

PRICE TOWER ARTS CENTER, INC.
Consolidated Financial Statements and
Independent Auditor's Report
For the Year Ended December 31, 2009
With Comparative Totals as of
December 31, 2008

PRICE TOWER ARTS CENTER, INC.

December 31, 2009

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ARCHAMBO & MUEGGENBORG, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Price Tower Arts Center, Inc.
Bartlesville, OK

We have audited the accompanying consolidated statement of financial position of *Price Tower Arts Center, Inc.* (a nonprofit organization) as of December 31, 2009, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended. These consolidated financial statements are the responsibility of *Price Tower Arts Center, Inc.*'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of *Price Tower Arts Center, Inc.* as of December 31, 2009, and the consolidated changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Archambo & Mueggenborg, PC

Archambo & Mueggenborg, PC
Certified Public Accountants

April 29, 2010

PRICE TOWER ARTS CENTER, INC.
Consolidated Statement of Financial Position
December 31, 2009
With Comparative Totals as of December 31, 2008

| <u>ASSETS</u> | <u>Price Tower Arts Center, Inc.</u> | <u>Inn at Price Tower, Inc.</u> | <u>2009 Total</u> | <u>2008 Total (Memo)</u> |
|--|--|-------------------------------------|-------------------------|----------------------------------|
| Current Assets: | | | | |
| Cash and cash equivalents (Note 1) | \$ 53,337 | 5,144 | 58,481 | 84,884 |
| Investments (Note 1) | 5,973 | 0 | 5,973 | 4,935 |
| Inventory | 87,401 | 4,689 | 92,090 | 109,415 |
| Accounts receivable | 3,734 | 9,118 | 12,852 | 22,068 |
| Employee advances | 118 | 0 | 118 | 30 |
| Prepaid exhibit rentals | 2,000 | 0 | 2,000 | 1,631 |
| Prepaid insurance and other expenses | 31,219 | 1,087 | 32,306 | 32,712 |
| Total current assets | <u>183,782</u> | <u>20,038</u> | <u>203,820</u> | <u>255,675</u> |
| Other Assets: | | | | |
| Pledges receivable (Note 4) | 62,099 | 0 | 62,099 | 50,591 |
| Property and equipment (Note 2) net of accumulated depreciation | 2,168,134 | 52,509 | 2,220,643 | 2,365,996 |
| Bartlesville Community Foundation Endowment (Note 11) | 24,780 | 0 | 24,780 | 12,210 |
| Deposits | 1,000 | 185 | 1,185 | 4,033 |
| Total other assets | <u>2,256,013</u> | <u>52,694</u> | <u>2,308,707</u> | <u>2,432,830</u> |
| TOTAL ASSETS | \$ <u>2,439,795</u> | <u>72,732</u> | <u>2,512,527</u> | <u>2,688,505</u> |

The accompanying notes are an integral part of the financial statements.

PRICE TOWER ARTS CENTER, INC.
Consolidated Statement of Financial Position
December 31, 2009
With Comparative Totals as of December 31, 2008
(continued)

| <u>LIABILITIES AND NET ASSETS</u> | <u>Price Tower Arts Center, Inc.</u> | <u>Inn at Price Tower, Inc.</u> | <u>2009 Total</u> | <u>2008 Total (Memo)</u> |
|---|--|-------------------------------------|-----------------------|----------------------------------|
| Current Liabilities: | | | | |
| Accounts payable | \$ 40,516 | 34,690 | 75,206 | 152,799 |
| Accrued liabilities | 19,907 | 19,906 | 39,813 | 48,908 |
| Current portion of line of credit | 0 | 22,651 | 22,651 | 12,515 |
| Current portion of insurance note | 8,502 | 0 | 8,502 | 6,729 |
| Total current liabilities | <u>68,925</u> | <u>77,247</u> | <u>146,172</u> | <u>220,951</u> |
| Long-term Liabilities: | | | | |
| Line of credit | 0 | 120,099 | 120,099 | 126,985 |
| TOTAL LIABILITIES | <u>68,925</u> | <u>197,346</u> | <u>266,271</u> | <u>347,936</u> |
| Net Assets: | | | | |
| Unrestricted | 2,347,479 | (124,614) | 2,222,865 | 2,303,046 |
| Temporarily restricted (Note 3) | 891 | 0 | 891 | 20,023 |
| Permanently restricted (Note 1) | 22,500 | 0 | 22,500 | 17,500 |
| Total net assets | <u>2,370,870</u> | <u>(124,614)</u> | <u>2,246,256</u> | <u>2,340,569</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 2,439,795</u> | <u>72,732</u> | <u>2,512,527</u> | <u>2,688,505</u> |

The accompanying notes are an integral part of the financial statements.

