

TULSA HISTORICAL SOCIETY

Financial Statements

Years Ended December 31, 2016 and 2015

With

Independent Auditor's Report

TULSA HISTORICAL SOCIETY

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Independent Auditor's Report

Board of Directors
Tulsa Historical Society

Report on the Financial Statements

We have audited the accompanying financial statements of Tulsa Historical Society, which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tulsa Historical Society as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

MORSE & CO., PLLC

Tulsa, Oklahoma
November 29, 2017

**TULSA HISTORICAL SOCIETY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015**

ASSETS

	2016	2015
Cash and cash equivalents	\$ 293,976	\$ 410,972
Inventory	11,676	3,549
Prepaid expenses	3,759	4,706
Pledges receivable	460,986	522,026
Beneficial interest in assets held by Tulsa Community Foundation	1,005,230	988,546
Property and equipment, net	7,554,122	7,722,251
Cash - restricted	522,641	497,965
Total assets	\$ 9,852,390	\$ 10,150,015

NET ASSETS

Unrestricted	\$ 9,265,756	\$ 9,588,057
Temporarily restricted	522,641	497,965
Permanently restricted	63,993	63,993
Total net assets	9,852,390	10,150,015

See independent auditor's report and accompanying notes to financial statements.

**TULSA HISTORICAL SOCIETY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support and revenue				
Memberships	\$ 75,312	\$ -	\$ -	\$ 75,312
Merchandise sales	18,984	-	-	18,984
Admissions	6,127	-	-	6,127
Museum donations	837	-	-	837
Tour sales	14,190	-	-	14,190
Contributions and grants	172,237	120,000	-	292,237
Special events	213,600	-	-	213,600
Interest	13,200	-	-	13,200
Rents	59,032	-	-	59,032
Realized gain on investments, net	22,966	4,858	-	27,824
Unrealized gain on investments	29,304	-	-	29,304
Other	4,134	-	-	4,134
Net assets released from restrictions				
Satisfaction of program restrictions	100,182	(100,182)	-	-
Total public support and revenue	<u>730,105</u>	<u>24,676</u>	<u>-</u>	<u>754,781</u>
Expenses				
Program services	875,914	-	-	875,914
General and administrative	76,855	-	-	76,855
Fundraising	99,637	-	-	99,637
Total expenses	<u>1,052,406</u>	<u>-</u>	<u>-</u>	<u>1,052,406</u>
Changes in net assets	<u>(322,301)</u>	<u>24,676</u>	<u>-</u>	<u>(297,625)</u>
Net assets, beginning of year	<u>9,588,057</u>	<u>497,965</u>	<u>63,993</u>	<u>10,150,015</u>
Net assets, end of year	<u>\$ 9,265,756</u>	<u>\$ 522,641</u>	<u>\$ 63,993</u>	<u>\$ 9,852,390</u>

See independent auditor's report and accompanying notes to financial statements.

**TULSA HISTORICAL SOCIETY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support and revenue				
Memberships	\$ 65,727	\$ -	\$ -	\$ 65,727
Merchandise sales	24,298	-	-	24,298
Admissions	8,596	-	-	8,596
Museum donations	1,614	-	-	1,614
Tour sales	13,275	-	-	13,275
Contributions and grants	131,511	105,000	-	236,511
Special events	255,174	-	-	255,174
Interest	15,969	-	-	15,969
Rents	59,433	-	-	59,433
Realized gain on investments, net	90,617	-	-	90,617
Unrealized loss on investments	(134,527)	-	-	(134,527)
Other	1,384	-	-	1,384
Net assets released from restrictions				
Satisfaction of program restrictions	70,951	(70,951)	-	-
Total public support and revenue	<u>604,022</u>	<u>34,049</u>	<u>-</u>	<u>638,071</u>
Expenses				
Program services	919,216	-	-	919,216
General and administrative	67,720	-	-	67,720
Fundraising	119,113	-	-	119,113
Total expenses	<u>1,106,049</u>	<u>-</u>	<u>-</u>	<u>1,106,049</u>
Changes in net assets	<u>(502,027)</u>	<u>34,049</u>	<u>-</u>	<u>(467,978)</u>
Net assets, beginning of year	<u>10,090,084</u>	<u>463,916</u>	<u>63,993</u>	<u>10,617,993</u>
Net assets, end of year	<u>\$ 9,588,057</u>	<u>\$ 497,965</u>	<u>\$ 63,993</u>	<u>\$ 10,150,015</u>

See independent auditor's report and accompanying notes to financial statements.

