

Nonattest Services

18. You have provided nonattest services, including the following, during the period of this engagement:
 - Preparing a draft of the financial statements and related notes and supplementary information
 - Preparation of tax returns
19. With respect to these services:
 - a. We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.
 - b. We have established and monitored the performance of the nonattest services to ensure they meet our objectives.
 - c. We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.
 - d. We have evaluated the adequacy of the services performed and any findings that resulted.
 - e. We have established and maintained internal controls, including monitoring ongoing activities.

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- f. When we receive final deliverables from you, we will store those deliverables in information systems controlled by us. We have taken responsibility for maintaining internal control over these deliverables.

Financial Statements & Reports

20. We have reviewed and approved a draft of the financial statements and related notes referred to above, which you prepared in connection with your audit of our financial statements. We acknowledge that we are responsible for the fair presentation of the financial statements and related notes.
21. Oklahoma Bankers Association has revised the 2023 financial statements to conform with U.S. GAAP. Management has provided you with all relevant information regarding the revision. We are not aware of any other known matters that required correction in the financial statements.
22. With regard to supplementary information:
 - a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria.
 - b. We believe the supplementary information is fairly presented, both in form and content, in accordance with the applicable criteria.
 - c. The methods of measurement and presentation of the supplementary information are unchanged from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - d. We believe the significant assumptions or interpretations underlying the measurement and/or presentation of the supplementary information are reasonable and appropriate.
 - e. We understand that consolidating supplementary information is for purposes of additional analysis of the financial statements rather than to present the financial position and results of operations of each of the individual companies.
23. We do not issue an annual report, nor do we have plans to issue an annual report at this time.

Transactions, Records, & Adjustments

24. All transactions have been recorded in the accounting records and are reflected in the financial statements.
25. The entity has appropriately reconciled its general ledger accounts to their related supporting information. All related reconciling items considered to be material were identified and included on the reconciliations and were appropriately adjusted in the financial statements. All intracompany (and intercompany) accounts have been eliminated or appropriately measured and considered for disclosure in the financial statements.
26. We have everything we need to keep our books and records.

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27. We have disclosed any significant unusual transactions the entity has entered into during the period, including the nature, terms, and business purpose of those transactions.
28. We believe the effects of the uncorrected financial statement misstatements and omitted disclosures summarized in the attached schedule and aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the financial statements of Oklahoma Bankers Association taken as a whole.

We understand that, depending on both the nature of the uncorrected misstatement and the federal and state income tax rules applicable thereto, each uncorrected misstatement may or may not be taken into account for purposes of determining our federal and/or state taxable income and any income tax liability for the current year.

Nonprofit Accounting & Disclosure Matters

29. We have identified to you any activities conducted having both fund-raising and program or management and general components (joint activities) and have allocated the costs of any joint activities in accordance with the provisions of FASB ASC 958-720-45.
30. We are an entity exempt from income tax under Section 501(c) of the Internal Revenue Code and a similar provision of state law and, except as disclosed in the financial statements, there are no activities that would jeopardize our tax-exempt status or subject us to income tax on unrelated business income or excise tax on prohibited transactions and events.
31. We acknowledge the entity is not a conduit debt obligor whose debt securities are listed, quoted, or traded on an exchange or an over-the-counter market. As a result, we acknowledge the entity does not meet the definition of a "public entity" under generally accepted accounting principles for certain accounting standards.

Accounting & Disclosure

32. All transactions entered into by the entity are final. We are not aware of any unrecorded transactions, side agreements or other arrangements (either written or oral) that are in place.
33. Except as reflected in the financial statements, there are no:
 - a. Plans or intentions that may materially affect carrying values or classifications of assets, liabilities, or net assets.
 - b. Material transactions omitted or improperly recorded in the financial records.
 - c. Material unasserted claims or assessments that are probable of assertion or other gain/loss contingencies requiring accrual or disclosure in accordance with Accounting Standards Codification (ASC) Topic 450, *Contingencies*, including those arising from environmental remediation obligations.
 - d. Events occurring subsequent to the balance sheet date through the date of this letter, which is the date the financial statements were available to be issued, requiring adjustment or disclosure in the financial statements.
 - e. Agreements to purchase assets previously sold.
 - f. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, lines of credit, or similar

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arrangements.

- g. Guarantees, whether written or oral, under which the entity is contingently liable.
- h. Known or anticipated asset retirement obligations.
- i. Supplier finance arrangements.

34. Except as disclosed in the financial statements, the entity has:

- a. Satisfactory title to all recorded assets, and those assets are not subject to any liens, pledges, or other encumbrances.
- b. Complied with all aspects of contractual agreements for which noncompliance would materially affect the financial statements.

Revenue, Accounts Receivable, & Inventory

35. Adequate provisions and allowances have been accrued for any material losses from:

- a. Uncollectible receivables.
- b. Excess or obsolete inventories.
- c. Sales commitments, including those unable to be fulfilled.
- d. Purchase commitments in excess of normal requirements or at prices in excess of prevailing market prices.

Estimates

- 36. We have identified all accounting estimates that could be material to the financial statements and we confirm the appropriateness of the methods and the consistency in their application, the accuracy and completeness of data, and the reasonableness of significant assumptions used by us in making the accounting estimates, including those measured at fair value reported in the financial statements.
- 37. Significant estimates that may be subject to a material change in the near term have been properly disclosed in the financial statements. We understand that "near term" means the period within one year of the date of the financial statements. In addition, we have no knowledge of

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concentrations, which refer to volumes of business, revenues, available sources of supply, or markets, existing at the date of the financial statements that would make the entity vulnerable to the risk of severe impact in the near term that have not been properly disclosed in the financial statements.

Fair Value

38. With respect to the fair value measurements of financial and nonfinancial assets and liabilities, if any, recognized in the financial statements or disclosed in the notes thereto:
 - a. The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated course of action.
 - b. The measurement methods and significant assumptions used in determining fair value are appropriate in the circumstances for financial statement measurement and disclosure purposes and have been consistently applied.
 - c. The significant assumptions appropriately reflect market participant assumptions.
 - d. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
 - e. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

Tax Matters

39. We understand the potential penalties for failure to disclose reportable tax transactions to the taxing authorities and have fully disclosed to Forvis Mazars any and all known reportable tax transactions.
40. We believe the estimates and assumptions used to identify, recognize, and measure tax positions of the entity, reporting unit, etc. are reasonable and appropriate for purposes of determining uncertain tax positions and the related liability for unrecognized tax benefits.