PRICE TOWER ARTS CENTER, INC.
Consolidated Statement of Activities
For the Year Ended December 31, 2009
With Comparative Totals as of December 31, 2008

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>2009 Total</u> | <u>2008 Total (Memo)</u> |
|---|---------------------|-----------------------------------|-----------------------------------|-----------------------|------------------------------|
| PRICE TOWER ARTS CENTER, INC. | | | | | |
| SUPPORT AND REVENUE: | | | | | |
| Support: | | | | | |
| Contributions | \$ 1,383,985 | 33,300 | 5,000 | 1,422,285 | 1,428,750 |
| In-kind contributions | 42,590 | 0 | 0 | 42,590 | 60,700 |
| Grant support | 36,800 | 0 | 0 | 36,800 | 17,800 |
| Total support | <u>1,463,375</u> | <u>33,300</u> | <u>5,000</u> | <u>1,501,675</u> | <u>1,507,250</u> |
| Revenue: | | | | | |
| Membership dues | 26,724 | 0 | 0 | 26,724 | 25,854 |
| Museum store sales | 69,194 | 0 | 0 | 69,194 | 88,454 |
| Admissions and class fees | 25,052 | 0 | 0 | 25,052 | 35,905 |
| Rental income | 112,063 | 0 | 0 | 112,063 | 111,690 |
| Special events | 49,033 | 0 | 0 | 49,033 | 34,186 |
| Interest and dividends | 1,205 | 0 | 0 | 1,205 | 2,816 |
| Miscellaneous income | 908 | 0 | 0 | 908 | 1,992 |
| Total revenue | <u>284,179</u> | <u>0</u> | <u>0</u> | <u>284,179</u> | <u>300,897</u> |
| Net assets released from restrictions: | | | | | |
| Restricted purpose fulfilled | 52,432 | (52,432) | 0 | 0 | 0 |
| TOTAL SUPPORT AND REVENUE | <u>1,799,986</u> | <u>(19,132)</u> | <u>5,000</u> | <u>1,785,854</u> | <u>1,808,147</u> |
| EXPENSES: | | | | | |
| Administrative expenses | 489,588 | 0 | 0 | 489,588 | 475,166 |
| Fundraising and development | 238,737 | 0 | 0 | 238,737 | 241,178 |
| Exhibitions and public programming | 607,847 | 0 | 0 | 607,847 | 795,258 |
| Building and grounds | 368,443 | 0 | 0 | 368,443 | 415,467 |
| TOTAL EXPENSES | <u>1,704,615</u> | <u>0</u> | <u>0</u> | <u>1,704,615</u> | <u>1,927,069</u> |
| GAINS AND LOSSES: | | | | | |
| Net gain (loss) on sale of investments | 0 | 0 | 0 | 0 | (555) |
| Unrealized gain (loss) on investments | 3,193 | 0 | 0 | 3,193 | (5,120) |
| TOTAL GAINS AND LOSSES | <u>3,193</u> | <u>0</u> | <u>0</u> | <u>3,193</u> | <u>(5,675)</u> |
| NET REVENUE OVER (UNDER) EXPENSES AND LOSSES | <u>98,564</u> | <u>(19,132)</u> | <u>5,000</u> | <u>84,432</u> | <u>(124,597)</u> |

The accompanying notes are an integral part of the financial statements.

