INTERNATIONAL TROMBONE ASSOCIATION

FINANCIAL STATEMENTS AND ACCOUNTANTS' REVIEW REPORT

FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

TABLE OF CONTENTS

	Page
Accountants' Review Report	1
Financial Statements:	
Statements of Assets, Liabilities and Net Assets - Cash Basis	2
Statements of Support, Revenues, Expenses, and Changes in Net Assets - Cash Basis	3
Statements of Functional Expenses - Cash Basis	4-5
Notes to Unaudited Financial Statements	6-7

MATHIS, WEST, HUFFINES & CO., P.C.
Certified Public Accountants

800 Hwy. 59 North • Suite B
Bowie, Texas 76230
(940) 872-2711 • FAX (940) 872-1623
Email lramsey@mwhpc.com • www.mwhpc.com

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, 2002 and 2001, 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 auditing standards generally accepted in the United States of America, 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.

Bowie, Texas
July 15, 2003

STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS (UNAUDITED)
DECEMBER 31, 2002 AND 2001

	2002	2001
Assets		
Cash	$ 99,643	$ 108,652
Investments	56,523	69,434
Property and equipment, net	1,193	1,883
Total assets	$ 157,359	$ 179,969
Liabilities	$ -	$ -
Net assets		
Unrestricted	157,359	179,969
Total liabilities and net assets	$ 157,359	$ 179,969

STATEMENTS OF SUPPORT, REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - CASH BASIS (UNAUDITED) FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

	Unrestricted	
	2002	2001
Support and revenues:		
Membership dues	$ 115,621	$ 124,335
Journal	67,486	62,089
Festival	146,457	149,652
ITA Press	9,935	9,012
Investment earnings (losses)	(8,785)	36
Miscellaneous income	6,135	4,855
Total support and revenues	336,849	349,979
Expenses:		
Program expenses:		
Publications	131,830	121,811
Festival	130,086	97,236
Competitions and awards	7,738	4,924
General and administrative expenses	89,805	70,801
Total expenses	359,459	294,772
Increase (decrease) in net assets	(22,610)	55,207
Net assets, beginning of year	179,969	124,762
Net assets, end of year	$ 157,359	$ 179,969

STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2002

	Program Expenses				General and Administrative	
	Publications	Festival	Competitions and Awards	Total	Expenses	Total
Bank charges	$ -	$ -	$ -	$ -	$ 7,672	$ 7,672
Banquet	-	4,223	-	4,223	-	4,223
Executive Committee expenses	-	-	-	-	16,243	16,243
Computer and office supplies	549	285	5,838	6,672	1,429	8,101
Contract labor	20,450	11,669	400	32,519	36,085	68,604
Coupon books	5,253	-	-	5,253	-	5,253
Depreciation	-	-	-	-	690	690
Facilities	-	9,358	-	9,358	-	9,358
Housing and travel	-	31,107	-	31,107	-	31,107
Housing	-	20,766	-	20,766	-	20,766
Insurance	-	1,246	-	1,246	1,820	3,066
Legal and accounting	-	-	-	-	5,310	5,310
Marketing	-	4,310	-	4,310	-	4,310
Meal service	-	2,372	-	2,372	-	2,372
Membership development	-	-	-	-	5,206	5,206
Miscellaneous	-	7,477	-	7,477	1,569	9,046
Musicians	-	25,425	1,500	26,925	-	26,925
National affiliates	-	-	-	-	960	960
Occupancy	-	-	-	-	3,600	3,600
Postage and mailings	16,819	831	-	17,650	6,403	24,053
Posters	-	673	-	673	-	673
Printing - advertising	26,115	-	-	26,115	-	26,115
Printing - editorials	46,084	-	-	46,084	-	46,084
Production and printing - other	7,127	-	-	7,127	1,819	8,946
Program books	-	6,518	-	6,518	-	6,518
Refunds	-	764	-	764	299	1,063
Royalties - ITA Press	2,177	-	-	2,177	-	2,177
Telephone	380	97	-	477	700	1,177
Transportation	-	1,966	-	1,966	-	1,966
Webmaster	3,600	-	-	3,600	-	3,600
Website	3,276	999	-	4,275	-	4,275
Totals	$ 131,830	$ 130,086	$ 7,738	$269,654	$ 89,805	$ 359,459

STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2001

	Program Expenses				General and Administrative	
	Publications	Festival	Competitions and Awards	Total	Expenses	Total
Bank charges	$ -	$ -	$ -	$ -	$ 5,345	$ 5,345
Banquet	-	3,780	-	3,780	-	3,780
Executive Committee expenses	-	3,130	-	3,130	7,056	10,186
Computer and office supplies	364	1,265	4,924	6,553	4,538	11,091
Contract labor	18,804	13,764	-	32,568	29,730	62,298
Depreciation	-	-	-	-	690	690
Facilities	-	4,417	-	4,417	-	4,417
Faculty housing and travel	-	14,983	-	14,983	-	14,983
Housing	-	27,206	-	27,206	-	27,206
Insurance	-	-	-	-	1,280	1,280
Legal and accounting	-	-	-	-	7,148	7,148
Marketing	-	2,821	-	2,821	-	2,821
Meal service	-	9,222	-	9,222	-	9,222
Membership development	-	-	-	-	2,504	2,504
Miscellaneous	844	2,719	-	3,563	1,521	5,084
Musicians	-	2,800	-	2,800	-	2,800
National affiliates	-	-	-	-	750	750
Occupancy	-	-	-	-	3,600	3,600
Postage and mailings	22,672	400	-	23,072	-	23,072
Posters	-	3,049	-	3,049	-	3,049
Printing - advertising	27,686	-	-	27,686	-	27,686
Printing - editorials	44,365	-	-	44,365	-	44,365
Production and printing - other	2,117	-	-	2,117	1,053	3,170
Program books	-	3,419	-	3,419	-	3,419
Refunds	-	1,807	-	1,807	-	1,807
Royalties - ITA Press	1,779	-	-	1,779	-	1,779
Telephone	920	945	-	1,865	775	2,640
Transportation	-	1,509	-	1,509	-	1,509
Webmaster	2,000	-	-	2,000	-	2,000
Website	260	-	-	260	4,811	5,071
Totals	$ 121,811	$ 97,236	$ 4,924	$223,971	$ 70,801	$ 294,772

NOTES TO UNAUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

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 3,600 members from over 50 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 accounting principles generally accepted in the United States of America. 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 Organization 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.

Report Reclassifications

Certain items in the December 31, 2001 financial statements have been reclassified to conform to the presentation in the December 31, 2002 financial statements.

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, 2002		
	Cost	Fair Value	Unrealized Depreciation
Investments administered by the University of Oklahoma Foundation	$57,615	$56,523	($ 1,092)

	December 31, 2001		
	Cost	Fair Value	Unrealized Appreciation
Investments administered by the University of Oklahoma Foundation	$57,615	$69,434	$11,819

The above investments are part of the University of Oklahoma Foundation's balanced pooled fund, which has an asset allocation of approximately 70% equities and 30% fixed income as of December 31, 2002 and 2001.

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

	2002	2001
Investment income	$ 4,126	$6,098
Net unrealized losses	(12,911)	(6,062)
Total investment earnings (losses)	($ 8,785)	$ 36

Note 3 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2002 and 2001 consist of the following:

	2002	2001
Computers and related	$3,450	$3,450
Less accumulated depreciation	(2,257)	(1,567)
Total	$1,193	$1,883

Depreciation expense for the years ended December 31, 2002 and 2001 totalled $690 for both years.