**TULSA HISTORICAL SOCIETY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
Operating activities		
Change in net assets	\$ (297,625)	\$ (467,978)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Depreciation	236,469	237,792
Unrealized (gain) loss on investments	(29,304)	134,527
Realized (gain) loss on investments	(27,824)	(96,896)
Changes in assets and liabilities		
Inventory	(8,127)	168
Prepaid expenses	947	38
Pledges receivable	61,040	72,280
Net cash provided by (used for) operating activities	<u>(64,424)</u>	<u>(120,069)</u>
Investing activities		
Proceeds from sale of investments	446,024	856,766
Purchases of investments	(405,580)	(812,385)
Purchases of property and equipment	(68,340)	(61,288)
Net cash provided by (used for) investing activities	<u>(27,896)</u>	<u>(16,907)</u>
Net change in cash and cash equivalents	(92,320)	(136,976)
Cash and cash equivalents, beginning of year	<u>908,937</u>	<u>1,045,913</u>
Cash and cash equivalents, end of year	<u>\$ 816,617</u>	<u>\$ 908,937</u>

See independent auditor's report and accompanying notes to financial statements.

TULSA HISTORICAL SOCIETY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016

	Program Services	General and Administrative	Fundraising	Total
Employee salaries	\$ 264,639	\$ 33,575	\$ 33,575	\$ 331,789
Employee benefits	35,576	5,371	5,371	46,318
Payroll taxes	19,685	2,599	2,599	24,883
Specific project	13,974	-	-	13,974
Hall of Fame	-	-	46,572	46,572
Other fundraising expense	-	-	4,170	4,170
Insurance	44,580	910	-	45,490
Utilities	64,346	1,313	-	65,659
Exhibit expense	27,493	-	-	27,493
Maintenance and repairs	73,891	1,508	-	75,399
Printing and copying	14,426	-	-	14,426
Accounting and payroll services	4,527	13,580	-	18,107
Rental expense, Tulsa Garden Center	15,605	-	-	15,605
Communications	4,459	495	-	4,954
Postage and delivery	5,113	-	-	5,113
Office expense	6,185	687	-	6,872
Archive expense	9,046	-	-	9,046
Bank and credit card fees	869	896	869	2,634
Contract labor	6,108	-	-	6,108
Advertising	-	-	1,225	1,225
Bus tour	11,269	-	-	11,269
Merchandise	-	-	5,256	5,256
Computer software	-	10,735	-	10,735
Other	22,383	457	-	22,840
	<u>644,174</u>	<u>72,126</u>	<u>99,637</u>	<u>815,937</u>
Depreciation	<u>231,740</u>	<u>4,729</u>	<u>-</u>	<u>236,469</u>
Total expenses	<u>\$ 875,914</u>	<u>\$ 76,855</u>	<u>\$ 99,637</u>	<u>\$ 1,052,406</u>

See independent auditor's report and accompanying notes to financial statements.

TULSA HISTORICAL SOCIETY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015

	Program Services	General and Administrative	Fundraising	Total
Employee salaries	\$ 265,232	\$ 33,668	\$ 33,668	\$ 332,568
Employee benefits	35,025	5,284	5,284	45,593
Payroll taxes	19,969	2,644	2,644	25,257
Specific project	37,832	-	-	37,832
Hall of Fame	-	-	57,347	57,347
Other fundraising expense	-	-	1,627	1,627
Insurance	41,097	839	-	41,936
Utilities	68,083	1,389	-	69,472
Exhibit expense	35,468	-	-	35,468
Maintenance and repairs	80,104	1,635	-	81,739
Printing and copying	12,643	-	-	12,643
Accounting and payroll services	3,853	11,558	-	15,411
Rental expense, Tulsa Garden Center	13,950	-	-	13,950
Communications	4,343	483	-	4,827
Postage and delivery	4,634	-	-	4,634
Office expense	5,207	579	-	5,785
Archive expense	12,445	-	-	12,445
Bank and credit card fees	943	972	943	2,858
Contract labor	5,475	-	-	5,475
Advertising	-	-	681	681
Bus tour	10,470	-	-	10,470
Merchandise	-	-	16,919	16,919
Computer software	-	3,314	-	3,314
Other	29,407	599	-	30,006
	<u>686,180</u>	<u>62,964</u>	<u>119,113</u>	<u>868,257</u>
Depreciation	<u>233,036</u>	<u>4,756</u>	<u>-</u>	<u>237,792</u>
Total expenses	<u>\$ 919,216</u>	<u>\$ 67,720</u>	<u>\$ 119,113</u>	<u>\$ 1,106,049</u>