Agreed-Upon Procedures Performed Over the Calculation of the Nondeductible Portion of Membership Dues

41. We are responsible for the subject matter.
42. We have provided to you all relevant information and access, as applicable, as agreed upon in the terms of engagement.
43. All known matters contradicting the subject matter or assertion and any communication from regulatory agencies or others affecting the subject matter have been disclosed to you, including any communications received between the end of the period addressed by the subject matter and the date of your report.
44. We acknowledge our responsibility for the design, implementation, and maintenance of programs and controls to prevent and detect fraud.
45. We have no knowledge of any allegations of fraud or suspected fraud affected the subject matter received in communications from employees, customers, regulators, suppliers, or others.

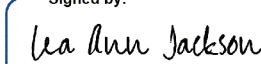
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46. We have no knowledge of any known or suspected violations of law, regulations, or requirements of regulatory agencies that could affect the subject matter.
47. We have disclosed to you all deficiencies in internal control relevant to the subject matter of which we are aware.
48. There are no plans or intentions that may affect the subject matter.
49. We have disclosed to you all known events subsequent to the period (or point in time) of the subject matter being reported on that would have a material effect on the subject matter.
50. We have no knowledge of any known or suspected fraudulent financial reporting or misappropriation of assets involving:
 - a. Management or employees who have significant roles in internal control, or
 - b. Others, where activities of others could affect the subject matter.

DocuSigned by:

6B331D7EAEEB4BE...

Adrian Beverage, CEO
adrian@oba.com

Signed by:

5F8FB9A779EE436...

Lea Ann Jackson, CEO and CFO
leaann@oba.com

Attachment B

Schedule of Uncorrected Misstatements

1 of 1.

Appendix B**0027492 (au1024 audit 4491656)****Summary of Uncorrected Misstatements and Omitted Disclosures, as applicable****As of and for the Year Ended April 30, 2024****Summary of Misstatements in the Financial Statements**

Description	Debit (Credit) Required to Correct the Financial Statements					
	Assets	Liabilities	Equity	Revenue	Expenses	Net Income
Unrecorded misstatements - factual	26,345	(26,345)	-	-	-	-
Unrecorded misstatements - projected	-	-	-	-	-	-
Unrecorded misstatements - judgmental	-	-	-	-	-	-
Total uncorrected misstatements (Iron Curtain)	26,345	(26,345)	-	-	-	-
Impact of correcting prior period misstatements in prior periods (From Prior Period Table Below)				35,105	-	35,105
Total uncorrected misstatements, assuming prior year misstatements were corrected in prior periods (Rollover)				(35,105)	-	(35,105)

Financial Statement Impact

	As Reported	Misstatements	Subsequent to Misstatements	% Change
Total Assets	7,160,681	26,345	7,187,026	0.37 %
Total Liabilities	(2,074,589)	(26,345)	(2,100,934)	1.27 %
Retained Earnings	-	-	-	- %
Capital and Other Equity	(5,086,092)	-	(5,086,092)	- %
Total Equity	(5,086,092)	-	(5,086,092)	- %
Revenues	(4,200,256)	(35,105)	(4,235,361)	0.84 %
Expenses	3,708,434	-	3,708,434	- %
Net Income	(491,822)	(35,105)	(526,927)	7.14 %

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Year End: April 30, 2024
 Unrecorded misstatements - Factual
 Date: 5/1/2023 To 4/30/2024

702-4

Completed by HS122428 7/16/2024	Reviewed by	Reviewed by	EE GS114687 7/30/2024
EQR RD102877 7/29/2024	Reviewed by	Reviewed by	Reviewed by

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
11	4/30/2024	Fixed Assets - Building Improvements	107015 OBA	J.001		26,345.00			
11	4/30/2024	Accrued Expense	204100 OBA	J.001			26,345.00		
		PAJE related to error identified in AP for Airco Services							
						26,345.00	26,345.00		
Net Income (Loss)			432,405.00						

Oklahoma Bankers Association

Independent Auditor's Report and Consolidated Financial Statements

April 30, 2024 and 2023

Oklahoma Bankers Association
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April 30, 2024 and 2023

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Independent Auditor's Report

Board of Directors
Oklahoma Bankers Association
Oklahoma City, Oklahoma

Opinion

We have audited the consolidated financial statements of the Oklahoma Bankers Association (Association), which comprise the consolidated statements of financial position as of April 30, 2024 and 2023 and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Association as of April 30, 2024 and 2023 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern within one year after the date that these consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Consolidating Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statement of financial position as of April 30, 2024 and the consolidating statement of activities for the year then ended, as listed in the table of contents are presented for purposes of additional analysis rather than to present the financial position, results of activities and cash flows of the individual entities, and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic consolidated financial statements.

The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Forvis Mazars, LLP

**Oklahoma City, Oklahoma
August 15, 2024**

Oklahoma Bankers Association
Consolidated Statements of Financial Position
April 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 281,977	\$ 502,205
Investments	1,451,145	1,346,199
Certificates of deposit	4,167,268	3,593,979
Accounts receivable	47,032	78,812
Inventory	5,867	6,326
Prepaid expenses and other	266,384	207,410
Property and equipment, net	781,616	737,643
Investment in Compliance Alliance	35,550	35,550
Customer contracts and relationships	111,663	102,878
Other assets	12,179	15,964
	<u>7,160,681</u>	<u>6,626,966</u>
Total assets	<u>\$ 7,160,681</u>	<u>\$ 6,626,966</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Deferred revenues		
Membership dues	\$ 1,408,074	\$ 1,380,977
Unearned premiums	1,287	4,371
Conventions, meetings, training programs, and subscriptions	238,622	188,636
	<u>1,647,983</u>	<u>1,573,984</u>
Total deferred revenues	1,647,983	1,573,984
Accounts payable and accrued liabilities	426,606	458,712
	<u>426,606</u>	<u>458,712</u>
Total liabilities	2,074,589	2,032,696
Net Assets Without Donor Restrictions	<u>5,086,092</u>	<u>4,594,270</u>
Total liabilities and net assets	<u>\$ 7,160,681</u>	<u>\$ 6,626,966</u>

