

# **INTERNATIONAL TROMBONE ASSOCIATION**

## **FINANCIAL STATEMENTS AND ACCOUNTANTS' REVIEW REPORT**

**FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

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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, 2006 and 2005, 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  
November 9, 2007

# INTERNATIONAL TROMBONE ASSOCIATION

## STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS (UNAUDITED) DECEMBER 31, 2006 AND 2005

	2006	2005
<u>Assets</u>		
Cash	\$ 45,661	\$ 75,595
Investments	101,420	67,725
Property and equipment, net	-	-
Total assets	<u>\$ 147,081</u>	<u>\$ 143,320</u>
<u>Liabilities</u>	\$ -	\$ -
<u>Net assets</u>		
Unrestricted	<u>147,081</u>	<u>143,320</u>
Total liabilities and net assets	<u>\$ 147,081</u>	<u>\$ 143,320</u>

*See 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, 2006 AND 2005

	Unrestricted	
	2006	2005
Support and revenues:		
Membership dues	\$ 147,825	\$ 156,699
Journal	68,185	66,198
Festival	85,751	150,266
ITA Press	4,968	3,326
Investment earnings	5,160	3,679
Competition application fees	10,290	8,335
Miscellaneous income	6,087	3,175
Total support and revenues	<u>328,266</u>	<u>391,678</u>
Expenses:		
Program expenses:		
Publications	118,755	125,107
Festival	96,514	157,098
Competitions and awards	8,478	10,121
General and administrative expenses	<u>100,758</u>	<u>110,513</u>
Total expenses	<u>324,505</u>	<u>402,839</u>
Increase (decrease) in net assets	3,761	(11,161)
Net assets, beginning of year	<u>143,320</u>	<u>154,481</u>
Net assets, end of year	<u>\$ 147,081</u>	<u>\$ 143,320</u>

*See 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	<u>\$ 118,755</u>	<u>\$ 96,514</u>	<u>\$ 8,478</u>	<u>\$223,747</u>	<u>\$ 100,758</u>	<u>\$ 324,505</u>

*See Accountants' Review Report*

# INTERNATIONAL TROMBONE ASSOCIATION

## STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS (UNAUDITED) FOR THE YEAR ENDED DECEMBER 31, 2005

	Program Expenses				General and Administrative Expenses	Total
	Publications	Festival	Competitions and Awards	Total		
Bank charges	\$ -	\$ -	\$ -	\$ -	\$ 10,589	\$ 10,589
Executive Committee expenses	-	-	-	-	13,684	13,684
Administrative	-	5,833	-	5,833	-	5,833
Banquet	-	5,780	-	5,780	-	5,780
Computer and office supplies	390	-	6,346	6,736	1,154	7,890
Contract labor	18,767	18,416	1,200	38,383	43,970	82,353
Exhibits	-	5,042	-	5,042	-	5,042
Facilities	-	10,093	-	10,093	-	10,093
Housing and travel	-	71,807	-	71,807	-	71,807
Insurance	-	725	-	725	1,045	1,770
Legal and accounting	-	-	-	-	5,735	5,735
Marketing	-	13,445	-	13,445	-	13,445
Meal service	-	2,035	-	2,035	-	2,035
Membership development	-	-	-	-	13,511	13,511
Miscellaneous	521	1,350	-	1,871	-	1,871
Musicians	-	14,650	2,575	17,225	-	17,225
Occupancy	-	-	-	-	3,880	3,880
Postage and mailings	23,496	-	-	23,496	13,020	36,516
Printing - editorials	71,534	-	-	71,534	-	71,534
Production and printing - other	-	-	-	-	2,460	2,460
Refunds	-	295	-	295	297	592
Registration materials	-	4,186	-	4,186	-	4,186
Telephone	-	-	-	-	1,168	1,168
Transportation	-	3,441	-	3,441	-	3,441
Webmaster	7,200	-	-	7,200	-	7,200
Website	3,199	-	-	3,199	-	3,199
Totals	<u>\$ 125,107</u>	<u>\$ 157,098</u>	<u>\$ 10,121</u>	<u>\$292,326</u>	<u>\$ 110,513</u>	<u>\$ 402,839</u>

*See Accountants' Review Report*

# INTERNATIONAL TROMBONE ASSOCIATION

## NOTES TO UNAUDITED FINANCIAL STATEMENTS DECEMBER 31, 2006 AND 2005

### 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 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.

*See Accountants' Review Report*

# INTERNATIONAL TROMBONE ASSOCIATION

## NOTES TO UNAUDITED FINANCIAL STATEMENTS (CONT'D.) DECEMBER 31, 2006 AND 2005

### 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, 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>\$101,419</u>	<u>\$1,862</u>
	December 31, 2005		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation</u>
Investments administered by the University of Oklahoma Foundation 2,649 units of the 17,115,390 total	<u>\$57,615</u>	<u>\$67,725</u>	<u>\$10,110</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, 2006 and 2005.

*See Accountants' Review Report*



# INTERNATIONAL TROMBONE ASSOCIATION

## NOTES TO UNAUDITED FINANCIAL STATEMENTS (CONT'D.) DECEMBER 31, 2006 AND 2005

### 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>2006</u>	<u>2005</u>
Investment income	\$ 1,370	\$ 3,653
Recognized gain on sale	1,927	
Net unrealized income	<u>1,863</u>	<u>26</u>
Total investment earnings	<u>\$ 5,160</u>	<u>\$ 3,679</u>

### Note 3 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2006 and 2005 consist of the following:

	<u>2006</u>	<u>2005</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 2006 or 2005.

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