

Arts & Humanities Council of Tulsa, Inc.  
Financial Statements

June 30, 2019 and 2018



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Arts & Humanities Council of Tulsa, Inc.

Table of Contents

June 30, 2019 and 2018

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INDEPENDENT AUDITOR’S REPORT .....	1
Statements of Financial Position .....	2
Statements of Activities.....	3
Statement of Functional Expenses .....	5
Statements of Cash Flows .....	6
Notes to Financial Statements .....	7



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Arts & Humanities Council of Tulsa, Inc.

We have audited the accompanying financial statements of Arts & Humanities Council of Tulsa, Inc. (the Council), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and cash flows for the years then ended, and the statement of functional expenses for the year ended June 30, 2019, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Arts & Humanities Council of Tulsa, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 2 to the financial statements, the Council adopted the Financial Accounting Standards Board's Accounting Standard Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities* as of and for the year ended June 30, 2019. The requirements of the ASU have been applied retroactively to all periods presented. Our opinion is not modified with respect to this matter.

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

Tulsa, Oklahoma  
December 19, 2019

Arts & Humanities Council of Tulsa, Inc.  
 Statements of Financial Position  
 June 30, 2019 and 2018

	2019	2018
<b>Assets</b>		
Cash and cash equivalents	\$ 508,739	\$ 1,871,089
Investments	610,220	-
Accounts receivable, net	11,739	4,444
Restricted cash	55,465	256,719
Prepaid expenses	5,800	7,729
Pledges receivable, net	217,328	397,175
Beneficial interest in assets held by others	408,854	373,264
Property and equipment, net	13,597,812	14,093,942
Total assets	\$ 15,415,957	\$ 17,004,362
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued expenses	\$ 109,887	\$ 113,457
Funds held on behalf of others	72,317	95,961
Deferred revenue	-	1,125
Deferred transaction costs	-	98,271
Note payable	-	251,010
Total liabilities	182,204	559,824
<b>Net Assets</b>		
Without donor restrictions	14,377,573	15,319,514
With donor restrictions	856,180	1,125,024
Total net assets	15,233,753	16,444,538
Total liabilities and net assets	\$ 15,415,957	\$ 17,004,362

Arts & Humanities Council of Tulsa, Inc.  
Statement of Activities  
Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>			
Contributions and grants	\$ 358,403	\$ 47,375	\$ 405,778
Program revenue	451,107	-	451,107
Special events income, net	105,022	-	105,022
Rental income	23,961	-	23,961
Realized gain on investments	4,137	-	4,137
Unrealized gain on investments	23,393	-	23,393
Interest and investment income, net	13,636	-	13,636
Interest income - NMTC agreement	88,844	-	88,844
Change in beneficial interest in assets held by others	2,926	33,548	36,474
Net assets released from restrictions	349,767	(349,767)	-
<b>Total revenue and support</b>	<b>1,421,196</b>	<b>(268,844)</b>	<b>1,152,352</b>
<b>Expenses</b>			
Program services	1,855,862	-	1,855,862
Management and general	320,402	-	320,402
Fundraising	186,873	-	186,873
<b>Total operating expenses</b>	<b>2,363,137</b>	<b>-</b>	<b>2,363,137</b>
Change in net assets	(941,941)	(268,844)	(1,210,785)
Net Assets, Beginning of Year	15,319,514	1,125,024	16,444,538
Net Assets, End of Year	<u>\$ 14,377,573</u>	<u>\$ 856,180</u>	<u>\$ 15,233,753</u>

