

Tulsa Symphony Orchestra, Inc.

Financial Statements

June 30, 2012 and 2011



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Tulsa Symphony Orchestra, Inc.
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June 30, 2012

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of financial position of Tulsa Symphony Orchestra, Inc. (the Symphony) as of June 30, 2012, 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. The financial statements of the Symphony as of June 30, 2011 were audited by other auditors whose report dated December 21, 2011, expressed an unqualified opinion on those statements.

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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Symphony's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, 2012, and the changes in its net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads 'Preston Smith PLLC'.

Tulsa, Oklahoma
October 31, 2012

Tulsa Symphony Orchestra, Inc.
 Statements of Financial Position
 June 30, 2012 and 2011

Assets	<u>2012</u>	<u>2011</u>
Cash and cash equivalents	\$ 707,793	\$ 787,229
Accounts and other receivables	12,683	55,827
Prepaid expenses	32,069	19,927
Property and equipment, net	<u>97,564</u>	<u>111,000</u>
Total assets	<u><u>\$ 850,109</u></u>	<u><u>\$ 973,983</u></u>
Liabilities and Net Assets		
Accounts payable	\$ 3,790	\$ 11,354
Accrued expenses	9,120	8,438
Deferred revenue	<u>224,707</u>	<u>278,137</u>
Total liabilities	237,617	297,929
Net Assets		
Unrestricted	578,595	491,994
Temporarily restricted	<u>33,897</u>	<u>184,060</u>
Total net assets	<u><u>612,492</u></u>	<u><u>676,054</u></u>
Total liabilities and net assets	<u><u>\$ 850,109</u></u>	<u><u>\$ 973,983</u></u>

Tulsa Symphony Orchestra, Inc.

Statement of Activities
Year Ended June 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and Support			
Contributions and grants	\$ 761,300	\$ 320,884	\$ 1,082,184
Program service revenue	468,313	-	468,313
Education funding	53,237	-	53,237
Other income	14,355	-	14,355
Net assets released from restrictions	<u>471,047</u>	<u>(471,047)</u>	<u>-</u>
Total revenue and support	<u>1,768,252</u>	<u>(150,163)</u>	<u>1,618,089</u>
Expenses			
Program services			
Production expense	1,169,965	-	1,169,965
Education expense	<u>183,965</u>	<u>-</u>	<u>183,965</u>
Total program services	1,353,930	-	1,353,930
Supporting services			
Administrative payroll	156,251	-	156,251
Development	74,756	-	74,756
General and administrative	72,714	-	72,714
Depreciation	<u>24,000</u>	<u>-</u>	<u>24,000</u>
Total supporting services	<u>327,721</u>	<u>-</u>	<u>327,721</u>
Total expenses	<u>1,681,651</u>	<u>-</u>	<u>1,681,651</u>
Increase in net assets	86,601	(150,163)	(63,562)
Net Assets, Beginning of Year	<u>491,994</u>	<u>184,060</u>	<u>676,054</u>
Net Assets, End of Year	<u>\$ 578,595</u>	<u>\$ 33,897</u>	<u>\$ 612,492</u>

Tulsa Symphony Orchestra, Inc.
Statement of Activities
Year Ended June 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and Support			
Contributions and grants	\$ 739,347	\$ 490,078	\$ 1,229,425
Program service revenue	464,348	-	464,348
Education funding	70,394	-	70,394
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>
Expenses			
Program services			
Production expense	1,081,361	-	1,081,361
Education expense	183,972	-	183,972
Total program services	<u>1,265,333</u>	<u>-</u>	<u>1,265,333</u>
Supporting services			
Administrative payroll	144,796	-	144,796
Development	95,266	-	95,266
General and administrative	55,158	-	55,158
Depreciation	22,242	-	22,242
Total supporting services	<u>317,462</u>	<u>-</u>	<u>317,462</u>
Total expenses	<u>1,582,795</u>	<u>-</u>	<u>1,582,795</u>
Increase in net assets	110,957	78,154	189,111
Net Assets, Beginning of Year	<u>381,037</u>	<u>105,906</u>	<u>486,943</u>
Net Assets, End of Year	<u>\$ 491,994</u>	<u>\$ 184,060</u>	<u>\$ 676,054</u>