PRICE TOWER ARTS CENTER, INC.
Consolidated Statement of Activities
For the Year Ended December 31, 2009
With Comparative Totals as of December 31, 2008
(continued)

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>2009 Total</u> | <u>2008 Total (Memo)</u> |
|---|---------------------|-----------------------------------|-----------------------------------|-----------------------|------------------------------|
| <i>INN AT PRICE TOWER, INC.</i> | | | | | |
| Restaurant revenue | \$ 103,673 | 0 | 0 | 103,673 | 362,653 |
| Hotel revenue | 286,990 | 0 | 0 | 286,990 | 382,741 |
| Expenses | <u>(543,902)</u> | <u>0</u> | <u>0</u> | <u>(543,902)</u> | <u>(1,027,407)</u> |
| NET REVENUE OVER (UNDER) EXPENSES | <u>(153,239)</u> | <u>0</u> | <u>0</u> | <u>(153,239)</u> | <u>(282,013)</u> |
| CHANGES IN NET ASSETS BEFORE OTHER ADJUSTMENTS | <u>(54,675)</u> | <u>(19,132)</u> | <u>5,000</u> | <u>(68,807)</u> | <u>(406,610)</u> |
| OTHER ADJUSTMENTS: | | | | | |
| Collection acquisitions (Note 9) | <u>(25,506)</u> | <u>0</u> | <u>0</u> | <u>(25,506)</u> | <u>(17,791)</u> |
| Total other adjustments | <u>(25,506)</u> | <u>0</u> | <u>0</u> | <u>(25,506)</u> | <u>(17,791)</u> |
| TOTAL CHANGE IN NET ASSETS | <u>(80,181)</u> | <u>(19,132)</u> | <u>5,000</u> | <u>(94,313)</u> | <u>(424,401)</u> |
| Net assets, beginning of the year | <u>2,303,046</u> | <u>20,023</u> | <u>17,500</u> | <u>2,340,569</u> | <u>2,764,970</u> |
| Net assets, end of the year | <u>\$ 2,222,865</u> | <u>891</u> | <u>22,500</u> | <u>2,246,256</u> | <u>2,340,569</u> |

The accompanying notes are an integral part of the financial statements.

PRICE TOWER ARTS CENTER, INC.
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2009
With Comparative Totals as of December 31, 2008

| | <u>2009</u> | <u>2008</u> |
|--|-----------------|------------------|
| Cash Flows from Operating Activities: | | |
| Change in net assets | \$ (94,313) | (424,401) |
| Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities: | | |
| Depreciation | 187,677 | 193,953 |
| Loss on disposition of assets | 0 | 39,550 |
| Realized (gain) loss on investments | 0 | 555 |
| Unrealized (gain) loss on investments | (3,193) | 5,120 |
| Investment income (loss) | 2,085 | (776) |
| Stock donations | 0 | (671,238) |
| (Increase) decrease in operating assets: | | |
| Accounts receivable | 9,216 | (1,629) |
| Employee advances | (88) | 64 |
| Pledges receivable | (11,508) | 52,957 |
| Inventory | 17,325 | 6,102 |
| Prepaid exhibit rentals | (369) | 4,415 |
| Prepaid insurance and other expenses | 406 | (847) |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable | (77,593) | 77,765 |
| Accrued liabilities | (9,095) | 7,053 |
| Net cash provided (used) by operating activities | <u>20,550</u> | <u>(711,357)</u> |
| Cash Flows from Investing Activities: | | |
| Purchase of furniture, equipment and building improvements | (42,327) | (152,009) |
| Purchase of stock | (12,500) | (2,500) |
| Sale of donated stock | 0 | 672,483 |
| Utility and other deposits | 2,848 | (2,933) |
| Net cash provided (used) by investing activities | <u>(51,979)</u> | <u>515,041</u> |

The accompanying notes are an integral part of the financial statements.

PRICE TOWER ARTS CENTER, INC.
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2009
With Comparative Totals as of December 31, 2008
(continued)

| | 2009 | 2008 |
|--|-----------|----------|
| Cash Flows from Financing Activities: | | |
| Proceeds from insurance note | \$ 19,283 | 17,943 |
| Payments on capital lease | 0 | (2,254) |
| Proceeds from line of credit | 15,000 | 139,500 |
| Payments on line of credit | (11,750) | |
| Payments on insurance note | (17,507) | (11,214) |
| Net cash provided (used) by financing activities | 5,026 | 143,975 |
| Net increase (decrease) in cash | (26,403) | (52,341) |
| Cash, beginning of the year | 84,884 | 137,225 |
| Cash, end of the year | \$ 58,481 | 84,884 |
| Interest: | | |
| Total interest costs incurred | \$ 6,881 | 5,125 |
| Total interest costs capitalized | \$ 0 | 0 |
| Total interest costs expensed | \$ 6,881 | 5,125 |

The accompanying notes are an integral part of the financial statements.