Arts & Humanities Council of Tulsa, Inc.  
Statement of Activities  
Year Ended June 30, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenue and Support</b>			
Contributions and grants	\$ 711,078	\$ 421,620	\$ 1,132,698
Program revenue	169,073	-	169,073
Special event income, net	108,411	-	108,411
Rental income	51,321	-	51,321
Interest and investment income, net	6,190	131,609	137,799
Change in beneficial interest			
in assets held by others	607	54,243	54,850
Gain on sale of property	2,262,396	-	2,262,396
Net assets released from restrictions	993,003	(993,003)	-
	<u>4,302,079</u>	<u>(385,531)</u>	<u>3,916,548</u>
<b>Expenses</b>			
Program services	2,041,406	-	2,041,406
Management and general	344,125	-	344,125
Fundraising	114,324	-	114,324
Total operating expenses	<u>2,499,856</u>	<u>-</u>	<u>2,499,856</u>
Change in net assets	1,802,223	(385,531)	1,416,692
Net Assets, Beginning of Year	<u>13,517,291</u>	<u>1,510,555</u>	<u>15,027,846</u>
Net Assets, End of Year	<u>\$ 15,319,514</u>	<u>\$ 1,125,024</u>	<u>\$ 16,444,538</u>

Arts & Humanities Council of Tulsa, Inc.  
Statement of Functional Expenses  
Year Ended June 30, 2019

Expenses:	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Artist & scholar fees	\$ 130,334	\$ -	\$ 13,423	\$ 143,757
Salaries & benefits	739,174	146,241	73,641	959,056
Professional services	10,609	38,464	2,700	51,773
Contract labor	4,639	-	-	4,639
Supplies	82,081	6,305	63,291	151,676
Insurance	21,590	4,193	-	25,783
Marketing & promotion	47,689	-	7,399	55,088
Conferences & travel	46,086	6,109	957	53,152
Printing & publications	2,352	9,662	5,980	17,994
Postage	8	1,277	127	1,412
Maintenance & repairs	137,912	-	723	138,635
Bank charges & fees	2,014	11,814	1,251	15,079
Utilities	68,880	11,188	-	80,068
Interest expense	6,011	85,149	9,016	100,175
Other Expenses	8,296	-	8,366	16,662
Depreciation	548,188	-	-	548,188
	<u>\$ 1,855,862</u>	<u>\$ 320,402</u>	<u>\$ 186,873</u>	<u>\$ 2,363,137</u>

Arts & Humanities Council of Tulsa, Inc.  
Statements of Cash Flows  
Years Ended June 30, 2019 and 2018

	2019	2018
Operating activities		
Change in Net Assets	\$ (1,210,785)	\$ 1,416,692
Adjustment to reconcile change in net assets to net cash from operating activities		
Depreciation	548,188	566,922
Change in discount on pledges receivable	(9,218)	(9,247)
Interest and investment income, net	(13,636)	-
Realized gain on investments	(4,137)	-
Unrealized gain on investments	(23,393)	-
Donated securities received	(20,160)	-
Gain on sale of assets	-	(2,262,396)
Changes in operating assets and liabilities		
Restricted cash	201,254	49,187
Accounts receivable	(7,295)	6,733
Prepaid expenses	1,929	(2,188)
Pledges receivable	208,825	(287,426)
Accounts payable and accrued expenses	(3,570)	(103,299)
Deferred revenue	(1,125)	(3,443)
Funds held on behalf of others	(23,644)	9,119
Net cash used for operating activities	(356,767)	(619,346)
Investing activities		
Purchase of property and equipment	(52,058)	(78,091)
Proceeds from sale of assets	-	2,900,000
Change in beneficial interest in assets held by others	(35,590)	54,850
Distribution from beneficial interest held by others	72,433	330,576
Purchase of investments	(621,327)	-
Net cash (used for) from investing activities	(636,542)	3,207,335
Financing activities		
Net change in balance on notes payable	(251,010)	(750,000)
Change in allowance for uncollectible pledges	(44,760)	-
Collection of capital campaign pledges	25,000	25,250
Reduction of deferred costs	(98,271)	(47,500)
Net cash (used for) from financing activities	(369,041)	(772,250)
Net change in cash and cash equivalents	(1,362,350)	1,815,739
Cash and cash equivalents, beginning of year	1,871,089	55,350
Cash and cash equivalents, end of year	\$ 508,739	\$ 1,871,089
Supplemental disclosures:		
Cash paid for interest	\$ 100,175	\$ 186,107
Non-cash investing activities:		
In-kind securities received	\$ 20,160	\$ -