Oklahoma Bankers Association
Consolidated Statements of Activities
Years Ended April 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Revenues and Gains		
Dues	\$ 2,077,635	\$ 2,042,226
Conventions, meetings, training programs, and subscriptions	1,425,823	1,352,862
Products and services	216,548	203,728
Net investment return	137,812	28,370
Interest income	146,287	46,096
Bank insurance	52,122	63,196
Group services	2,225	45,097
Group health	19,302	1,973
Newspaper	100,791	90,798
Miscellaneous	21,711	26,012
	<u>4,200,256</u>	<u>3,900,358</u>
Expenses		
Program services		
Conventions, meetings, training programs, and subscriptions	1,205,070	1,192,576
Government relations	619,903	632,469
Member relations	903,693	857,185
Newspaper	139,652	124,729
Fraud services	211,012	228,726
Endorsements	21,718	17,862
Strategic members	72,412	73,130
Supporting services – general and administrative	534,974	472,856
	<u>3,708,434</u>	<u>3,599,533</u>
Change in Net Assets Without Donor Restrictions	491,822	300,825
Net Assets Without Donor Restrictions, Beginning of Year	<u>4,594,270</u>	<u>4,293,445</u>
Net Assets Without Donor Restrictions, End of Year	<u>\$ 5,086,092</u>	<u>\$ 4,594,270</u>

Oklahoma Bankers Association
Consolidated Statement of Functional Expenses
Year Ended April 30, 2024

	Conventions, Meetings, Training Programs, and Subscriptions	Government Relations	Member Relations	Newspaper	Fraud Services	Endorsements	Strategic Members	Total	Supporting Services General and Administrative	Total Expenses
Compensation and benefits expense	\$ 493,029	\$ 404,003	\$ 331,182	\$ 84,446	\$ 161,818	\$ 8,907	\$ 57,301	1,540,686	\$ 396,674	1,937,360
General office expense	48,060	74,712	23,748	18,597	14,764	10,384	372	190,637	71,444	262,081
Property expense	35,605	16,721	25,788	4,659	9,648	333	3,910	96,664	19,799	116,463
Depreciation	29,331	27,499	19,362	3,148	9,211	207	2,429	91,187	13,457	104,644
Travel expense	11,731	21,059	5,971	574	993	12	151	40,491	1,938	42,429
Association promotion expense	5,706	12,113	4,145	420	7,119	18	212	29,733	1,824	31,557
Direct program expense	553,715	50,784	473,123	24,139	-	1,579	4,394	1,107,734	-	1,107,734
Other expense	27,893	13,012	20,374	3,669	7,459	278	3,643	76,328	29,838	106,166
	<u>\$ 1,205,070</u>	<u>\$ 619,903</u>	<u>\$ 903,693</u>	<u>\$ 139,652</u>	<u>\$ 211,012</u>	<u>\$ 21,718</u>	<u>\$ 72,412</u>	<u>\$ 3,173,460</u>	<u>\$ 534,974</u>	<u>\$ 3,708,434</u>
Percentage of total expenses	32.8%	16.3%	24.7%	3.8%	6.0%	0.6%	1.9%	85.9%	14.1%	100.0%

Oklahoma Bankers Association
Consolidated Statements of Functional Expenses
Year Ended April 30, 2023

	Program Services								Supporting Services General and Administrative	Total Expenses
	Conventions, Meetings, Training Programs, and Subscriptions	Government Relations	Member Relations	Newspaper	Fraud Services	Endorsements	Strategic Members	Total		
Compensation and benefits expense	\$ 457,538	\$ 381,819	\$ 336,618	\$ 76,517	\$ 183,570	\$ 13,518	\$ 50,406	\$ 1,499,986	\$ 371,299	\$ 1,871,285
General office expense	74,965	109,251	4,480	11,375	19,462	(4,664)	8,412	223,281	37,543	260,824
Property expense	36,957	17,356	26,768	4,835	10,016	345	4,058	100,335	20,551	120,886
Depreciation	32,487	28,057	22,361	3,785	7,463	248	2,914	97,315	15,803	113,118
Travel expense	9,804	22,201	6,761	599	2,293	17	132	41,807	1,960	43,767
Association promotion expense	3,031	9,883	2,081	144	516	1	8	15,664	663	16,327
Direct program expense	557,424	54,435	443,176	24,794	-	8,182	4,361	1,092,372	-	1,092,372
Other expense	20,370	9,467	14,940	2,680	5,406	215	2,839	55,917	25,037	80,954
	<u>\$ 1,192,576</u>	<u>\$ 632,469</u>	<u>\$ 857,185</u>	<u>\$ 124,729</u>	<u>\$ 228,726</u>	<u>\$ 17,862</u>	<u>\$ 73,130</u>	<u>\$ 3,126,677</u>	<u>\$ 472,856</u>	<u>\$ 3,599,533</u>
Percentage of total expenses	33.1%	17.6%	23.8%	3.5%	6.4%	0.5%	2.0%	86.9%	13.1%	100.0%

Oklahoma Bankers Association
Consolidated Statements of Cash Flows
Years Ended April 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Activities		
Change in net assets without donor restrictions	\$ 491,822	\$ 300,825
Items not requiring (providing) cash		
Depreciation	104,644	113,118
Impairment of customer contracts and relationships	-	2,156
Loss on sales and disposals of property and equipment	(11,372)	(12,303)
Net realized and unrealized (gain) loss on investments	(94,907)	(3,628)
Changes in		
Accounts receivable	31,780	(27,870)
Inventory	459	2,736
Prepaid expenses and other	(55,189)	(90,344)
Deferred revenues	73,999	95,228
Accounts payable and accrued liabilities	(32,106)	(104,725)
Customer contracts	(8,785)	13,222
	<u>500,345</u>	<u>288,415</u>
Net cash provided by operating activities		
Investing Activities		
Purchases of certificates of deposit	(4,167,268)	(3,593,979)
Maturities of certificates of deposit	3,593,979	2,845,000
Purchases of property and equipment	(159,733)	(134,817)
Proceeds from disposition of property and equipment	22,488	58,300
Purchase of investments	(473,782)	(4,200)
Proceeds from disposition of investments	463,743	1,885
	<u>(720,573)</u>	<u>(827,811)</u>
Net cash used in investing activities		
Decrease in Cash and Cash Equivalents	(220,228)	(539,396)
Cash and Cash Equivalents, Beginning of Year	<u>502,205</u>	<u>1,041,601</u>
Cash and Cash Equivalents, End of Year	<u>\$ 281,977</u>	<u>\$ 502,205</u>

Oklahoma Bankers Association
Notes to Consolidated Financial Statements
April 30, 2024 and 2023

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Oklahoma Bankers Association (Association) is a trade organization whose mission and principal activities are to service the Oklahoma banking community. The Association is active in government relations activities; provides compliance consultation and research; and sponsors conventions, meetings, and training programs, all of which are funded by the collection of member dues, tuition charges, and sales of other banking-related products and services. The Association also publishes a trade newspaper and provides insurance products and other services to the Oklahoma banking community through OBA Insurance Agency, Inc. (OBAIA) and OBA Services Company, Inc. (OBASCO).

