

**TULSA SYMPHONY ORCHESTRA, INC.**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

**JUNE 30, 2011**

**TULSA SYMPHONY ORCHESTRA, INC.**

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**INDEPENDENT AUDITORS' REPORT**

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The Board of Directors  
Tulsa Symphony Orchestra, Inc.  
Tulsa, Oklahoma

We have audited the accompanying statement of financial position of Tulsa Symphony Orchestra, Inc. as of June 30, 2011, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Symphony's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tulsa Symphony Orchestra, Inc. as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Curzon, Cumbeby & Kunkel, PLLC*

Tulsa, Oklahoma  
December 21, 2011

**TULSA SYMPHONY ORCHESTRA, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2011**

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**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 787,229
Accounts and other receivables	55,827
Prepaid expenses	<u>19,927</u>

Total current assets 862,983

PROPERTY AND EQUIPMENT, net 111,000

Total assets \$ 973,983

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$ 11,354
Accrued liabilities	8,438
Deferred revenue	<u>278,137</u>

Total current liabilities 297,929

**NET ASSETS**

Unrestricted	491,994
Temporarily restricted	<u>184,060</u>

Total net assets 676,054

Total liabilities and net assets \$ 973,983

**TULSA SYMPHONY ORCHESTRA, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND SUPPORT</b>			
Contributions	\$ 407,914	\$ -	\$ 407,914
Grants	228,982	-	228,982
Program revenue	261,440	-	261,440
Ballet service income	171,277	-	171,277
TOC service income	31,631	-	31,631
Restricted funds	-	490,078	490,078
Education funding	70,394	-	70,394
Fundraising	102,451	-	102,451
Other income	7,739	-	7,739
Net assets released from restrictions	411,924	(411,924)	-
Total revenue and support	<u>1,693,752</u>	<u>78,154</u>	<u>1,771,906</u>
<b>EXPENSES</b>			
Program services			
Production expense	861,998	-	861,998
Education expense	172,022	-	172,022
Total program services	<u>1,034,020</u>	<u>-</u>	<u>1,034,020</u>
Supporting services			
Administrative payroll	194,160	-	194,160
Development	76,060	-	76,060
Marketing	90,463	-	90,463
General and administrative	165,850	-	165,850
Depreciation	22,242	-	22,242
Total supporting services	<u>548,775</u>	<u>-</u>	<u>548,775</u>
Total program and supporting services	<u>1,582,795</u>	<u>-</u>	<u>1,582,795</u>
INCREASE IN NET ASSETS	110,957	78,154	189,111
NET ASSETS AT BEGINNING OF YEAR	<u>381,037</u>	<u>105,906</u>	<u>486,943</u>
NET ASSETS AT END OF YEAR	<u>\$ 491,994</u>	<u>\$ 184,060</u>	<u>\$ 676,054</u>

**TULSA SYMPHONY ORCHESTRA, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase in net assets	\$ 189,111
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation	22,242
Changes in assets and liabilities	
Accounts and other receivables	(53,278)
Prepaid expenses	(19,927)
Accounts payable	7,778
Accrued liabilities	5,271
Deferred revenue	<u>99,833</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>251,030</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of equipment	<u>(15,901)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(15,901)</u>
<b>NET INCREASE IN CASH</b>	235,129
<b>CASH, BEGINNING OF YEAR</b>	<u>552,100</u>
<b>CASH, END OF YEAR</b>	<u><u>\$ 787,229</u></u>

**TULSA SYMPHONY ORCHESTRA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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**NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

*Organization*

Tulsa Symphony Orchestra, Inc. (the "Symphony") is a nonprofit organization which provides a full symphony orchestra to the citizens of Tulsa, Oklahoma and the surrounding region. The Symphony plays a vital, innovative and educational role in the development of the musical arts in the community. Tulsa Symphony Orchestra, Inc. was organized under the laws of the State of Oklahoma in 2005. Voluntary public and private contributions and fundraising efforts support its program.

*Use of estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Financial statement presentation*

The financial statements of the Symphony have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

The financial statements are presented in accordance with generally accepted accounting principles, which require the Symphony to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As of June 30, 2011, the Symphony did not have any permanently restricted net assets.

*Cash and cash equivalents*

The Symphony considers all unrestricted highly-liquid investments with an initial maturity of three months or less to be cash equivalents.

*Donated materials and services*

Donated services are reported as contributions when the services (a) create or enhance nonfinancial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills and are provided by individuals possessing those skills. Donated equipment or materials, if significant, are included in public support at fair value. There were no donated materials or services for the year ended June 30, 2011.

**TULSA SYMPHONY ORCHESTRA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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**NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Property and equipment*

Property and equipment are stated at cost or at estimated fair value at the date of the gift. Depreciation is computed on the straight-line method over the estimated useful lives of the assets ranging from three to seven years.

*Income tax status*

The Symphony is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Symphony qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as a public charity under Section 509(a)(2). Accordingly, no provision for income taxes is included in the financial statements. The Symphony is required to file annual information tax returns. The Symphony evaluates its uncertain tax positions, if any, on a continual basis through review of their policies and procedures, review of their regular tax filings and discussion with outside experts. The Symphony's federal exempt organization tax returns for 2008, 2009, and 2010 are subject to examination by the IRS, generally for three years after they are filed.

*Advertising costs*

The Organization expenses the cost of advertising as incurred. Advertising expense for the year ended June 30, 2011 was \$54,863.

*Concentration of credit risk*

The Symphony's cash balances are maintained in various bank deposit accounts which, at times, may exceed federally insured limits. The Symphony has not experienced any losses in such accounts. The Symphony believes it is not exposed to any significant credit risk on cash and cash equivalents.



**TULSA SYMPHONY ORCHESTRA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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**NOTE B - PROPERTY AND EQUIPMENT**

A summary of property and equipment at June 30, 2011 is as follows:

Equipment	\$	45,061
Musical instruments		34,455
Sheet music		60,000
Furniture and fixtures		<u>16,576</u>
 Total cost		 156,092
 Accumulated depreciation		 <u>(45,092)</u>
 Net property and equipment		 <u><u>\$ 111,000</u></u>

**NOTE C - DEFERRED REVENUE**

Deferred revenue represents advance ticket sales and production sponsorships received for performances that will take place in the fiscal year ending June 30, 2012.

**NOTE D - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes at June 30, 2011:

Purpose restriction:		
Executive director position	\$	74,177
Sponsorships		72,883
Chamber series		30,000
Fundraisers		5,000
Sounds of Success grant		<u>2,000</u>
 Total temporarily restricted net assets		 <u><u>\$ 184,060</u></u>

**NOTE E - OPERATING LEASE**

The Organization leases its office space on a month-to-month basis. The lease agreement is cancelable by either party with sixty days' notice. Lease expense totaled \$43,545 for the year ended June 30, 2011.

**TULSA SYMPHONY ORCHESTRA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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**NOTE F - LETTER OF CREDIT**

In July 2011, the Organization entered into a \$220,000 standby letter of credit agreement with a bank. The letter of credit is part of an agreement with the Tulsa Performing Arts Center whereby, it is ensured that season ticket holders will receive full refunds in the event scheduled performances are canceled. The letter of credit expires May 15, 2012.

The letter of credit is backed by a \$220,000 note agreement with the bank, payable on demand with interest at a variable rate (4.00% at July 19, 2011), and secured by a savings account.

**NOTE G - SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events and their related disclosures through the audit report date which coincides with the financial statement issuance date and identified no such events.