PRICE TOWER ARTS CENTER, INC.

Consolidated Statement of Functional Expenses

For the Year Ended December 31, 2009

With Comparative Totals as of December 31, 2008

Price Tower Arts Center, Inc.

| | Exhibitions | | | | Total | Inn at Price Tower, Inc. | 2009 Total | 2008 Total (Memo) |
|----------------------------|----------------------------|--------------------------------|--|-------------------------|------------------|-----------------------------|------------------|-------------------------|
| | Administrative Expenses | Fundraising and Development | Exhibitions and Public Programming | Building and Grounds | | | | |
| Salaries | \$ 241,493 | 87,842 | 190,554 | 102,049 | 621,938 | 251,986 | 873,924 | 983,849 |
| Employee benefits | 21,156 | 4,099 | 23,044 | 15,679 | 63,978 | 11,864 | 75,842 | 78,443 |
| Payroll taxes | 17,745 | 6,177 | 14,307 | 7,344 | 45,573 | 24,678 | 70,251 | 91,554 |
| Other taxes | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 331 |
| Contract services | 6,938 | 0 | 11,013 | 0 | 17,951 | 2,564 | 20,515 | 33,302 |
| Advertising | 611 | 0 | 20,102 | 0 | 20,713 | 4,432 | 25,145 | 137,229 |
| Consulting and promotions | 0 | 24,631 | 3,138 | 0 | 27,769 | 0 | 27,769 | 4,120 |
| Programs and exhibits | 643 | 0 | 82,682 | 0 | 83,325 | 0 | 83,325 | 91,891 |
| Food and beverage expense | 17 | 16,669 | 6,831 | 0 | 23,517 | 12,173 | 35,690 | 35,540 |
| Utilities and telephone | 40,916 | 4,910 | 52,372 | 65,464 | 163,662 | 2,103 | 165,765 | 254,836 |
| Other expense | 1,818 | 2,918 | 2,200 | 461 | 7,397 | 11,495 | 18,892 | 52,473 |
| Insurance | 9,831 | 1,725 | 11,290 | 10,988 | 33,834 | 12,601 | 46,435 | 55,139 |
| Office supplies | 11,031 | 135 | 2,858 | 0 | 14,024 | 2,778 | 16,802 | 17,423 |
| Supplies and equipment | 18,833 | 4,828 | 113 | 7,558 | 31,332 | 45,402 | 76,734 | 113,899 |
| Printing and reproductions | 3,381 | 13,666 | 16,186 | 0 | 33,233 | 65 | 33,298 | 52,008 |
| Postage and delivery | 7,352 | 2,986 | 2,455 | 0 | 12,793 | 160 | 12,953 | 21,989 |
| Professional services | 6,000 | 5,026 | 52,370 | 450 | 63,846 | 65,502 | 129,348 | 256,293 |
| Rent | 0 | 7,918 | 4,337 | 0 | 12,255 | 0 | 12,255 | 9,335 |
| Conferences and travel | 7,235 | 8,322 | 24,401 | 21 | 39,979 | 1,527 | 41,506 | 0 |
| Dues and fees | 8,742 | 1,345 | 2,364 | 0 | 12,451 | 23,333 | 35,784 | 23,139 |
| Repair and maintenance | 54 | 0 | 330 | 80,389 | 80,773 | 1,625 | 82,398 | 81,728 |
| Security | 5,580 | 665 | 7,096 | 8,871 | 22,212 | 395 | 22,607 | 23,206 |
| Seminars and training | 325 | 2,795 | 2,816 | 0 | 5,936 | 0 | 5,936 | 43,211 |
| Special events | 0 | 36,892 | 19,653 | 0 | 56,545 | 0 | 56,545 | 32,802 |
| Cost of good sold | 35,670 | 0 | 0 | 0 | 35,670 | 36,642 | 72,312 | 219,893 |
| Damages and losses | 986 | 0 | 0 | 0 | 986 | 17,823 | 18,809 | 46,890 |
| Depreciation | 43,231 | 5,188 | 55,335 | 69,169 | 172,923 | 14,754 | 187,677 | 193,953 |
| Total | \$ 489,588 | 238,737 | 607,847 | 368,443 | 1,704,615 | 543,902 | 2,248,517 | 2,954,476 |

The accompanying notes are an integral part of the financial statements.

