

PRICE TOWER ARTS CENTER, INC.

Consolidated Financial Statements and
Independent Auditor's Report
For the Year Ended December 31, 2010
With Comparative Totals as of
December 31, 2009

PRICE TOWER ARTS CENTER, INC.

December 31, 2010

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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, 2010, 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 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, 2010, 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

May 9, 2011

PRICE TOWER ARTS CENTER, INC.
Consolidated Statement of Financial Position
December 31, 2010
With Comparative Totals as of December 31, 2009

<u>ASSETS</u>	<u><i>Price Tower Arts Center, Inc.</i></u>	<u><i>Inn at Price Tower, Inc.</i></u>	<u>2010 Total</u>	<u>2009 Total (Memo)</u>
Current Assets:				
Cash and cash equivalents (Note 1)	\$ 69,832	4,895	74,727	58,481
Investments (Note 1)	6,769	-	6,769	5,973
Inventory (Note 6)	86,826	6,435	93,261	92,090
Accounts receivable	463	8,999	9,462	12,852
Employee advances	73	-	73	118
Prepaid exhibit rentals	15,000	-	15,000	2,000
Prepaid insurance and other expenses	21,985	1,656	23,641	32,306
Total current assets	<u>200,948</u>	<u>21,985</u>	<u>222,933</u>	<u>203,820</u>
Other Assets:				
Pledges receivable (Note 4)	44,593	-	44,593	62,099
Property and equipment (Note 2) net of accumulated depreciation	2,064,672	40,172	2,104,844	2,220,643
Bartlesville Community Foundation Endowment (Note 11)	31,553	-	31,553	24,780
Deposits	3,298	185	3,483	1,185
Total other assets	<u>2,144,116</u>	<u>40,357</u>	<u>2,184,473</u>	<u>2,308,707</u>
TOTAL ASSETS	<u><u>\$ 2,345,064</u></u>	<u><u>62,342</u></u>	<u><u>2,407,406</u></u>	<u><u>2,512,527</u></u>

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

PRICE TOWER ARTS CENTER, INC.
Consolidated Statement of Financial Position
December 31, 2010
With Comparative Totals as of December 31, 2009
(continued)

<u>LIABILITIES AND NET ASSETS</u>	<i>Price Tower Arts Center, Inc.</i>	<i>Inn at Price Tower, Inc.</i>	2010 Total	2009 Total (Memo)
Current Liabilities:				
Accounts payable	\$ 37,128	7,669	44,797	75,206
Accrued liabilities	20,157	14,380	34,537	39,813
Current portion of line of credit (Note 14)	-	21,520	21,520	22,651
Current portion of insurance note (Note 12)	8,502	-	8,502	8,502
Total current liabilities	<u>65,787</u>	<u>43,569</u>	<u>109,356</u>	<u>146,172</u>
Long-term Liabilities:				
Line of credit (Note 14)	-	100,496	100,496	120,099
TOTAL LIABILITIES	<u>65,787</u>	<u>144,065</u>	<u>209,852</u>	<u>266,271</u>
Net Assets:				
Unrestricted	2,251,777	(81,723)	2,170,054	2,222,865
Temporarily restricted (Note 3)	-	-	-	891
Permanently restricted (Note 1)	27,500	-	27,500	22,500
TOTAL NET ASSETS	<u>2,279,277</u>	<u>(81,723)</u>	<u>2,197,554</u>	<u>2,246,256</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,345,064</u>	<u>62,342</u>	<u>2,407,406</u>	<u>2,512,527</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, 2010
With Comparative Totals as of December 31, 2009