See independent auditor's report and accompanying notes to financial statements.

**TULSA HISTORICAL SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

Tulsa Historical Society (the Society) is a private, nonprofit organization chartered under the laws of the State of Oklahoma. The Society is dedicated to fostering interest in the history, culture, growth, and development of Oklahoma and of the greater Tulsa metropolitan area.

The Society's collection of historical items is extensive and includes fine arts, decorative arts, textiles, photographs, printed materials, videos, lists, maps, and directories. The collection is protected, cared for, and preserved by professionals. The collection is held for exhibition to the public and for educational and research purposes and is not held for financial gain.

In December, 1997, with significant help from the Tulsa Tribune Foundation, the Society acquired a residence at 1347 East 25th Street in Tulsa known as the Samuel Travis Mansion, which is now the home of the Society's collections and administrative offices.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Society and changes therein are classified and reported as follows:

Unrestricted

Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted

Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Society and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted

Net assets subject to donor-imposed stipulations that they be maintained permanently by the Society.

Fair Value Measurements

The Society has determined the fair value of certain assets and liabilities. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Society employs valuation techniques which maximize the use of observable inputs and minimize the use of unobservable inputs.

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**TULSA HISTORICAL SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

Assets and liabilities stated at fair value are categorized using a hierarchy which prioritizes the valuation inputs into three broad levels based on the quality of the inputs used. Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset or liability. Level 3 inputs are unobservable inputs related to the asset or liability.

The Organization estimates the fair value for the pledge contribution receivable from a beneficial interest in a charitable trust by using an income approach based on calculating the present value of the future distributions expected to be received. This approach takes into account the Society's determination of an appropriate risk-adjusted yield rate determined by the U.S. Treasury Securities yield rate (1.80% and 2.20%, respectively for each trust as of December 31, 2016.) The Society measures the fair value of its beneficial interest in a charitable trust annually and adjusts the measurement inputs based on statements received from the trustee, market conditions, and other relevant data.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Society considers all highly-liquid investments with an initial maturity of three months or less to be cash equivalents.

Inventories

Inventory is stated at lower-of-cost-or-market, and is determined by the first-in, first-out method. Inventory consists primarily of printed books, maps, and videos held for sale.

Property and Equipment

Property and equipment are capitalized at cost. The straight-line depreciation method is used for all assets. The Society follows the practice of capitalizing expenditures for property and equipment in excess of \$2,000 with a useful life of more than one year, although a formal policy was not adopted as of December 31, 2016.

The Society records impairments to its fixed assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated lives. Impairments are recorded to reduce the carrying value of the assets to their estimated fair values determined by the Society based on facts and circumstances in existence at the time of the determination, estimates of probable future economic conditions, and other information. No impairments were recorded in 2016 and 2015.

(Continued)

**TULSA HISTORICAL SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Collections

The collections, which were acquired through purchases and contributions since the Society's inception, are not recognized as assets on the statements of financial position. Purchases of collection items are recorded as decreases in unrestricted net assets in the year in which the items are acquired, or as temporarily or permanently restricted net assets if the assets used to purchase the items are restricted by donors. Contributed collection items are not reflected on the financial statements. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes. During 2016 and 2015 there were no collections acquired.

Income Taxes

The Society is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code; therefore, no provision or liability for income taxes has been included in the financial statements. The Society has been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions.

The Society has evaluated if there are any uncertain tax positions. No uncertain tax positions were identified. The Society had no accrued interest or penalties relating to any tax contingencies. Federal tax returns of the Society for the years ended December 31, 2013, through December 31, 2016, are subject to examination by the Internal Revenue Service. Any tax, penalty, or interest which might result from an examination will be included in operating expense, if incurred.