PRICE TOWER ARTS CENTER, INC.
Notes to the Consolidated Financial Statements
December 31, 2009

Note 1 - Summary of Significant Accounting Policies

- A. **Purpose:**
Price Tower Arts Center, Inc. (the Arts Center) is incorporated under the laws of the State of Oklahoma and was established to provide the people of Bartlesville, greater Tulsa, the region and nation with an art museum dedicated to the display and study of art, architecture and design, and for the purpose of preserving and interpreting Frank Lloyd Wright's only built skyscraper, the Price Tower. The Price Tower was named a National Historic Landmark by the U. S. Department of the Interior in April 2007.
- B. **Basis of Accounting:**
The financial statements are presented on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenditures are recorded when the liability is incurred.
- C. **Financial Statements:**
The financial statements include certain prior-year summarized comparative information in total but not by cost center. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the *Arts Center's* financial statements for the year ended December 31, 2008, from which the summarized information was derived.
- D. **Income Taxes:**
Price Tower Arts Center, Inc. is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code of 1954 and is not a private foundation.
- E. **Promises to Give:**
Contributions are recognized when the donor makes a promise to give to the *Arts Center* that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

PRICE TOWER ARTS CENTER, INC.
Notes to the Consolidated Financial Statements
December 31, 2009
(continued)

Note 1 - Summary of Significant Accounting Policies (continued)

F. Contributed Services:

Contributed services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, if the services (a) increase or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the *Arts Center*. For the years ended December 31, 2009 and 2008, *Price Tower Arts Center, Inc.* received donations of free or reduced costs for goods, advertising and printing valued at \$42,590 and \$60,700, respectively. In addition, many individuals volunteer their time and perform a variety of tasks that assist the *Arts Center* with clerical services, membership drives and exhibits. Volunteers donated over 1,064 and 1,774 hours to the *Arts Center* for the years ended December 31, 2009 and 2008, respectively.

G. Estimates:

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

H. Property and Equipment:

Purchased property and equipment are recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the *Arts Center* reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The *Arts Center* reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over their estimated useful lives.

PRICE TOWER ARTS CENTER, INC.
Notes to the Consolidated Financial Statements
December 31, 2009
(continued)

Note 1 - Summary of Significant Accounting Policies (continued)

I. Cash and Cash Equivalents:

For purposes of the statement of cash flows, *Price Tower Arts Center, Inc.* considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. At December 31, cash consisted of the following:

| | 2009 | 2008 |
|---|-------------|-------------|
| Petty Cash | \$ 1,380 | 1,365 |
| Arvest Bank | | |
| <i>PTAC</i> Interest-bearing money market account | 2,853 | 2,843 |
| <i>PTAC</i> Non-interest-bearing checking account | 45,977 | 48,636 |
| <i>PTAC</i> Interest-bearing savings account | 4,127 | 4,572 |
| Total Arvest Bank (Note 7) | 52,957 | 56,051 |
| Bank of Oklahoma | | |
| <i>Inn at Price Tower</i> Payroll Account | 1,207 | 1,207 |
| <i>Inn at Price Tower</i> Operator checking account | 2,906 | 25,067 |
| <i>Inn at Price Tower</i> Imprest account | 31 | 1,194 |
| Total Bank of Oklahoma | 4,144 | 27,468 |
| Total cash | \$ 58,481 | 84,884 |

J. Principles of consolidation:

The consolidated financial statements include the accounts of *Price Tower Arts Center, Inc.* and its wholly owned subsidiary, *Inn at Price Tower, Inc.* (the *Inn*). All material inter-organization transactions have been eliminated.

