

**INTERNATIONAL TROMBONE ASSOCIATION**

**FINANCIAL STATEMENTS AND ACCOUNTANTS' REVIEW REPORT**

**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**



**MATHIS, WEST, HUFFINES & Co., P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

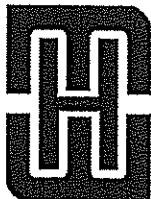
# INTERNATIONAL TROMBONE ASSOCIATION

## FINANCIAL STATEMENTS AND ACCOUNTANTS' REVIEW REPORT

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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Board of Directors  
International Trombone Association

We have reviewed the accompanying statements of assets, liabilities, and net assets – modified cash basis of **International Trombone Association** (a nonprofit organization) as of December 31, 2009 and 2008, and the related statements of revenues, expenses, and changes in net assets – modified cash basis and of functional expenses – modified cash basis for the years then ended, in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of International Trombone Association.

A review consists principally of inquiries of Association personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the modified cash basis of accounting as described in Note 1.

*Mathis, West, Huffines & Co., P.C.*  
MATHIS, WEST, HUFFINES & CO., P.C.

Wichita Falls, Texas  
October 8, 2010

# INTERNATIONAL TROMBONE ASSOCIATION

## STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>ASSETS</u>		
Cash	\$ 91,451	\$ 93,684
Investments	<u>83,259</u>	<u>68,539</u>
Total assets	<u>\$ 174,710</u>	<u>\$ 162,223</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Notes payable - related party	<u>\$ -</u>	<u>\$ 15,000</u>
Net assets		
Unrestricted net assets	70,586	66,650
Unrestricted net assets - board designated	<u>104,124</u>	<u>80,573</u>
Total net assets - unrestricted	<u>174,710</u>	<u>147,223</u>
Total liabilities and net assets	<u>\$ 174,710</u>	<u>\$ 162,223</u>

*See Accompanying Notes and Accountants' Review Report*

# INTERNATIONAL TROMBONE ASSOCIATION

## STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	Unrestricted	
	2009	2008
Support and revenues:		
Membership dues	\$ 132,843	\$ 137,191
Journal	48,355	67,712
ITA Press	1,750	2,892
Competition application fees	10,050	8,967
Donations	8,861	7,646
Miscellaneous income	2,438	4,511
Total support and revenues	204,296	228,919
Expenses:		
Program expenses:		
Publications	98,077	112,591
Festival	-	2,000
Competitions and awards	10,948	9,636
General and administrative expenses	82,581	80,222
Total expenses	191,606	204,449
Excess of support and revenues over expenses	12,690	24,470
Other income:		
Investment earnings	9,869	1,838
Appreciation (depreciation) in fair value of investments	4,928	(32,018)
Total other income	14,797	(30,180)
Increase (decrease) in net assets	27,487	(5,710)
Net assets, beginning of year	147,223	152,933
Net assets, end of year	\$ 174,710	\$ 147,223

*See Accompanying Notes and Accountants' Review Report*

# INTERNATIONAL TROMBONE ASSOCIATION

## STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS FOR THE YEAR ENDED DECEMBER 31, 2009

	Program Expenses				General and Administrative Expenses	Total
	Publications	Festival	Competitions and Awards	Total		
Bank charges	\$ -	\$ -	\$ -	\$ -	\$ 7,249	\$ 7,249
Executive Committee expenses	-	-	-	-	8,319	8,319
Administrative	-	-	-	-	-	-
Computer and office supplies	-	-	5,176	5,176	662	5,838
Contract labor	16,321	-	3,000	19,321	34,800	54,121
Advertising discounts	764	-	-	764	-	764
Insurance	-	-	-	-	1,625	1,625
Interest	-	-	-	-	321	321
Legal and accounting	-	-	-	-	6,911	6,911
Membership development	-	-	-	-	1,213	1,213
Miscellaneous	-	-	-	-	489	489
Musicians	-	-	2,772	2,772	-	2,772
Occupancy	-	-	-	-	5,064	5,064
Postage and mailings	20,182	-	-	20,182	11,682	31,864
Printing - editorials	57,562	-	-	57,562	-	57,562
Production and printing - other	-	-	-	-	3,987	3,987
Refunds	-	-	-	-	64	64
Registration materials	-	-	-	-	-	-
Royalties - ITA Press	684	-	-	684	-	684
Telephone	-	-	-	-	195	195
Webmaster	-	-	-	-	-	-
Website	2,564	-	-	2,564	-	2,564
<b>Totals</b>	<b>\$ 98,077</b>	<b>\$ -</b>	<b>\$ 10,948</b>	<b>\$109,025</b>	<b>\$ 82,581</b>	<b>\$ 191,606</b>