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Association and its wholly owned subsidiary, OBA Financial Services Corp. (OBAFSC), and OBAFSC's wholly owned subsidiaries, OBAIA and OBASCO. All significant inter-association accounts and transactions have been eliminated in consolidation.

Basis of Presentation

Accounting principles generally accepted in the United States of America (GAAP) require the Association to report information regarding its consolidated financial position and activities in two classes of net assets. These classes of net assets are net assets without donor restrictions and net assets with donor restrictions. The Association does not have any net assets with donor restrictions.

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Association considers all liquid investments with original maturities of three months or less to be cash equivalents. At April 30, 2024 and 2023, cash equivalents consisted primarily of certificates of deposit issued by various financial institutions who are members of the Association and also included a money market account held by the Association's broker.

At April 30, 2024, the Association's cash accounts exceeded federally insured limits by approximately \$11,000.

Accounts Receivable

Accounts receivable are stated at the amount of consideration from members, sponsors, and customers of which the Association has an unconditional right to receive plus any accrued and unpaid interest. Accounts receivable consist primarily of income due from registration fees. Accounts are written off when deemed uncollectible based on individual credit evaluation and specific circumstances. No allowance for doubtful accounts is deemed necessary at April 30, 2024 and 2023.

Oklahoma Bankers Association
Notes to Consolidated Financial Statements
April 30, 2024 and 2023

Contract Assets

Contract assets are recorded when the Association's has a right to consideration in exchange for goods or services that the Organization has transferred to the member or nonmember.

Contract Liabilities

Deferred revenues represent the Association's obligation to transfer goods or services to a member or nonmember when consideration has already been received from the member or non-member. Revenue from fees for member dues and events is deferred and recognized over the periods to which the fees relate.

Inventories

Inventories consist of copies of an institutional directory prepared for members. Inventories are stated at the lower of cost or market. Costs are determined using the first-in, first-out (FIFO) method.

Investments

The Association measures securities at fair value. Equity securities without a readily determinable fair value are measured at cost, minus impairment, if any, plus or minus changes resulting from observable price changes for the identical or a similar investment.

Net Investment Return

Investment return includes dividend, interest, and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Property and Equipment

Property and equipment acquisitions are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are charged to expense on the straight-line method over 2 to 30 years based on the estimated useful life of each asset. The association capitalizes assets greater than \$1,000.

Investment in Compliance Alliance

The Association has determined the investment in Compliance Alliance does not have a readily determinable fair value and measures the investment at cost, minus impairment, if any, plus or minus changes resulting from observable price changes for the identical or similar investment. There were no adjustments recognized during the years ended April 30, 2024 and 2023.

Long-Lived Asset Impairment

The Association evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended April 30, 2024 and 2023.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor restrictions.

Oklahoma Bankers Association
Notes to Consolidated Financial Statements
April 30, 2024 and 2023

Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions.

There are no net assets subject to donor or grantor restrictions at April 30, 2024 or 2023.

Revenue Recognition

Revenue is recognized when control of member and nonmember services is transferred to the Association's members and nonmembers in an amount that reflects the consideration that it expects to be entitled to in exchange for providing membership and other services. The amount and timing of revenue recognition varies based on the nature of the services provided and the terms and conditions of the Association's bylaws and contracts. See Note 11 for additional information about the Association's revenue streams.

Income Taxes

The Association is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Association is subject to federal income tax on any unrelated business taxable income.

The Association files tax returns in the U.S. federal jurisdiction.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program and supporting services based on management's estimate of each employee's daily job functions and other methods.

Revisions

Certain immaterial revisions have been made to the 2023 consolidated financial statements for the allocation of strategic membership dues between Products and Services and Dues. These revisions did not have a significant impact on the financial statement line items impacted.

Note 2. Investments and Net Investment Return

Investments at fair value consisted of the following at April 30:

	<u>2024</u>	<u>2023</u>
Pooled equity funds	\$ 819,729	\$ 705,339
Pooled fixed income funds and other investments	<u>630,806</u>	<u>640,435</u>
	<u>\$ 1,451,145</u>	<u>\$ 1,346,199</u>

Oklahoma Bankers Association
Notes to Consolidated Financial Statements
April 30, 2024 and 2023

Net investment return for the years ended April 30 was:

	<u>2024</u>	<u>2023</u>
Interest income	\$ 42,905	\$ 24,742
Net realized gains on sale of investments	176,566	1,885
Net unrealized gain (loss) on investments	<u>(81,659)</u>	<u>1,743</u>
	<u>\$ 137,812</u>	<u>\$ 28,370</u>

Note 3. Property and Equipment

Property and equipment at April 30 consists of:

	<u>Estimated Useful Life</u>	<u>2024</u>	<u>2023</u>
Land	-	\$ 60,012	\$ 60,012
Buildings	30 years	1,817,538	1,817,538
Building improvements	10 years	431,267	388,589
Machinery and equipment	5–7 years	79,427	78,491
Furniture and fixtures	7 years	240,935	240,935
Computer, hardware, and software	2–4 years	280,194	294,376
Motor vehicles	2–3 years	<u>190,083</u>	<u>139,122</u>
		3,099,456	3,019,063
Less accumulated depreciation		<u>2,317,840</u>	<u>2,281,420</u>
Property and equipment, net		<u>\$ 781,616</u>	<u>\$ 737,643</u>

Note 4. Customer Contracts and Relationships

On December 1, 2011, OBAIA purchased from the affiliate of BancInsure, Inc. customer contracts and relationships operating under insurance policies that are renewable periodically. The assets acquired consist primarily of rights to be the “named agent of record” for the insured parties.