<u>PRICE TOWER ARTS CENTER, INC.</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2010 Total</u>	<u>2009 Total (Memo)</u>
SUPPORT AND REVENUE:					
Support:					
Contributions	\$ 1,251,873	17,043	5,000	1,273,916	1,422,285
In-kind contributions	18,490	-	-	18,490	42,590
Grant support	13,098	-	-	13,098	36,800
Total support	<u>1,283,461</u>	<u>17,043</u>	<u>5,000</u>	<u>1,305,504</u>	<u>1,501,675</u>
Revenue:					
Membership dues	32,176	-	-	32,176	26,724
Museum store sales	65,534	-	-	65,534	69,194
Admissions and class fees	28,338	-	-	28,338	25,052
Rental income	113,133	-	-	113,133	112,063
Special events	33,994	-	-	33,994	49,033
Interest and dividends	1,286	-	-	1,286	1,205
Miscellaneous income	3,023	-	-	3,023	908
Total revenue	<u>277,484</u>	<u>-</u>	<u>-</u>	<u>277,484</u>	<u>284,179</u>
Net assets released from restrictions:					
Restricted purpose fulfilled	17,934	(17,934)	-	-	-
TOTAL SUPPORT AND REVENUE	<u>1,578,879</u>	<u>(891)</u>	<u>5,000</u>	<u>1,582,988</u>	<u>1,785,854</u>
EXPENSES:					
Administrative expenses	481,092	-	-	481,092	489,588
Fundraising and development	196,376	-	-	196,376	238,737
Exhibitions and public programming	525,775	-	-	525,775	607,847
Building and grounds	339,667	-	-	339,667	368,443
TOTAL EXPENSES	<u>1,542,910</u>	<u>-</u>	<u>-</u>	<u>1,542,910</u>	<u>1,704,615</u>
GAINS AND LOSSES:					
Unrealized gain (loss) on investments	2,027	-	-	2,027	3,193
NET REVENUE OVER (UNDER) EXPENSES AND LOSSES	<u>37,996</u>	<u>(891)</u>	<u>5,000</u>	<u>42,105</u>	<u>84,432</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, 2010
With Comparative Totals as of December 31, 2009
(continued)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2010 Total</u>	<u>2009 Total (Memo)</u>
<i>INN AT PRICE TOWER, INC.</i>					
Restaurant revenue	\$ 241,782	-	-	241,782	103,673
Hotel revenue	76,095	-	-	76,095	286,990
Expenses	<u>(397,504)</u>	<u>-</u>	<u>-</u>	<u>(397,504)</u>	<u>(543,902)</u>
NET REVENUE OVER (UNDER) EXPENSES	<u>(79,627)</u>	<u>-</u>	<u>-</u>	<u>(79,627)</u>	<u>(153,239)</u>
CHANGES IN NET ASSETS BEFORE OTHER ADJUSTMENTS	<u>(41,631)</u>	<u>(891)</u>	<u>5,000</u>	<u>(37,522)</u>	<u>(68,807)</u>
OTHER ADJUSTMENTS:					
Collection acquisitions (Note 9)	<u>(11,180)</u>	<u>-</u>	<u>-</u>	<u>(11,180)</u>	<u>(25,506)</u>
Total other adjustments	<u>(11,180)</u>	<u>-</u>	<u>-</u>	<u>(11,180)</u>	<u>(25,506)</u>
TOTAL CHANGE IN NET ASSETS	<u>(52,811)</u>	<u>(891)</u>	<u>5,000</u>	<u>(48,702)</u>	<u>(94,313)</u>
Net assets, beginning 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>
Net assets, end of the year	<u>\$ 2,170,054</u>	<u>-</u>	<u>27,500</u>	<u>2,197,554</u>	<u>2,246,256</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, 2010
With Comparative Totals as of December 31, 2009

	2010	2009
Cash Flows from Operating Activities:		
Change in net assets	\$ (48,702)	(94,313)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	150,092	187,677
Unrealized (gain) loss on investments	(2,027)	(3,193)
Investment income (loss)	(542)	2,085
(Increase) decrease in operating assets:		
Accounts receivable	3,390	9,216
Employee advances	45	(88)
Pledges receivable	17,506	(11,508)
Inventory	(1,171)	17,325
Prepaid exhibit rentals	(13,000)	(369)
Prepaid insurance and other expenses	8,665	406
Increase (decrease) in operating liabilities:		
Accounts payable	(30,409)	(77,593)
Accrued liabilities	(5,276)	(9,095)
Net cash provided by operating activities	78,571	20,550
Cash Flows from Investing Activities:		
Purchase of furniture, equipment and building improvements	(34,293)	(42,327)
Purchase of stock	(5,000)	(12,500)
Utility and other deposits	(2,298)	2,848
Net cash used by investing activities	(41,591)	(51,979)

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, 2010
With Comparative Totals as of December 31, 2009
(continued)

	<u>2010</u>	<u>2009</u>
Cash Flows from Financing Activities:		
Proceeds from insurance note	\$ 19,196	19,283
Proceeds from line of credit	-	15,000
Payments on line of credit	(20,734)	(11,750)
Payments on insurance note	(19,196)	(17,507)
Net cash provided (used) by financing activities	<u>(20,734)</u>	<u>5,026</u>
Net increase (decrease) in cash	16,246	(26,403)
Cash, beginning of the year	<u>58,481</u>	<u>84,884</u>
Cash, end of the year (Note 1)	<u>\$ 74,727</u>	<u>58,481</u>
Interest:		
Total interest costs incurred	\$ <u>4,444</u>	<u>6,881</u>
Total interest costs capitalized	\$ <u>-</u>	<u>-</u>
Total interest costs expensed	<u>\$ 4,444</u>	<u>6,881</u>

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, 2010

With Comparative Totals as of December 31, 2009

Price Tower Arts Center, Inc.