PRICE TOWER ARTS CENTER, INC.
Notes to the Consolidated Financial Statements
December 31, 2009
(continued)

Note 1 - Summary of Significant Accounting Policies (continued)

K. Investments:

Price Tower Arts Center, Inc.'s investments are held in managed agency accounts with Vanguard Group, Arvest Asset Management and Scudder Investments. As required by SFAS 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*, marketable equity securities with readily determinable fair values are reported at their fair value. Investments at December 31, 2009 and 2008 are as follows:

| | December 31, 2009 | | | December 31, 2008 | | |
|---|-------------------|----------|--------------|-------------------|----------|--------------|
| | Mutual Funds | Stock | Total | Mutual Funds | Stock | Total |
| Market value | \$ 5,973 | 0 | 5,973 | 4,935 | 0 | 4,935 |
| Cost | <u>6,021</u> | <u>0</u> | <u>6,021</u> | <u>5,839</u> | <u>0</u> | <u>5,839</u> |
| Unrealized appreciation (depreciation) | <u>\$ (48)</u> | <u>0</u> | <u>(48)</u> | <u>(904)</u> | <u>0</u> | <u>(904)</u> |

PRICE TOWER ARTS CENTER, INC.
Notes to the Consolidated Financial Statements
December 31, 2009
(continued)

Note 2 - Property and Equipment

| | Assets | | Accumulated Depreciation | | | Net Book Value | |
|---|----------------|------------------------------|--------------------------|----------------|---------------------------------------|----------------|------------------|
| | Balance 1/1/09 | Additions (Net of disposals) | Balance 12/31/09 | Balance 1/1/09 | Current Provisions (Net of disposals) | | Balance 12/31/09 |
| | | | | | | | |
| Assets recorded at cost: | | | | | | | |
| Vehicles | \$ 2,300 | (2,300) | 0 | 2,300 | (2,300) | 0 | |
| Equipment | 239,550 | 5,769 | 245,319 | 204,653 | 14,670 | 25,996 | |
| Furniture and fixtures | 106,042 | 7,098 | 113,140 | 69,624 | 10,516 | 33,000 | |
| Building and improvements | 2,475,798 | 25,558 | 2,501,356 | 447,033 | 84,831 | 1,969,492 | |
| Hotel furniture, fixtures and equipment | 801,106 | 3,902 | 805,008 | 535,190 | 77,663 | 192,155 | |
| Total, at cost | \$ 3,624,796 | 40,027 | 3,664,823 | 1,258,800 | 185,380 | 2,220,643 | |

PRICE TOWER ARTS CENTER, INC.
Notes to the Consolidated Financial Statements
December 31, 2009
(continued)

Note 3 - Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2009 and 2008, of \$891 and \$20,023, respectively, represent cash contributions and pledges that have been designated by the donor to be applied to future exhibitions and other operations and proceeds from the sale of collections items that are restricted for future collection purchases.

Note 4 - Pledges Receivable

In 2001 *Price Tower Arts Center, Inc.* began a capital campaign to raise funds to acquire and maintain the Price Tower. Restrictions are considered to expire as funds received through the capital campaign are spent for purposes outlined in the capital campaign program. Pledges were received for periods up to five years, with pledges to be received prior to 2002 being discounted at 8% and pledges received for the years ended December 31, 2002 and after discounted at 5%. These were fully collected as of December 31, 2007. A pledge was also received in 2001, which is being discounted at 8% for a period of 30 years. For the year ended December 31, 2009 and 2008, the 30 year pledge is the only receivable that is being discounted. The unamortized discount on promises to give as of December 31, 2009 and 2008 is \$120,201 and \$122,409, respectively. Uncollectible promises are expected to be insignificant.

Pledges receivable are as follows:

| | <u>2009</u> | <u>2008</u> |
|-------------------------------------|------------------|------------------|
| Receivables in one year or less | \$ 32,300 | 23,000 |
| Receivables in two to thirty years | 150,000 | 150,000 |
| Less discounts to net present value | <u>(120,201)</u> | <u>(122,409)</u> |
| Pledges receivable at December 31 | <u>\$ 62,099</u> | <u>50,591</u> |

PRICE TOWER ARTS CENTER, INC.
Notes to the Consolidated Financial Statements
December 31, 2009
(continued)

Note 5 - Compensation for Future Absences

The personnel policy states that any vacation time not taken or formally approved to be carried over by the Business/Personnel Manager or Executive Director will be forfeited. Vacation balances are computed annually as of January 1 each year. Vacation accrued to January 1 is to be used before December 31 of the current year. If special circumstances make this impossible, the Executive Director may extend the date. The accrual for future absences as of December 31, 2009 and 2008, respectively, is \$8,348 and \$4,758. The accrual is included in accrued liabilities in the statement of financial position.