In May 2017, OBAIA entered into an Asset Transfer Agreement with Texas Bankers Insurance Agency, Inc. (TBIAI). The Asset Transfer Agreement had an effective date of May 1, 2017. It provides for the transfer of OBAIA’s customer policies—limited to bank fidelity/blanket bond, directors’ and officers’ liability, cyber liability, debit/credit fraud, mortgage E&O, and bank property and casualty insurance—to TBIAI. The Asset Transfer Agreement is only in effect as long as the referenced license agreement (discussed below) is in effect. Upon termination, the policies would be transferred back to OBAIA.

Oklahoma Bankers Association
Notes to Consolidated Financial Statements
April 30, 2024 and 2023

Also in May 2017, the Association, OBAIA, Texas Bankers Association, and TBIAl entered into a license agreement with an effective date of May 1, 2017. The term of the license agreement is five years, with automatic renewal of five-year periods unless terminated by either party prior to renewal or under specific conditions. The license agreement provides for endorsement by the Association and OBAIA, restriction of competition, and payment of royalties to OBAIA based on commissions from the sale of insurance products to financial institutions who are members of the Association.

The carrying amount of contracts and relationships is periodically reviewed by management to determine if the facts and circumstances suggest they may be impaired. The Association compares the carrying amount of the assets with an estimate of the assets' fair value. The fair value is estimated using discounted cash flows from the expected royalties paid to OBAIA. As these customer contracts were purchased at a price determined as a multiple of their corresponding commission revenues, the Association assesses the carrying amount of the assets by considering the estimated future undiscounted cash flows generated by the corresponding business. Any impairment identified through these assessments may require the carrying value of related assets to be adjusted. The Association recorded no impairment for the year ended April 30, 2024 and impairment of \$2,156 for the year ended April 30, 2023.

Note 5. Employment Agreement

The Association has an employment agreement in place with the Association's chief executive officer (CEO). The agreement requires the Association to pay the CEO's base salary in effect as of the effective date of the agreement. The compensation of the CEO will be reviewed annually by the Executive Committee. The agreement can be terminated by the Association for cause or without cause upon 75% or greater vote of the Board of Directors.

Note 6. Defined Contribution Plan

The Association made safe harbor and discretionary contributions equal to 3% and 5% of each eligible participant's total compensation to the plan for the years ended April 30, 2024 and 2023, respectively. Employees vest at 20% after their first year of participation and each subsequent year until fully vested. Contributions to the plan approximated \$130,000 and \$120,000, which were net of forfeitures occurring in the period, for the years ended April 30, 2024 and 2023, respectively.

Oklahoma Bankers Association
Notes to Consolidated Financial Statements
April 30, 2024 and 2023

Note 7. Bonus Plan

The Association has an annual bonus plan for substantially all officers and staff. The bonus pool is distributed as a percentage of gross compensation, excluding taxable fringe benefits based upon the change in net assets without donor restrictions (prior to bonus) less net unrealized gains on investments, as follows:

	Change in Net Assets Without Donor Restrictions (Prior to Bonus) Less Net Unrealized Gains on Investments		Percent of Change Allocated to Bonus
2024			
Level 1	\$ -	\$ 25,000	0.00%
Level 2	\$ 25,001	\$ 50,000	50.00%
Level 3	\$ 50,001	Unlimited	66.67%
2023			
Level 1	\$ -	\$ 25,000	0.00%
Level 2	\$ 25,001	\$ 50,000	50.00%
Level 3	\$ 50,001	Unlimited	66.67%

Annual bonus expense of approximately \$152,000 and \$170,000 was recorded for the years ended April 30, 2024 and 2023, respectively.

Note 8. Fair Value Measurements and Disclosures

The fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets
- Level 3** Unobservable inputs supported by little or no market activity and significant to the fair value of the assets

The following is a description of the inputs and valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy.

Investments

The Association's investments are accounted for at fair value and are valued on a recurring basis. The pooled equity and fixed income funds and other investments are considered to be Level 1 investments, as they have quoted market prices in active markets. There were no investments considered to be Level 2 or Level 3 at April 30, 2024 or 2023.

Oklahoma Bankers Association
Notes to Consolidated Financial Statements
April 30, 2024 and 2023

There have been no significant changes in the valuation techniques during the years ended April 30, 2024 and 2023.

Note 9. Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Accounts Receivable

Accounts receivable consist of amounts due from Oklahoma banks or affiliate companies whose primary market is the banking industry. These receivables are unsecured, and collectibility is subject to the risk of downturn in the general economy of Oklahoma.

Investments

The Association invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

Note 10. Revenue from Contracts with Customers

The Association's Board of Directors and management annually evaluate the dues to be charged for both bank members and strategic members. Revenues for charges of goods and services are recognized into revenue from customers for the following performance obligations as follows:

Bank Member Services

The Association's primary business purpose is to promote the welfare and performance of its members by representing them and advocating on their behalf, providing services to assist its members in meeting the banking needs of their communities, educating the public and bankers about financial institution policy and issues, and promoting quality banking for Oklahomans. These include access to training, publication of a newspaper promoting bank interests, and legislative and other services. Benefits for these services are received over time of membership as expenses occur throughout the year. Revenues related to bank membership dues approximated \$1,955,000 and \$1,917,000 for the years ended April 30, 2024 and 2023, respectively.

Strategic Membership Services

Strategic membership services are considered covered by the Association's bylaws. Each strategic member receives the same services provided to bank members but does not have voting power. Like bank member services, benefits for these services are received over time of membership. Revenues related to strategic membership dues approximated \$123,000 and \$125,000 for the years ended April 30, 2024 and 2023, respectively.

Endorsement/Commissions

The Association establishes contracts with third-party companies or vendors that state compensation for OBASCO and OBAIA's performance of insurance referrals and endorsement of vendors. Although payment terms from the vendors varies under the various contracts, OBASCO and OBAIA receive payment when a specific event takes place, whether it be commissions related to insurance premiums paid to contracted vendors or commissions related

Oklahoma Bankers Association
Notes to Consolidated Financial Statements
April 30, 2024 and 2023

to member banks utilizing vendor products. In each case, there is an obligation or event that triggers payment/recognition in which revenue is recognized at that point in time. Endorsements and commissions approximated \$168,000 and \$198,000 for the years ended April 30, 2024 and 2023, respectively.