Tulsa Symphony Orchestra, Inc.
 Statements of Cash Flows
 Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating activities		
Change in Net Assets	\$ (63,562)	\$ 189,111
Adjustment to reconcile net income to net cash from operating activities		
Depreciation	24,000	22,242
Gain on sale of property and equipment		
Changes in operating assets and liabilities		
Accounts and other receivables	43,144	(53,278)
Prepaid expenses	(12,142)	(19,927)
Accounts payable	(7,564)	7,778
Accrued expenses	682	5,271
Deferred revenue	(53,430)	99,833
Net cash from operating activities	(68,872)	251,030
Investing activities		
Purchase of property and equipment	(10,564)	(15,901)
Net change in cash and cash equivalents	(79,436)	235,129
Cash and cash equivalents, beginning of year	787,229	552,100
Cash and cash equivalents, end of year	\$ 707,793	\$ 787,229

Note 1 – Organization and Significant Accounting Policies

Organization and Nature of Operations

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 incorporated under the laws of the State of Oklahoma in 2005.

The Symphony is supported by public and private contributions and fundraising efforts, as well program revenue from ticket sales and service revenue from performances.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Symphony and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets whose expenditure is not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Symphony or the passage of time.

Contributions are recorded when the donor makes a promise to give to the organization that is in substance, unconditional. All donor-imposed restricted contributions are reported as increases to temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Cash Equivalents

The Symphony defines cash equivalents as all highly liquid investments with an initial maturity of three months or less.

Accounts and other receivables

Accounts and other receivables consist principally of performance fees and are recorded at the amount that management expects to collect. No allowance for doubtful accounts is included for either year as management feels that the balances are fully collectible based on past experience

Property and Equipment

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

The Symphony records impairment to its property and equipment when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated lives. No impairments were recorded during the year ended June 30, 2012 or 2011.

Revenue recognition

Revenues from performances, whether through advance ticket sales or performance fees are recognized when the concert is performed. Funds received for future performances are recorded as deferred revenue on the accompanying statement of financial position.

Use of estimates

The preparation of financial statements in conformity with GAAP, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Income taxes

The Symphony is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and comparable state law and, accordingly, no provision for income tax is included in the accompanying financial statements.

The Symphony is required to file annual information 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 discussions with outside experts. The Symphony's federal exempt organization returns for 2009, 2010 and 2011 are subject to examination by taxing authorities.

Advertising

The Symphony expenses advertising costs as incurred. Advertising costs totaled approximately \$32,000 for 2012 and \$50,000 for 2011.

Sales taxes

The Symphony collects sales tax from ticket sales and remits these amounts to the State taxing authority. The Symphony's accounting policy is to include the tax collected in program revenue and the associated expense as production expense. Sales tax collected and remitted was approximately \$22,000 for each year.

Subsequent events

The Symphony has evaluated subsequent events through October 31, 2012, the date the financial statements were available to be issued.

Concentration of credit risk

The Symphony's cash balances are maintained at a local bank in accounts which are fully insured by the Federal Deposit Insurance Corporation.

Reclassifications

Certain amounts on the June 30, 2011 financial statements have been reclassified to conform to current year presentation; these reclassifications have no effect on changes in net assets as previously reported.

Note 2 – Deferred Revenue

Deferred revenue represents advance ticket sales and production sponsorships received for performances that will take place in the following fiscal year.

Note 3 – Property and equipment

At June 30, 2012 and 2011, property and equipment consisted of the following:

	<u>2012</u>	<u>2011</u>
Equipment	\$ 29,813	\$ 26,307
Musical instruments	39,945	34,455
Sheet music	60,250	60,000
Furniture and fixtures	<u>36,576</u>	<u>35,330</u>
Total	166,584	156,092
Accumulated depreciation	<u>(69,020)</u>	<u>(45,092)</u>
Property and equipment, net	<u><u>\$ 97,564</u></u>	<u><u>\$ 111,000</u></u>

Note 4 – Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes as of June 30, 2012 and 2011:

Purpose restriction:	<u>2012</u>	<u>2011</u>
Executive director position	\$ 1,199	\$ 74,177
Sponsorships	26,250	72,883
Chamber series	-	30,000
Education programs and other	6,448	-
Fundraisers	-	5,000
Sounds of success	<u>-</u>	<u>2,000</u>
Total	<u><u>\$ 33,897</u></u>	<u><u>\$ 184,060</u></u>

Note 5 – Operating Leases

The Symphony leases its office space and parking lot on a month-to-month basis, the Symphony prepaid monthly lease payments through December 2012, the balance of which are included on the accompanying statement of financial position as prepaid expenses. Lease expense totaled approximately \$49,000 for both years.