Note 6 - Inventory

Price Tower Arts Center, Inc. has items available for sale in a museum store. Inventory is recorded at cost as of December 31, 2009 and 2008. The balance of \$92,090 and \$109,415 at December 31, 2009 and 2008, respectively, includes food and beverage inventory of \$4,689 and \$8,330 for *Inn at Price Tower, Inc.*

Note 7 - Concentrations of Credit Risk

The Organization maintains its cash balances at Arvest Bank in Bartlesville, Oklahoma and Bank of Oklahoma in Bartlesville, Oklahoma. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 for 2009 and 2008, respectively, per institution. At December 31, 2009 and 2008, the *Art Center* and *Inn at Price Tower* had no uninsured cash balances.

Note 8 - Management of *Inn at Price Tower, Inc.*

Inn at Price Tower, Inc. is managed independently of *Price Tower Arts Center, Inc.*, with *Price Tower Arts Center, Inc.* receiving rental income for use of the building. As of December 31, 2009 and 2008, no rent has been paid by *Inn at Price Tower, Inc.* for use of the building, and no rent has been accrued.

PRICE TOWER ARTS CENTER, INC.
Notes to the Consolidated Financial Statements
December 31, 2009
(continued)

Note 9 - Permanent Collection Management Policy

Price Tower Arts Center Inc.'s permanent collection includes 13,000 pieces and is primarily concentrated in three areas: objects by Frank Lloyd Wright and his associates; material from architect and former Price Tower tenant Bruce Alonzo Goff (1904-1982); and important examples of late twentieth- and early-twenty-first-century American art, architecture, and design, especially those by artist Dennis Oppenheim, architect Zaha Hadid, and designer Karim Rashid. This number includes significant amounts of ephemera and documentation of the H.C. Price Company, for which the tower was built. Collections are developed, managed and conserved for use in research, exhibitions and educational programs for public and academic audiences. Collection items acquired either through purchase or donation are not capitalized. Purchases of collection items are recorded as decreases in unrestricted net assets if purchased with unrestricted funds and as decreases in temporarily restricted net assets if purchased with donor-restricted funds. Contributions of collection items are not recognized as in-kind donations in the Statement of Activities. Proceeds from sales, deaccessions or insurance recoveries are reflected on the Statement of Activities based on the absence or existence and nature of donor-imposed restrictions. Proceeds from the sale of collection items are deposited in a restricted account designated for the purchase of collection items as prescribed by the American Association of Museums' Code of Ethics. The balance of the account at December 31, 2009 and 2008, respectively, was \$2,853 and \$2,843.

Note 10 - Note Receivable - Inn at Price Tower, Inc.

In conjunction with the startup of *Inn at Price Tower, Inc.*, *Price Tower Arts Center, Inc.* loaned the *Inn* funds beginning in November 2002. The amount of the loan, plus interest, was \$988,810 and \$839,682 at December 31, 2009 and 2008, respectively. The loan is payable on demand at a variable interest rate equal to the Wall Street Journal Prime Rate. At no time shall the interest exceed the maximum rate of interest allowed by law. As of December 31, 2009 and 2008, the interest rate was 4.0 percent.

As of December 31, 2009 and 2008, *Price Tower Arts Center, Inc.* has an accounts receivable from the *Inn at Price Tower, Inc.* of \$31,092 and \$29,508, respectively.

As of December 31, 2009 and 2008, the *Price Tower Arts Center, Inc.* has an account payable to the *Inn at Price Tower, Inc.* of \$3,508 and \$0, respectively.

These amounts have been eliminated by consolidating entries at December 31, 2009 and 2008 and are not shown on the Statement of Financial Position.

PRICE TOWER ARTS CENTER, INC.
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(continued)

Note 11 - Bartlesville Community Foundation Endowment

Price Tower Arts Center, Inc. raised \$10,000 towards an endowment which is deposited with the Bartlesville Community Foundation. In 2005, the Foundation contributed \$3,000 to the fund on behalf of the *Arts Center*. The principal of the endowment is intended to be preserved in perpetuity. Income of five percent of the market value of the fund shall be paid to the *Arts Center* at least annually and may be reinvested. In 2009 and 2008 *Price Tower Arts Center, Inc.* contributed an additional \$12,500 and \$2,500, respectively to the endowment.

Under SFAS 136, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*, the portion of the fund contributed by the Bartlesville Community Foundation is an asset of the Foundation and is not reflected as an asset of the *Arts Center*.