Registration/Products

The Association invoices the attendee/customer when they register for an event or product. Registration revenue occurs when members or nonmembers attend an educational, social, or annual event. Likewise, product revenue is recognized at a point in time. Registration and product sales approximated \$1,274,000 and \$1,256,000 for the years ended April 30, 2024 and 2023, respectively.

Advertising/Sponsorships

Advertising and sponsorship revenue represents advertisement orders placed in the Association's newspaper, financial directory, calendar, or event signage. If the customer does not pay when completing the application, the Association will invoice the customer when the advertised/sponsored event occurs; hence, revenue is recognized at a point in time. Revenue occurs when the advertised product is issued or takes place. Advertising and sponsorships approximated \$354,000 and \$290,000 for the years ended April 30, 2024 and 2023, respectively.

Note 11. Liquidity and Availability

The Association strives to maintain liquid financial assets sufficient to cover its general expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposit and other short-term investments.

The following table reflects the Association's financial assets as of April 30, 2024 and 2023, reduced by amounts that are not available to meet general expenditures within one year of the consolidated statement of financial position date because of contractual restrictions. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions. There were no net assets with donor restrictions at April 30, 2024 and 2023.

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 281,977	\$ 502,205
Investments	1,451,145	1,346,199
Certificates of deposit	4,167,268	3,593,979
Accounts receivable	<u>47,032</u>	<u>78,812</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,947,422</u>	<u>\$ 5,521,195</u>

Note 12. Subsequent Events

Subsequent events have been evaluated through August 15, 2024, which is the date the consolidated financial statements were available to be issued.

Supplementary Information

Oklahoma Bankers Association
Consolidating Statement of Financial Position
April 30, 2024

	<u>Oklahoma Bankers Association</u>	<u>OBA Insurance Agency, Inc.</u>	<u>OBA Services Company, Inc.</u>	<u>Elimination Entries</u>	<u>Association Consolidated Balance</u>
ASSETS					
Cash and cash equivalents	\$ 254,198	\$ 22,108	\$ 5,671	\$ -	\$ 281,977
Investments	1,451,145	-	-	-	1,451,145
Certificates of deposit	4,167,268	-	-	-	4,167,268
Accounts receivable	35,337	-	11,695	-	47,032
Inventory	5,867	-	-	-	5,867
Prepaid expenses and other	248,177	4,300	13,907	-	266,384
Property and equipment, net	746,099	-	35,517	-	781,616
Investment in subsidiaries	427,388	-	-	(427,388)	-
Investment in Compliance Alliance	35,550	-	-	-	35,550
Customer contracts and relationships	-	111,663	-	-	111,663
Other assets	7,742	4,437	-	-	12,179
Other receivables	622,118	971,255	42,366	(1,635,739)	-
Total assets	<u>\$ 8,000,889</u>	<u>\$ 1,113,763</u>	<u>\$ 109,156</u>	<u>\$ (2,063,127)</u>	<u>\$ 7,160,681</u>
LIABILITIES AND NET ASSETS					
Liabilities					
Deferred revenues					
Membership dues	\$ 1,314,483	\$ -	\$ 93,591	\$ -	\$ 1,408,074
Unearned premiums	-	1,287	-	-	1,287
Conventions, meetings, training programs, and subscriptions	216,940	-	21,682	-	238,622
Total deferred revenues	1,531,423	1,287	115,273	-	1,647,983
Accounts payable and accrued liabilities	412,117	322	14,167	-	426,606
Intercompany payables	968,841	42,327	622,155	(1,633,323)	-
Total liabilities	2,912,381	43,936	751,595	(1,633,323)	2,074,589
Net Assets Without Donor Restrictions	<u>5,088,508</u>	<u>1,069,827</u>	<u>(642,439)</u>	<u>(429,804)</u>	<u>5,086,092</u>
Total liabilities and net assets	<u>\$ 8,000,889</u>	<u>\$ 1,113,763</u>	<u>\$ 109,156</u>	<u>\$ (2,063,127)</u>	<u>\$ 7,160,681</u>

Oklahoma Bankers Association
Consolidating Statement of Activities
April 30, 2024

	Oklahoma Bankers Association	OBA Insurance Agency, Inc.	OBA Services Company, Inc.	Elimination Entries	Association Consolidated Balance
Revenues and Gains					
Dues	\$ 1,954,502	\$ -	\$ 123,133	\$ -	\$ 2,077,635
Conventions, meetings, training programs, and subscriptions	1,425,823	-	-	-	1,425,823
Products and services	105,206	-	111,342	-	216,548
Net investment return	137,812	-	-	-	137,812
Interest income	146,287	-	-	-	146,287
Bank insurance	-	52,122	-	-	52,122
Group health	-	19,302	-	-	19,302
Group services	-	2,225	-	-	2,225
Newspaper	-	-	100,791	-	100,791
Miscellaneous	11,992	-	9,719	-	21,711
Net decrease in unrestricted assets in subsidiaries	(59,416)	-	-	59,416	-
Total revenues and gains	<u>3,722,206</u>	<u>73,649</u>	<u>344,985</u>	<u>59,416</u>	<u>4,200,256</u>
Expenses					
Program services					
Conventions, meetings, training programs, and subscriptions	1,205,070	-	-	-	1,205,070
Government relations	619,903	-	-	-	619,903
Member relations	903,693	-	-	-	903,693
Newspaper	-	-	139,652	-	139,652
Fraud services	-	-	211,012	-	211,012
Endorsements	-	-	21,718	-	21,718
Strategic members	-	-	72,412	-	72,412
Supporting services – general and administrative	501,718	13,457	19,799	-	534,974
Total expenses	<u>3,230,384</u>	<u>13,457</u>	<u>464,593</u>	<u>-</u>	<u>3,708,434</u>
Change in Net Assets Without Donor Restrictions	491,822	60,192	(119,608)	59,416	491,822
Net Assets (Deficit) Without Donor Restrictions, Beginning of Year	<u>4,596,686</u>	<u>1,009,635</u>	<u>(522,831)</u>	<u>(489,220)</u>	<u>4,594,270</u>
Net Assets (Deficit) Without Donor Restrictions, End of Year	<u>\$ 5,088,508</u>	<u>\$ 1,069,827</u>	<u>\$ (642,439)</u>	<u>\$ (429,804)</u>	<u>\$ 5,086,092</u>

Oklahoma Bankers Foundation

Independent Auditor's Report and Financial Statements

April 30, 2024 and 2023

Oklahoma Bankers Foundation

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Independent Auditor's Report

Board of Trustees
Oklahoma Bankers Foundation
Oklahoma City, Oklahoma

Opinion

We have audited the financial statements of Oklahoma Bankers Foundation (Foundation), which comprise the statements of cash receipts and disbursements for the years ended April 30, 2024 and 2023, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the cash receipts and deposit balances of the Foundation as of April 30, 2024 and 2023 and the cash receipts and disbursements for the years then ended in accordance with the cash basis of accounting described in Note 1.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 1, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions,

misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and internal control-related matters that we identified during the audit.