**Note 1 – Organization and Nature of Operations**

*Organization and Nature of Operations*

The Arts & Humanities Council of Tulsa, Inc. (Council) is a private nonprofit organization incorporated under the laws of the state of Oklahoma whose mission is to cultivate a more creative Tulsa through advocacy, education, and innovative partnerships, which contribute to the quality of life and economic vitality of the greater community. This mission is accomplished through a variety of activities including visual arts and humanities programs, education and enrichment programs, and community arts partnerships. The Council also provides facilities available for short-term rental of office space and events.

**Note 2 - Significant Accounting Policies**

*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 Council and changes therein are classified and reported as follows:

*Net assets without donor restriction* – Net assets whose expenditure is not subject to or are no longer subject to donor-imposed stipulations.

*Net assets with donor restriction* – Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

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 net assets with donor restrictions. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

*Cash Equivalents*

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

### *Investments*

Investments consist of marketable securities invested with the Trust Company of Oklahoma (TCO). Investments in marketable securities with readily determined fair values are reported at their fair market value. The cash portion of balances invested with TCO are reported as cash and cash equivalents. Investment income and gains and losses on investments are reported as increases or decreases in net assets without donor restrictions.

### *Restricted Cash*

Cash with donor-imposed restrictions and contractually imposed restrictions, is separately identified in the statement of financial position. Restricted cash equals contributions held for the benefit of others, donor restricted contributions, and cash restricted for debt service.

### *Fair Value Measurements*

The Council reports fair value measurements using a fair value hierarchy defined by GAAP that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy prioritizes the valuation inputs into three broad levels based on the quality of the inputs used.

Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are observable inputs other than quoted market prices. Level 3 inputs are unobservable inputs related to the asset or liability.

The Council employs valuation techniques which maximize the use of observable inputs and minimize the use of unobservable inputs.

### *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.

### *Accounts Receivable*

Receivables consist of rentals and other activities billed and are stated at unpaid balance which approximates net realizable value. Receivables become due upon certain triggering events. The Council has established an allowance for doubtful accounts receivable should a significant pattern of uncollectability occur. Balances are written off after collection efforts have been exhausted and management has determined they are uncollectible. An allowance for doubtful accounts was recorded for \$886 at June 30, 2019, and \$886 at June 30, 2018.

*Pledges Receivable*

Pledges receivable represent unconditional promises to give. The Council has elected the fair value option for valuing pledges receivable. Pledges are recorded at their estimated fair value when received and are revalued annually using present value techniques.

*Funds Held on Behalf of Others*

The Council acts as a pass-through recipient for contributions to various other area organizations. The funds are released by the Council to, or on behalf of, the beneficiaries only with the permission of the donor.

*Property and Equipment*

Property and equipment are recorded at cost or, if donated, at the estimated fair market value upon receipt. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. Additions and improvements that extend the useful lives of the assets are capitalized. Expenditures for repairs and maintenance are expensed as incurred. The Council follows the practice of capitalizing all expenditures greater than \$1,000 with an estimated useful life of more than one year.

The Council expenses property, building, and equipment using the straight-line method over estimated useful lives of 33-39 years for buildings and building improvements and 10 years for office furniture and equipment.

*Revenue Recognition*

Revenues from rental of facilities are recognized when the rental contract is complete. Deferred revenue results from prepayments received that have not yet been earned.

*Advertising*

The Council expenses advertising costs as incurred. Advertising costs totaled approximately \$55,000 for 2019 and \$31,000 for 2018.

*Income Taxes*

The Council is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and comparable state law and, accordingly, no provision for federal or state taxes is necessary.

Arts & Humanities Council of Tulsa, Inc.  
Notes to Financial Statements  
June 30, 2019 and 2018

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The Council files an annual information tax return with the IRS. The federal tax returns of the Council for 2016, 2017 and 2018 are subject to examination by taxing authorities. It is the Council's policy that penalties and interest assessed by income taxing authorities, if any, are included in operating expenses. The Council's management annually evaluates its various tax positions and assesses the likelihood of these positions being upheld by examination with relevant tax authorities.