	Exhibitions				Total	Inn at Price Tower, Inc.	2010 Total	2009 Total (Memo)
	Administrative Expenses	Fundraising and Development	Exhibitions and Public Programming	Building and Grounds				
Salaries	\$ 243,540	94,100	183,285	102,839	623,764	178,794	802,558	873,924
Employee benefits	31,841	1,977	16,287	11,122	61,227	3,870	65,097	75,842
Payroll taxes	19,197	7,042	15,421	8,159	49,819	17,431	67,250	70,251
Other taxes	318	-	-	-	318	-	318	0
Contract services	-	500	8,958	-	9,458	6,386	15,844	20,515
Advertising	130	-	20,848	-	20,978	1,972	22,950	25,145
Consulting and promotions	-	997	792	-	1,789	4,030	5,819	27,769
Programs and exhibits	11	-	51,695	-	51,706	-	51,706	83,325
Food and beverage expense	354	18,216	4,207	-	22,777	9,195	31,972	35,690
Utilities and telephone	43,219	5,186	55,321	69,151	172,877	8,856	181,733	165,765
Other expense	2,031	6,520	5,639	700	14,890	6,059	20,949	18,892
Insurance	9,706	798	11,015	10,643	32,162	8,947	41,109	46,435
Office supplies	13,661	59	483	-	14,203	1,421	15,624	16,802
Supplies and equipment	3,552	4,710	4,297	11,302	23,861	52,389	76,250	76,734
Printing and reproductions	520	13,847	18,984	-	33,351	364	33,715	33,298
Postage and delivery	7,387	3,248	3,121	-	13,756	124	13,880	12,953
Professional services	6,300	3,500	24,735	2,398	36,933	16,898	53,831	129,348
Rent	99	4,978	9,370	-	14,447	-	14,447	12,255
Conferences and travel	8,277	1,590	21,224	-	31,091	109	31,200	41,506
Dues and fees	9,769	150	2,434	-	12,353	26,851	39,204	35,784
Repair and maintenance	37	-	-	60,102	60,139	6,254	66,393	82,398
Security	5,549	967	7,103	8,878	22,497	-	22,497	22,607
Seminars and training	1,228	2,035	2,308	-	5,571	-	5,571	5,936
Special events	7	21,878	14,750	-	36,635	-	36,635	56,545
Cost of good sold	35,526	-	-	-	35,526	32,955	68,481	72,312
Damages and losses	4,850	-	-	-	4,850	439	5,289	18,809
Depreciation	33,983	4,078	43,498	54,373	135,932	14,160	150,092	187,677
Total	\$ 481,092	196,376	525,775	339,667	1,542,910	397,504	1,940,412	2,248,517

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

PRICE TOWER ARTS CENTER, INC.
Notes to the Consolidated Financial Statements
December 31, 2010

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, 2009, 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, 2010
(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, 2010 and 2009, *Price Tower Arts Center, Inc.* received donations of free or reduced costs for goods, advertising and printing valued at \$18,490 and \$42,590, 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 1,554 and 1,064 hours to the *Arts Center* for the years ended December 31, 2010 and 2009, 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, 2010
(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:

	2010	2009
Petty Cash	\$ 863	1,380
Arvest Bank		
<i>PTAC</i> Interest-bearing money market account	2,860	2,853
<i>PTAC</i> Non-interest-bearing checking account	37,084	45,977
<i>PTAC</i> Interest-bearing savings account	29,524	4,127
Total Arvest Bank (Note 7)	69,468	52,957
Bank of Oklahoma		
<i>Inn at Price Tower</i> Payroll Account	-	1,207
<i>Inn at Price Tower</i> Operator checking account	4,396	2,906
<i>Inn at Price Tower</i> Imprest account	-	31
Total Bank of Oklahoma	4,396	4,144
 Total cash	 \$ 74,727	 58,481

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, 2010
(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, 2010 and 2009 are as follows:

	December 31, 2010			December 31, 2009		
	Mutual Funds	Stock	Total	Mutual Funds	Stock	Total
Market value	\$ 6,769	-	6,769	5,973	-	5,973
Cost	6,178	-	6,178	6,021	-	6,021
Unrealized appreciation (depreciation)	\$ 591	-	591	(48)	-	(48)

PRICE TOWER ARTS CENTER, INC.