Forvis Mazars, LLP

**Oklahoma City, Oklahoma
August 15, 2024**

Oklahoma Bankers Foundation
Statements of Cash Receipts and Disbursements
April 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Receipts		
Contributions		
Robbery reward program	\$ 2,552	\$ -
Unrestricted	<u>2,981</u>	<u>3,974</u>
Total cash receipts	<u>5,533</u>	<u>3,974</u>
Cash Disbursements		
Program services		
Robbery reward program	<u>-</u>	<u>2,500</u>
Total program services	<u>-</u>	<u>2,500</u>
General and administrative		
Accounting and auditing fees	2,953	3,229
Bank Fees	<u>28</u>	<u>-</u>
Total cash disbursements	<u>2,953</u>	<u>5,729</u>
Increase (Decrease) in Cash	2,552	(1,755)
Cash, Beginning of Year	<u>44,300</u>	<u>46,055</u>
Cash, End of Year	<u>\$ 46,852</u>	<u>\$ 44,300</u>

Oklahoma Bankers Foundation
Notes to Financial Statements
April 30, 2024 and 2023

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Oklahoma Bankers Foundation (Foundation) is a nonprofit, charitable organization whose mission includes the advancement and promotion of the humanitarian and scientific aspects of the banking and financial services industries.

Cash Basis of Accounting

The Foundation maintains its accounts on a cash basis; therefore, the accompanying statements of cash receipts and disbursements reflect only cash received and disbursed. As a result, receivables and payables, long-lived assets and depreciation, and accrued income and expenses, which may be material, are not reflected in the accompanying statements of cash receipts and disbursements. The statements are not intended to present the financial position or results of operations in conformity with accounting principles generally accepted in the United States of America.

Administration

Employees of the Oklahoma Bankers Association (Association) provide all the administrative duties relating to the Foundation, such as management, accounting, and computer services. The Foundation and the Association do not consider the amount of time incurred by the Association's personnel to be significant and, accordingly, the Association has not allocated any salaries or benefits to the Foundation.

Cash

At April 30, 2024 and 2023, cash consisted of a deposit account held by a financial institution who is a member of the Association.

At April 30, 2024, the Foundation's cash accounts did not exceed federally insured limits.

The Foundation has received contributions in prior years that have donor restrictions. Funds with donor restrictions for the robbery reward program totaled \$16,081 and \$13,529 for the years ended April 30, 2024 and 2023, respectively.

Contributions

Contributions from donors are recognized at the time of receipt.

Gifts of cash received without donor stipulations are reported as funds without donor restrictions.

Income Taxes

The Foundation is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Foundation is subject to federal income tax on any unrelated business taxable income.

The Foundation files tax returns in the U.S. federal jurisdiction.

Oklahoma Bankers Foundation
Notes to Financial Statements
April 30, 2024 and 2023

Note 2. Information Regarding Liquidity and Availability

The Foundation strives to maintain liquid financial assets sufficient to cover its general expenditures. The following table reflects the Foundation's financial assets as of April 30, 2024 and 2023, reduced by amounts that are not available to meet general expenditures within one year of the Foundation's year-end because of donor-imposed restrictions. The Foundation does not have a specific liquidity policy.

	<u>2024</u>	<u>2023</u>
Cash	\$ 46,852	\$ 44,300
Less donor-imposed restrictions		
Restricted funds	<u>16,081</u>	<u>13,529</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 30,771</u>	<u>\$ 30,771</u>

Note 3. Subsequent Events

Subsequent events have been evaluated through August 15, 2024, which is the date the financial statements were available to be issued.

Oklahoma Bankers Federal Public Affairs Committee

Independent Auditor's Report and Financial Statements

December 31, 2023 and 2022

Oklahoma Bankers Federal Public Affairs Committee

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Independent Auditor's Report

Members
Oklahoma Bankers Federal Public Affairs Committee
Oklahoma City, Oklahoma

Opinion

We have audited the financial statements of Oklahoma Bankers Federal Public Affairs Committee (Committee), which comprise the statements of cash receipts and disbursements for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the cash receipts and deposit balances of the Committee as of December 31, 2023 and 2022 and the cash receipts and disbursements for the years then ended in accordance with the cash basis of accounting described in Note 1.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Committee and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 1, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions,

misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Committee's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Committee's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and internal control-related matters that we identified during the audit.

Forvis Mazars, LLP

**Oklahoma City, Oklahoma
August 15, 2024**

Oklahoma Bankers Federal Public Affairs Committee
Statements of Cash Receipts and Disbursements
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Receipts		
Contributions	\$ 23,113	\$ 46,049
Cash Disbursements		
Program services		
Political contributions	35,000	35,000
Total program services	35,000	35,000
Administrative and general – bank fees	503	440
Total cash disbursements	35,503	35,440
Increase (Decrease) in Cash	(12,390)	10,609
Cash, Beginning of Year	59,271	48,662
Cash, End of Year	<u>\$ 46,881</u>	<u>\$ 59,271</u>

Oklahoma Bankers Federal Public Affairs Committee
Notes to Financial Statements
December 31, 2023 and 2022

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Oklahoma Bankers Federal Public Affairs Committee (Committee) is a voluntary, nonprofit, unincorporated political association organized for the protection, preservation, and furtherance of the banking industry through political activity on a national level. The Committee solicits and accepts contributions from bankers to financially support candidates to federal elective office, national political parties, other political committees, and political activity affecting the banking industry. As a public affairs committee, the Committee is subject to regulatory limitations related to expenditures.