The total fair market value of the *Arts Center's* endowment fund account at the Bartlesville Community Foundation as of December 31, 2009 and 2008 is \$50,772 and \$32,385, respectively.

Note 12 - Capital Leases

In August 2005, *Price Tower Arts Center, Inc.* entered into a capital lease with Great America Copier for the purchase of a Toshiba copier. The copier is included in the *Arts Center* fixed assets and is being depreciated. The lease is over 36 months with a buy-out option at the end of the lease agreement. This capital lease was paid in full in 2008.

In August 2006, *Price Tower Arts Center, Inc.* entered into a capital lease with Hewlett-Packard Financial Services, which was later sold to Banc of America for the purchase of an HP printer. The printer is included in the *Arts Center* fixed assets and is being depreciated. The lease period is 24 months with a buy-out option at the end of the lease agreement. This capital lease was paid in full in 2008.

PRICE TOWER ARTS CENTER, INC.
Notes to the Consolidated Financial Statements
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(continued)

Note 13 - Insurance Note

In August 2008, *Price Tower Arts Center, Inc.* entered into a note with Premium Financing Specialists for the payment of property insurance. The note is payable in eight monthly payments of \$2,300.04, with an interest rate of 6.75%. The principal balance at December 31, 2008 of \$6,729 is considered current and reflected as a current liability in the statement of financial position.

In August 2009, *Price Tower Arts Center, Inc.* entered into a note with Premium Financing Specialists for the payment of property insurance. The note is payable in nine monthly payments of \$2,210.01, with an interest rate of 7.50%. The principal balance at December 31, 2009 of \$8,502 is considered current and reflected as a current liability in the statement of financial position.

Note 14 - Concentration Risk

Price Tower Arts Center, Inc. receives a substantial amount of support from one family and one foundation. This support represents 83% of total contributions for the year ended December 31, 2009, and 76% for the year ended December 31, 2008. Should this funding source no longer contribute to the *Arts Center*, an alternate means of support would need to be found for the *Arts Center* to continue operations.

Note 15 - Line of Credit

On March 14, 2008 the *Inn at Price Tower, Inc.* entered into a line of credit agreement with Bank of Oklahoma. The line of credit was for up to \$180,000, with the *Inn at Price Tower, Inc.* balance at \$142,750 and \$139,500 in 2009 and 2008, respectively for the purpose of renovation and capital expenditures. During the advancing period, the note will be based on the 12 month LIBOR index plus 300bps. As of March 14, 2008 the effective rate was 5.5%. During 2008 only interest was paid. After the advancing period had expired, March 14, 2009, the rate of interest was to be adjusted to BOK Prime, the 30 day Libor plus 300, or a fixed rate of the customer's choice. The *Inn at Price Tower* is using the interest rate of 3.25%. The line of credit will be amortized over seven years. The principal payments for the next five years are as follows:

PRICE TOWER ARTS CENTER, INC.
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(continued)

Note 15 - Line of Credit (continued)

| | |
|------------|-----------|
| 2010 | \$ 22,651 |
| 2011 | 21,644 |
| 2012 | 22,348 |
| 2013 | 23,075 |
| 2014 | 23,826 |
| Thereafter | 29,206 |

Note 16 - Inn at Price Tower, Inc. - Going Concern

Inn at Price Tower, Inc. is a wholly-owned subsidiary of *Price Tower Arts Center, Inc.* The *Inn* has recurring losses from operations and is reliant upon the *Arts Center* to maintain operations. If the *Arts Center* decides to no longer support the *Inn*, this could severely limit the *Inn's* ability to continue as a going concern. During the 2009 and 2008 year, the *Inn* has struggled to meet its working capital needs and has entered into a line of credit with the Bank of Oklahoma for the purpose of making renovations. In 2008 management of the *Price Tower Arts Center, Inc.* felt that since the new management company of the *Inn at Price Tower, Inc.* had only been in place for the 2008 year, their performance could not be evaluated at that time. In 2010, *Price Tower Arts Center, Inc.* has taken over the management of the *Inn at Price Tower, Inc.* in order to allow the operations to become more cost effective. The results of this move will be reevaluated at the end of the December 31, 2010 year.

Note 17 - Subsequent Events

Subsequent events have been evaluated through April 29, 2010, the date on which the financial statements were available to be issued.