*See Accompanying Notes and Accountants' Review Report*

# INTERNATIONAL TROMBONE ASSOCIATION

## STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS FOR THE YEAR ENDED DECEMBER 31, 2008

	Program Expenses				General and Administrative Expenses	Total
	Publications	Festival	Competitions and Awards	Total		
Bank charges	\$ -	\$ -	\$ -	\$ -	\$ 5,169	\$ 5,169
Executive Committee expenses	-	-	-	-	6,836	6,836
Administrative	-	2,000	-	2,000	-	2,000
Computer and office supplies	-	-	2,046	2,046	-	2,046
Contract labor	16,585	-	3,000	19,585	33,875	53,460
Advertising discounts	-	-	-	-	-	-
Insurance	-	-	-	-	1,640	1,640
Interest	-	-	-	-	342	342
Legal and accounting	-	-	-	-	3,622	3,622
Membership development	-	-	-	-	1,970	1,970
Miscellaneous	268	-	-	268	-	268
Musicians	-	-	1,590	1,590	-	1,590
Occupancy	-	-	-	-	4,500	4,500
Postage and mailings	22,841	-	-	22,841	5,676	28,517
Printing - editorials	67,134	-	-	67,134	-	67,134
Production and printing - other	-	-	-	-	1,652	1,652
Refunds	-	-	-	-	14,540	14,540
Registration materials	-	-	3,000	3,000	-	3,000
Royalties - ITA Press	2,263	-	-	2,263	-	2,263
Telephone	-	-	-	-	-	-
Webmaster	3,500	-	-	3,500	-	3,500
Website	-	-	-	-	400	400
<b>Totals</b>	<b>\$ 112,591</b>	<b>\$ 2,000</b>	<b>\$ 9,636</b>	<b>\$124,227</b>	<b>\$ 80,222</b>	<b>\$ 204,449</b>

*See Accompanying Notes and Accountants' Review Report*

# INTERNATIONAL TROMBONE ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2009 AND 2008

### Note 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Activities

International Trombone Association (Association) was organized in 1972 to promote and encourage trombone artists and composers. The Association publishes a quarterly publication, the ITA Journal, runs a series of annual trombone competitions, and manages a publishing house of trombone music called the ITA Press. Currently, the Association has approximately 3,500 members from 67 countries worldwide.

#### Basis of Accounting

The financial statements have been prepared on the modified cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. Under that basis, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligations are incurred.

#### Basis of Presentation

The Association reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. Temporarily restricted assets received and expended in the same year are reported as unrestricted income. At December 31, 2009 and 2008, there were no temporarily or permanently restricted net assets.

#### Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Investments

Investments purchased by the Association are initially recorded at their cost, and donated investments are recorded at fair value on the date they are received as a donation. Subsequent to their acquisition, investments in marketable securities with readily determinable fair values and all investments in debt securities are adjusted to their fair values based on quoted market prices as of the date of the statement of assets, liabilities and net assets. Unrealized gains and losses are included in the change in net assets.

#### Property and Equipment

Property and equipment are recorded at cost. Donated property is recorded at fair market value at the date of the gift. Depreciation is computed using the straight-line method over the estimated useful lives of the assets (5 years). As of December 31, 2009 and 2008, property and equipment consists of computer equipment with a cost of \$3,450, which is fully depreciated.

*See Accountants' Review Report*

# INTERNATIONAL TROMBONE ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS (CONT'D.) DECEMBER 31, 2009 AND 2008

### Note 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### Contributions

The Association records contributions and grants when they are received.

#### Contributed Services

The Association receives a substantial amount of services donated by its members in carrying out the Association's mission. No amounts have been reflected in the financial statements for those services.

#### Income Taxes

The Association is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Association has magazine revenue that may be subject to taxation if the revenue exceeds its related costs; however, no tax was due in 2009.

#### Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a natural basis in the statements of revenues, expenses, and changes in net assets. Approximately 60% of expenses relate to program services, while the remaining costs are for supporting services.

### Note 2 - INVESTMENTS

Investments are stated at fair value and are summarized as follows:

	December 31, 2009		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Depreciation</u>
Investments principal administered by the Oklahoma University Foundation 3,760 units of the 28,463,117 total	\$100,557	\$73,467	(\$ 27,090)
Oklahoma University income account	<u>9,792</u>	<u>9,792</u>	-
Total investments in Foundation	<u>110,349</u>	<u>83,259</u>	<u>(\$ 27,090)</u>
	December 31, 2008		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Depreciation</u>
Investments administered by the University of Oklahoma Foundation 3,759 units of the 20,525,287 total	<u>\$100,557</u>	<u>\$68,539</u>	<u>(\$ 32,018)</u>

*See Accountants' Review Report*

# INTERNATIONAL TROMBONE ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS (CONT'D.) DECEMBER 31, 2009 AND 2008

### Note 2 - INVESTMENTS (CONT'D.)

The above investments are part of the University of Oklahoma Foundation's balanced pooled fund. The investments in this fund consist primarily of U.S. Government securities, equity securities, corporate bonds and alternative holdings. The Foundation has committed to distribute an annual 5% rate of return of investments based on a trailing 12-quarter quoted market value average of the investments. This represents the International Trombone Association Endowment Fund.

### Note 3 - NOTES PAYABLE

On September 30, 2008, a loan of \$15,000 was made by the Association's Chairman to the Association to solve temporary cash flow problems. The loan had a 5% effective annual interest rate, and was to be repaid when the Association's cash balance recovered sufficiently. It was paid in full on January 20, 2009, including interest of \$321.

### Note 4 - BOARD DESIGNATED NET ASSETS

Board designated funds are for special projects and are managed by a separate Board of Trustees. The balance of these funds consisted of cash and investments noted below.

December 31,

	<u>2009</u>	<u>2008</u>
Cash	\$ 20,865	\$ 12,034
Investments	<u>83,259</u>	<u>68,539</u>
Total	<u>\$ 104,124</u>	<u>\$ 80,573</u>

### Note 5 - RELATED PARTY

An affiliate, International Trombone Festival, organizes and operates an annual clinic for musicians and educators. International Trombone Association is the only member of the International Trombone Festival and pays dues annually based on the number of members in the Association.

### Note 6 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 8, 2010, the date that the financial statements were available to be issued. There were no significant events of any material nature during this period.

*See Accountants' Review Report*