Cash Basis of Accounting

The Committee maintains its accounts on a cash basis; therefore, the accompanying statements of cash receipts and disbursements reflect only cash received and disbursed. As a result, receivables and payables, long-lived assets and depreciation, and accrued income and expenses, which may be material, are not reflected in the accompanying statements of cash receipts and disbursements. The statements are not intended to present the financial position or results of operations in conformity with accounting principles generally accepted in the United States of America.

Administration

Employees of the Oklahoma Bankers Association (Association) provide all the administrative duties relating to the Committee, such as management, accounting, and computer services. The Committee and the Association do not consider the amount of time incurred by the Association's personnel to be significant and, accordingly, the Association has not allocated any salaries or benefits to the Committee.

Cash

At December 31, 2023 and 2022, cash consisted of a deposit account held by a financial institution that is a member of the Association.

At December 31, 2023, the Committee's cash accounts did not exceed federally insured limits.

Contributions

Contributions from donors are recognized at the time of receipt.

Political Contributions

Political contributions are reported as an expense of the Committee when approved by the Committee's members and paid by the Committee.

Income Taxes

The Committee is exempt from income taxes under Section 527 of the Internal Revenue Code and a similar provision of state law. However, the Committee is subject to federal income tax on any unrelated business taxable income.

The Committee files tax returns in the U.S. federal jurisdiction.

**Oklahoma Bankers Federal Public Affairs Committee
Notes to Financial Statements
December 31, 2023 and 2022**

Note 2. Information Regarding Liquidity and Availability

The Committee strives to maintain liquid financial assets sufficient to cover its general expenditures. The Committee's financial assets available to meet general expenditures within one year of December 31, 2023 and 2022 are \$46,881 and \$59,271, respectively. The Committee does not have a specific liquidity policy.

Note 3. Subsequent Events

Subsequent events have been evaluated through August 15, 2024, which is the date the financial statements were available to be issued.

Oklahoma Bankers Public Affairs Committee

Independent Auditor's Report and Financial Statements

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Oklahoma Bankers Public Affairs Committee

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Independent Auditor's Report

Members
Oklahoma Bankers Public Affairs Committee
Oklahoma City, Oklahoma

Opinion

We have audited the financial statements of Oklahoma Bankers Public Affairs Committee (Committee), which comprise the statements of cash receipts and disbursements for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the cash receipts and deposit balances of the Committee as of December 31, 2023 and 2022 and the cash receipts and disbursements for the years then ended in accordance with the cash basis of accounting described in Note 1.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Committee and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 1, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions,

misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Committee's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Committee's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Forvis Mazars, LLP

**Oklahoma City, Oklahoma
August 15, 2024**

**Oklahoma Bankers Public Affairs Committee
Statements of Cash Receipts and Disbursements
December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Cash Receipts		
Contributions	\$ 66,237	\$ 88,404
Interest	263	263
	<u>66,500</u>	<u>88,667</u>
Total cash receipts		
Cash Disbursements		
Program services		
Political contributions	50,700	88,719
	<u>50,700</u>	<u>88,719</u>
Total program services		
	50,700	88,719
Administrative and general – bank fees, taxes, and miscellaneous	153	165
	<u>153</u>	<u>165</u>
Total cash disbursements		
	<u>50,853</u>	<u>88,884</u>
Increase (Decrease) in Cash and Certificates of Deposit	15,647	(217)
Cash and Certificates of Deposit, Beginning of Year	<u>303,538</u>	<u>303,755</u>
Cash and Certificates of Deposit, End of Year	<u>\$ 319,185</u>	<u>\$ 303,538</u>

**Oklahoma Bankers Public Affairs Committee
Notes to Financial Statements
December 31, 2023 and 2022**

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Oklahoma Bankers Public Affairs Committee (Committee) is a voluntary, nonprofit, unincorporated political association organized for the protection, preservation, and furtherance of the banking industry through political activity on a state level. The Committee solicits and accepts contributions from bankers to financially support candidates to state elective office, state political parties, other political committees, and political activity affecting the banking industry. As a public affairs committee, the Committee is subject to regulatory limitations related to expenditures.

Cash Basis of Accounting

The Committee maintains its accounts on a cash basis; therefore, the accompanying statements of cash receipts and disbursements reflect only cash received and disbursed. As a result, receivables and payables, long-lived assets and depreciation, and accrued income and expenses, which may be material, are not reflected in the accompanying statements of cash receipts and disbursements. The statements are not intended to present the financial position or results of operations in conformity with accounting principles generally accepted in the United States of America.

Administration

Employees of the Oklahoma Bankers Association (Association) provide all the administrative duties relating to the Committee, such as management, accounting, and computer services. The Committee and the Association do not consider the amount of time incurred by the Association's personnel to be significant and, accordingly, the Association has not allocated any salaries or benefits to the Committee.

Cash and Certificates of Deposits

At December 31, 2023 and 2022, cash consisted of deposit accounts held and issued by various financial institutions who are members of the Association.

At December 31, 2023 and 2022, the Committee had investments in certificates of deposit totaling \$175,000 with interest rates of 1.7%.

At December 31, 2023, the Committee's cash accounts did not exceed federally insured limits.

Contributions

Contributions from donors are recognized at the time of receipt.

Political Contributions

Political contributions are reported as an expense of the Committee when approved by the Committee's members and paid by the Committee.

Income Taxes

The Committee is exempt from income taxes under Section 527 of the Internal Revenue Code and a similar provision of state law. However, the Committee is subject to federal income tax on any unrelated business taxable income.

The Committee files tax returns in the U.S. federal jurisdiction.

Oklahoma Bankers Public Affairs Committee
Notes to Financial Statements
December 31, 2023 and 2022

Note 2. Information Regarding Liquidity and Availability

The Committee strives to maintain liquid financial assets sufficient to cover its general expenditures. The Committee's financial assets available to meet general expenditures within one year of December 31, 2023 and 2022 are \$144,185 and \$128,538, respectively. The Committee does not have a specific liquidity policy.

	<u>2023</u>	<u>2022</u>
Cash and certificates of deposit	\$ 319,185	\$ 303,538
Less certificates of deposit maturing in more than one year	<u>(175,000)</u>	<u>(175,000)</u>
Cash available to meet needs for general expenditures	<u>\$ 144,185</u>	<u>\$ 128,538</u>

Note 3. Subsequent Events

Subsequent events have been evaluated through August 15, 2024, which is the date the financial statements were available to be issued.