

INTERNATIONAL TROMBONE ASSOCIATION

FINANCIAL STATEMENTS AND ACCOUNTANTS' REVIEW REPORT

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006



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, 2007 AND 2006

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Board of Directors
International Trombone Association

We have reviewed the accompanying statements of assets, liabilities, and net assets - cash basis of the **International Trombone Association** (a nonprofit organization) as of December 31, 2007 and 2006, and the related statements of support, revenue, expenses, and changes in net assets - cash basis, and statements of functional expenses - 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 Association's management.

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 review, 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 cash basis of accounting as described in Note 1.

Mathis, West, Huffines & Co., P.C.

MATHIS, WEST, HUFFINES & CO., P.C.

Wichita Falls, Texas
January 12, 2009

INTERNATIONAL TROMBONE ASSOCIATION

STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS (UNAUDITED) DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
<u>Assets</u>		
Cash	\$ 64,225	\$ 45,661
Investments	99,708	101,420
Property and equipment, net	-	-
Total assets	<u>\$ 163,933</u>	<u>\$ 147,081</u>
 <u>Liabilities</u>		
Notes payable	\$ 11,000	\$ -
 <u>Net assets</u>		
Unrestricted	<u>152,933</u>	<u>147,081</u>
Total liabilities and net assets	<u>\$ 163,933</u>	<u>\$ 147,081</u>

See Accompanying Notes and Accountants' Review Report

INTERNATIONAL TROMBONE ASSOCIATION

STATEMENTS OF SUPPORT, REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - CASH BASIS (UNAUDITED) FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	Unrestricted	
	2007	2006
Support and revenues:		
Membership dues	\$ 152,354	\$ 147,825
Journal	61,740	68,185
Festival	47,823	85,751
ITA Press	3,823	4,968
Investment earnings	3,154	5,160
Competition application fees	7,560	10,290
Miscellaneous income	8,248	6,087
	<u>284,702</u>	<u>328,266</u>
Expenses:		
Program expenses:		
Publications	111,904	118,755
Festival	66,605	96,514
Competitions and awards	9,472	8,478
General and administrative expenses	90,869	100,758
	<u>278,850</u>	<u>324,505</u>
Increase in net assets	5,852	3,761
Net assets, beginning of year	<u>147,081</u>	<u>143,320</u>
Net assets, end of year	<u>\$ 152,933</u>	<u>\$ 147,081</u>

See Accompanying Notes and Accountants' Review Report

INTERNATIONAL TROMBONE ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS (UNAUDITED) FOR THE YEAR ENDED DECEMBER 31, 2007

	Program Expenses				General and Administrative Expenses	Total
	Publications	Festival	Competitions and Awards	Total		
Bank charges	\$ -	\$ -	\$ -	\$ -	8,047	\$ 8,047
Executive Committee expenses	-	-	-	-	8,638	8,638
Administrative	-	14,124	-	14,124	-	14,124
Computer and office supplies	162	-	4,589	4,751	1,989	6,740
Contract labor	16,299	14,203	2,500	33,002	38,400	71,402
Advertising discounts	-	-	-	-	-	-
Exhibits	-	4,191	-	4,191	-	4,191
Facilities	-	6,764	-	6,764	-	6,764
Housing and travel	-	19,489	-	19,489	-	19,489
Insurance	-	1,014	-	1,014	1,130	2,144
Legal and accounting	-	-	-	-	3,565	3,565
Marketing	-	2,113	-	2,113	-	2,113
Meal service	-	-	-	-	-	-
Membership development	-	-	-	-	3,157	3,157
Miscellaneous	395	857	-	1,252	-	1,252
Musicians	-	3,775	1,895	5,670	-	5,670
Occupancy	-	-	-	-	5,222	5,222
Postage and mailings	25,692	-	-	25,692	11,948	37,640
Printing - editorials	64,298	-	-	64,298	-	64,298
Production and printing - other	-	-	-	-	3,737	3,737
Refunds	-	-	-	-	4,047	4,047
Registration materials	-	-	488	488	-	488
Royalties - ITA Press	2,307	-	-	2,307	-	2,307
Telephone	-	-	-	-	989	989
Transportation	-	75	-	75	-	75
Webmaster	600	-	-	600	-	600
Website	2,151	-	-	2,151	-	2,151
Totals	<u>\$ 111,904</u>	<u>\$ 66,605</u>	<u>\$ 9,472</u>	<u>\$ 187,981</u>	<u>\$ 90,869</u>	<u>\$ 278,850</u>

See Accompanying Notes and Accountants' Review Report

INTERNATIONAL TROMBONE ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS (UNAUDITED) FOR THE YEAR ENDED DECEMBER 31, 2006