*Sales Taxes*

The Council collects sales tax from gallery and gift shop sales and remits these amounts to the State taxing authority. The Council's accounting policy is to include the tax collected in program revenue and the associated expense as program expense.

*Subsequent Events*

The Council has evaluated subsequent events through December 19, 2019, the date the financial statements were available to be issued.

*Concentration of Credit Risk*

The Council maintains several bank accounts at high-quality financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Balances may exceed the FDIC limits at times. The Council has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. At June 30, 2019 the Council had no balances in excess of the FDIC insured limit. At June 30, 2018 the Council had \$1,682,067 in excess of the FDIC insured limit.

The Council does not require accounts receivable to be collateralized. Credit risk is mitigated by the relatively small individual balances which serves to diversify the risk of loss.

Beneficial interest in assets held by others are invested in fixed income and equity securities. The Council believes credit risk is mitigated by diversity of the investments which are managed by outside investment professionals.

*Functional Expenses*

The costs of providing certain activities of the Council have been summarized on a functional basis in the Statements of Functional Expenses. Certain categories of expenses are attributable to Council programs and administrative support. These expenses include depreciation, salaries, payroll taxes and other benefits, and supplies. Depreciation is allocated based on nature and location of assets in service. Other expenses are allocated based on estimates of time and effort.

Arts & Humanities Council of Tulsa, Inc.  
Notes to Financial Statements  
June 30, 2019 and 2018

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*New Accounting Pronouncement*

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Presentation of Financial Statements for Not-for-Profit Entities. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and availability of resources and related to functional allocation of expenses. This ASU became effective for entities with financial reporting periods beginning after December 15, 2017.

The accompanying information from the 2018 financial statements has been restated to conform to the 2019 presentation and disclosure requirements of ASU 2016-14, with the exception of the Statement of Functional Expenses as of June 30, 2018, which has been omitted. The implementation guidance for the new standard does not require presentation of a comparative Statement of Functional Expenses in the first year of adoption of the new standard. Accordingly, this information for June 30, 2018 is not presented in these financial statements

**Note 3 - Investments**

Investment held in securities are carried at quoted market prices and consist of the following as of June 30, 2019 and 2018, respectively:

	<u>2019</u>	<u>2018</u>
Mutual funds		
Domestic equity funds	\$ 328,821	\$ -
Fixed income funds	224,756	-
International equity funds	<u>56,643</u>	<u>-</u>
Total	<u>\$ 610,220</u>	<u>\$ -</u>

All investments of the Council are valued using Level 1 inputs. The valuation methodologies used by the Council may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Council's management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investment income is reported net of investment fees. Investment fees expense were \$3,298 for the year ended June 30, 2019. There were no investment fees paid for the year ended June 30, 2018.

Arts & Humanities Council of Tulsa, Inc.  
Notes to Financial Statements  
June 30, 2019 and 2018

**Note 3 – Investments (continued)**

Investment income was as follows for the years ended June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Interest & dividends, net	\$ 13,636	\$ -
Realized gain (loss), net of investment fees	4,137	-
Unrealized gain (loss) on investment	<u>23,393</u>	<u>-</u>
	<u>\$ 41,166</u>	<u>\$ -</u>

**Note 4 – Restricted Cash**

Cash is restricted for the following purposes at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Contributions held on behalf of others	\$ 49,855	\$ 68,208
Donor restricted cash	5,610	5,590
Cash restricted for debt servicing	<u>-</u>	<u>182,921</u>
	<u>\$ 55,465</u>	<u>\$ 256,719</u>

**Note 5 – Pledges Receivable**

Pledges receivable for June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Due within one year	\$ 100,528	\$ 259,353
Due in 1-5 years	<u>125,000</u>	<u>200,000</u>
Total gross pledges receivable	225,528	459,353
Allowance for uncollectable pledges	-	(44,760)
Discount	<u>(8,200)</u>	<u>(17,418)</u>
Pledges receivable, net	<u>\$ 217,328</u>	<u>\$ 397,175</u>

The discount rate used in determining the net present value of pledges receivable was 4.75% at June 30, 2019 and 2018. The Council has examined the collectability of outstanding pledges and has provided an allowance for uncollectable pledges as noted above.