Notes to the Consolidated Financial Statements

December 31, 2010

(continued)

Note 2 - Property and Equipment

Assets recorded at cost:

	Assets		Accumulated Depreciation		Net Book Value
	Balance 1/1/10	Balance 12/31/10	Balance 1/1/10	Balance 12/31/10	
Equipment	\$ 245,319	253,213	219,323	231,360	21,853
Furniture and fixtures	113,140	117,421	80,140	89,178	28,243
Building and improvements	2,501,356	2,521,650	531,864	619,255	1,902,395
Hotel furniture, fixtures and equipment	805,008	799,630	612,853	647,277	152,353
Total, at cost	\$ 3,664,823	3,691,914	1,444,180	1,587,070	2,104,844

PRICE TOWER ARTS CENTER, INC.
Notes to the Consolidated Financial Statements
December 31, 2010
(continued)

Note 3 - Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2010 and 2009, of \$0 and \$891, 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, 2010 and 2009, the 30 year pledge is the only receivable that is being discounted. The unamortized discount on promises to give as of December 31, 2010 and 2009 is \$117,817 and \$120,201, respectively. Uncollectible promises are expected to be insignificant.

Pledges receivable are as follows:

	<u>2010</u>	<u>2009</u>
Receivables in one year or less	\$ 12,410	32,300
Receivables in two to thirty years	150,000	150,000
Less discounts to net present value	<u>(117,818)</u>	<u>(120,201)</u>
Pledges receivable at December 31	<u>\$ 44,592</u>	<u>62,099</u>

PRICE TOWER ARTS CENTER, INC.
Notes to the Consolidated Financial Statements
December 31, 2010
(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, 2010 and 2009, respectively, is \$7,743 and \$8,348. 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, 2010 and 2009. The balance of \$93,261 and \$92,090 at December 31, 2010 and 2009, respectively, includes food and beverage inventory of \$6,435 and \$4,689 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 2010 and 2009, respectively, per institution. At December 31, 2010 and 2009, 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. was managed independently of *Price Tower Arts Center, Inc.*, through March 31, 2010, and since has been managed by *Price Tower Arts Center, Inc.*

PRICE TOWER ARTS CENTER, INC.
Notes to the Consolidated Financial Statements
December 31, 2010
(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, 2010 and 2009, respectively, was \$2,860 and \$2,853.

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 \$1,099,342 and \$988,810 at December 31, 2010 and 2009, 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, 2010 and 2009, the interest rate was 4.0 percent.

As of December 31, 2010 and 2009, *Price Tower Arts Center, Inc.* has an accounts receivable from the *Inn at Price Tower, Inc.* of \$53,131 and \$31,092, respectively.

As of December 31, 2010 and 2009, the *Price Tower Arts Center, Inc.* has an account payable to the *Inn at Price Tower, Inc.* of \$7,694 and \$3,508, respectively.

These amounts have been eliminated by consolidating entries at December 31, 2010 and 2009 and are not shown on the Statement of Financial Position.

PRICE TOWER ARTS CENTER, INC.
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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 2010 and 2009 *Price Tower Arts Center, Inc.* contributed an additional \$5,000 and \$12,500, 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, 2010 and 2009 is \$59,354 and \$50,772, respectively.

Note 12 - Insurance Note

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.

In August 2010, *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 \$2,183.21, with an interest rate of 6.50%. The principal balance at December 31, 2010 of \$8,502 is considered current and reflected as a current liability in the statement of financial position.

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Note 13 - Concentration Risk

Price Tower Arts Center, Inc. receives a substantial amount of support from one family and one foundation. This support represents 77% of total contributions for the year ended December 31, 2010, and 83% for the year ended December 31, 2009. 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 14 - 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 \$122,016 and \$142,750 in 2010 and 2009, 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% and 3.21% as of December 31, 2010 and 2009, respectively. The line of credit will be amortized over seven years. The principal payments for the next five years are as follows:

2011	\$ 21,520
2012	22,271
2013	23,005
2014	23,754
2015	24,528
Thereafter	6,938

PRICE TOWER ARTS CENTER, INC.
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Note 15 - *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. The *Inn* has struggled to meet its working capital needs and entered into a line of credit with the Bank of Oklahoma for the purpose of making renovations. Effective April 1, 2010, *Price Tower Arts Center, Inc.* has taken over the management of the *Inn at Price Tower, Inc.* which has allowed the operations to become more cost effective. The results of this move will be reevaluated during 2011.

Note 16 - Subsequent Events

Subsequent events have been evaluated through May 9, 2011, the date on which the financial statements were available to be issued.