	Program Expenses				General and Administrative Expenses	Total
	Publications	Festival	Competitions and Awards	Total		
Bank charges	\$ -	\$ -	\$ -	\$ -	\$ 7,983	\$ 7,983
Executive Committee expenses	-	-	-	-	12,698	12,698
Administrative	-	7,386	-	7,386	-	7,386
Computer and office supplies	49	-	4,998	5,047	3,566	8,613
Contract labor	14,939	17,728	1,500	34,167	47,850	82,017
Advertising discounts	1,034	-	-	1,034	-	1,034
Exhibits	-	5,556	-	5,556	-	5,556
Facilities	-	6,029	-	6,029	-	6,029
Housing and travel	-	25,916	-	25,916	-	25,916
Insurance	-	400	-	400	1,602	2,002
Legal and accounting	-	-	-	-	1,316	1,316
Marketing	-	12,399	-	12,399	-	12,399
Meal service	-	290	-	290	-	290
Membership development	-	-	-	-	8,456	8,456
Miscellaneous	319	1,343	-	1,662	178	1,840
Musicians	-	16,853	1,980	18,833	-	18,833
Occupancy	-	-	-	-	5,110	5,110
Postage and mailings	18,616	-	-	18,616	8,579	27,195
Printing - editorials	71,809	-	-	71,809	-	71,809
Production and printing - other	-	-	-	-	2,578	2,578
Refunds	-	125	-	125	437	562
Registration materials	-	969	-	969	-	969
Royalties - ITA Press	2,186	-	-	2,186	-	2,186
Telephone	319	-	-	319	405	724
Transportation	-	1,520	-	1,520	-	1,520
Webmaster	7,008	-	-	7,008	-	7,008
Website	2,476	-	-	2,476	-	2,476
Totals	\$ 118,755	\$ 96,514	\$ 8,478	\$223,747	\$ 100,758	\$ 324,505

See Accompanying Notes and Accountants' Review Report

INTERNATIONAL TROMBONE ASSOCIATION

NOTES TO UNAUDITED FINANCIAL STATEMENTS DECEMBER 31, 2007 AND 2006

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

Nature of Activities

The **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, produces an annual International Trombone Festival and manages a publishing house of trombone music called the ITA Press. Currently, the Association has approximately 4,500 members from 64 countries worldwide.

Basis of Accounting

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

Basis of Presentation

The financial statements have been prepared in accordance with the Financial Accounting Standards Board Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Association is required 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.

Use of Estimates

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

Investments

The Association adopted SFAS No. 124, Accounting for Certain Investments Held by Not-for-Profit Organizations. Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statements of assets, liabilities and net assets. Unrealized gains and losses are included in the statements of support, revenues, expenses and changes in net assets.

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INTERNATIONAL TROMBONE ASSOCIATION

NOTES TO UNAUDITED FINANCIAL STATEMENTS (CONT'D.) DECEMBER 31, 2007 AND 2006

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

Property and Equipment

Property and equipment is 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.

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 income tax under Section 501(c)(3) of the Internal Revenue Code.

Note 2 - INVESTMENTS

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

	December 31, 2007		
	<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>\$ 99,708</u>	<u>(\$ 849)</u>
	December 31, 2006		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation</u>
Investments administered by the University of Oklahoma Foundation 3,723 units of the 18,039,699 total	<u>\$ 99,557</u>	<u>\$ 101,420</u>	<u>\$ 1,863</u>

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, and corporate bonds as of December 31, 2007 and 2006.

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INTERNATIONAL TROMBONE ASSOCIATION

NOTES TO UNAUDITED FINANCIAL STATEMENTS (CONT'D.) DECEMBER 31, 2007 AND 2006

Note 2 - INVESTMENTS (CONT'D.)

The following schedule summarizes investment earnings and its classification in the statement of support, revenues, expenses and changes in net assets:

	<u>2007</u>	<u>2006</u>
Investment income	\$ 5,866	\$ 1,370
Recognized gain on sale	-	1,927
Net annual unrealized income (loss)	<u>(2,712)</u>	<u>1,863</u>
Total investment earnings	<u>\$ 3,154</u>	<u>\$ 5,160</u>

Note 3 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2007 and 2006 consist of the following:

	<u>2007</u>	<u>2006</u>
Computers and related	\$3,450	\$3,450
Less accumulated depreciation	<u>(3,450)</u>	<u>(3,450)</u>
Total	<u>\$ -</u>	<u>\$ -</u>

No depreciation expense was recognized during 2007 or 2006.

Note 4 - NOTE PAYABLE

On August 8, 2007, a loan of \$11,000 was made to the Association to solve temporary cash flow problems. The loan was provided by Association member and past president Irvin L. Wagner. The loan had a 5% effective annual interest rate and would be repaid in full when the Association's cash balance had recovered sufficiently. At December 31, 2007, the balance was still outstanding. It was paid in full on January 20, 2008 with interest of \$342.

See Accountants' Review Report