Arts & Humanities Council of Tulsa, Inc.  
Notes to Financial Statements  
June 30, 2019 and 2018

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**Note 6 – Beneficial Interest in Assets Held by Others**

The Council has a beneficial interest in an investment owned by the Westby Foundation. The Board of Trustees of the Westby Foundation has restricted distributions from the fund to the maintenance and upkeep of the Harweldon Mansion. These funds have been recorded as an asset at fair market value, which, at June 30, 2019 is \$373,185 and June 30, 2018 is \$339,637.

The Council has established an agency reserve fund with the Tulsa Community Foundation (TCF), creating an agency fund and naming itself the beneficiary. The Board of Trustees of TCF shall have the power to modify any restriction or condition on distributions from the fund for any specific charitable purposes or to specific organizations, if in the sole judgment of the Board of Trustees the restriction or conditions become, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs served by TCF. All contributions to this fund shall be irrevocable once accepted by TCF. These funds have been recorded as an asset at fair market value, which, at June 30, 2019 is \$35,669 and June 30, 2018 is \$33,627.

**Note 7 – Property and Equipment**

At June 30, 2019 and 2018 property and equipment consisted of the following:

	<u>2019</u>	<u>2018</u>
Building and improvements	\$ 15,544,445	\$ 15,529,959
Equipment	688,935	675,836
Furniture and fixtures	811,989	800,966
Assets not yet in service	<u>13,450</u>	<u>-</u>
Total	17,058,819	17,006,761
Accumulated depreciation	<u>(3,461,007)</u>	<u>(2,912,819)</u>
Property and equipment, net	<u>\$ 13,597,812</u>	<u>\$ 14,093,942</u>

Depreciation charged to income was \$548,188 and \$566,922 for 2019 and 2018, respectively.

Harweldon mansion was sold in May 2018 for \$2,900,000 and is reflected in the accompanying financial statements.

Arts & Humanities Council of Tulsa, Inc.  
Notes to Financial Statements  
June 30, 2019 and 2018

**Note 8 – Note Payable**

Balance consists of a note payable, plus interest at Bank of Oklahoma Financial Corporation (a local bank) National Prime Rate plus 0.75% (6.5% at June 30, 2018). The note is guaranteed personally by a board member of the Council and collateralized by outstanding pledges receivable. The balance of the note payable at June 30, 2018 is \$251,010. This balance matured on September 30, 2018, at which time all principle and unpaid interest were due. The remaining balance was paid on that date and the associated note payable bank account was closed.

**Note 9 – Fair Value of Assets and Liabilities**

Assets and liabilities measured at fair value on a recurring basis at June 30, 2019 and 2018 are as follows:

June 30, 2019

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>Assets</b>			
Pledges receivable, net	\$ -	\$ -	\$ 217,328
Investments	610,220	-	-
Beneficial interest in assets held by others	-	408,854	-
<b>Total</b>	<b>\$ 610,220</b>	<b>\$ 408,854</b>	<b>\$ 217,328</b>
<b>Liabilities</b>			
Note payable	\$ -	\$ -	\$ -

June 30, 2018

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>Assets</b>			
Pledges receivable	\$ -	\$ -	397,175
Investments	-	-	-
Beneficial interest in assets held by others	-	373,264	-
<b>Total</b>	<b>\$ -</b>	<b>\$ 373,264</b>	<b>\$ 397,175</b>
<b>Liabilities</b>			
Note payable	\$ -	\$ 251,010	\$ -

**Note 9 – Fair Value of Assets and Liabilities (continued)**

Reconciliation of activity for assets measured at fair value based on significant unobservable (Level 3) information:

Balance, beginning of year	\$	397,175
Pledges collected		(195,000)
Pledges written off as uncollectible		(44,760)
New pledges		5,935
Change in allowance for uncollectible pledges		44,760
Change in discount to net present value		9,218
		9,218
Balance, end of year	\$	217,328

**Note 10 – Net Assets with Donor Restrictions**

Net assets are available for the following purposes as of June 30, 2019 and 2018:

	2019	2018
Purpose restriction:		
Debt servicing	\$ -	\$ 207,921
Harweldon Mansion maintenance	411,222	377,674
Other programming purposes	445,002	539,429
		539,429
Total	\$ 856,224	\$ 1,125,024

Investment income is included as net assets with restrictions based on the contractual arrangement for the debt servicing agreement described in Note 11. Due to the sale of Harweldon Mansion in May 2018, the Council, as of the date of this report, is in discussions with the donors of the Harweldon Mansion maintenance restricted assets to designate those funds for other purposes.

**Note 11 – Common Control Merger**

In 2011, The Council entered into a New Markets Tax Credit transaction involving Cherokee Nation Sub-CDE LLC, BOKF CDC Fund I LLC, and Visual Arts Center LLC (VAC, LLC), an entity in which the Council held a 99% ownership interest. The transaction employs debt and equity financing, as well as federally issued tax credits available for development in certain economic zones. The Council has recorded the resulting net tax credits equity as a contribution directly to net assets with donor restrictions.

**Note 11 – Common Control Merger (continued)**

The tax credit program expired on September 30, 2018, at which time Visual Arts Center, LLC (VAC, LLC) was dissolved and merged into the Council. The effect of the merger is that all account balances are now recorded on the Council’s financial statements and previous intercompany accounts are eliminated. The financial statements for the year ended June 30, 2018 were previously presented as consolidated. The June 30, 2018 financial statements have been presented on these financial statements as a single reporting entity. This presentation has no effect on net assets or changes in net assets as previously reported.

**Note 12 – Special Event Income**

Special event income is presented on the statement of activities net of expenses, income and expense from special events is summarized below.

	2019	2018
Special Event income	\$ 295,885	\$ 231,905
Less cost of Special Events	190,863	123,494
Special Event Income, net	\$ 105,022	\$ 108,411

**Note 13 – Liquidity**

The Council’s primary sources of income are individual and foundation contributions, both cash and in-kind, as well as admission fees paid by patrons. The Council’s working capital and cash flows are subject to annual variations attributable to fluctuations in the supporting budgets of contributing foundations, variances in admission rates, and timing of contribution receipts. The Council strives to maintain adequate liquidity to fund near-term operations and provide reasonable assurance that long-term operations will continue and obligations will be discharged.

The Council is substantially supported by restricted contributions. Because a donor’s restriction requires resources to be used in a particular manner or in a future period, the Council must maintain sufficient resources to meet those responsibilities to its donors. Thus, a portion of financial assets may not be available for general expenditure within one year. As part of the Council’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due

The following table reflects the Council’s financial assets (cash, cash equivalents, restricted cash, investments, and pledges and accounts receivable due within one year) as of June 30, 2019 and 2018, reduced by amounts not available for general expenditures within one year, reduced by amounts unavailable for general use because of donor or board imposed restrictions.

Arts & Humanities Council of Tulsa, Inc.  
Notes to Financial Statements  
June 30, 2019 and 2018

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**Note 13 – Liquidity (continued)**

	2019	2018
Financial assets		
Cash & Cash Equivalents	\$ 508,739	\$ 1,871,089
Investments	610,220	-
Accounts receivable	11,739	4,444
Restricted cash	55,465	256,719
Pledges receivable, net	217,328	397,175
	1,403,491	2,529,427
Less those unavailabe for general expenditure within one year due to:		
Purpose restrictions	856,180	1,125,024
Financial assets available to meet cash needs for general expenditure within one year	\$ 547,311	\$ 1,404,403