Volunteer Hours

In 2016 and 2015, Tulsa Historical Society Guardian Volunteer Corps donated time as speakers, docents, greeters, and program development aids. The total volunteer hours were 6,061 and 5,851 for the years ended December 31, 2016 and 2015, respectively. These hours and their related value do not meet the requirements for recognition in the financial statements.

Estimates

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

Functional Expenses

Expenses have been classified by specific functions where ascertainable. Those expenses which cannot be specifically identified by function type have been allocated to functions based on management's best estimate of usage.

(Continued)

**TULSA HISTORICAL SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The Society has evaluated subsequent events through November 29, 2017, the date the financial statements were available to be issued.

NOTE 2 - BENEFICIAL INTEREST IN ASSETS HELD BY TULSA COMMUNITY FOUNDATION

During 2001, the Society transferred the initial contribution of trust investments to the Tulsa Community Foundation (the Foundation) and named itself the beneficiary. The Society executed an "Agency Fund Agreement" with the Foundation, creating an agency fund. The Board of Trustees of the Foundation shall have the power to modify any restriction or condition on distributions from the agency fund for any specific charitable purposes or to specific organizations if, in the sole judgment of the Board of Trustees, the restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs served by the Foundation. All contributions to this fund shall be irrevocable once accepted by the Foundation. These funds have been recorded as an asset at fair market value.

The funds held by the Foundation represent the Society's only endowment, which includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Society's Board of Directors (the Board) interprets the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds (the Fund), absent explicit donor stipulations to the contrary. As a result, the Society classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the Fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

It is the intent of the Society that a portion of the Fund be used as a reserve to fund general operating expenses of the Society if necessary. The remaining portion of the Fund is to be used as a permanent endowment to further the purposes of the Society.

The Society has adopted investment policies for endowment assets that attempt to protect and grow the assets of the Fund. The assets of the Fund are money market securities.

(Continued)

TULSA HISTORICAL SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

**NOTE 2 - BENEFICIAL INTEREST IN ASSETS HELD BY TULSA COMMUNITY FOUNDATION
(CONTINUED)**

The composition of beneficial interest in assets held by the Foundation by fund type as of December 31, 2016 and 2015, respectively, is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
December 31, 2016				
Donor-restricted endowment funds	\$ -	\$ -	\$ 63,993	\$ 63,993
Board-designated endowment funds	941,237	-	-	941,237
	<u>\$ 941,237</u>	<u>\$ -</u>	<u>\$ 63,993</u>	<u>\$ 1,005,230</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
December 31, 2015				
Donor-restricted endowment funds	\$ -	\$ -	\$ 63,993	\$ 63,993
Board-designated endowment funds	924,553	-	-	924,553
	<u>\$ 924,553</u>	<u>\$ -</u>	<u>\$ 63,993</u>	<u>\$ 988,546</u>

Changes in the beneficial interest in assets held by the Foundation for the years ending December 31, 2016 and 2015, are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, January 1, 2015	\$ 1,006,565	\$ -	\$ 63,993	\$ 1,070,558
Investment return				
Net realized and unrealized appreciation	(29,287)	-	-	(29,287)
Distributions	(52,725)	-	-	(52,725)
Endowment net assets, December 31, 2015	924,553	-	63,993	988,546
Investment return				
Net realized and unrealized appreciation	74,594	-	-	74,594
Distributions	(57,910)	-	-	(57,910)
Endowment net assets, December 31, 2016	<u>\$ 941,237</u>	<u>\$ -</u>	<u>\$ 63,993</u>	<u>\$ 1,005,230</u>

(Continued)

**TULSA HISTORICAL SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 2 - BENEFICIAL INTEREST IN ASSETS HELD BY TULSA COMMUNITY FOUNDATION
(CONTINUED)**

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Society to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in unrestricted net assets. There were no such deficiencies as of December 31, 2016 and 2015.

Return Objectives and Risk Parameters

The Society has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed savings accounts while assuming a low level of investment risk.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Society has a policy of appropriating its endowment fund for distribution as needed. Distribution requires an affirmative vote of two-thirds of the Board of Directors of the Society. In establishing this policy, the Society considered the long-term expected return on its endowment. Accordingly, over the long term, the Society expects the current spending policy to allow its endowment to grow. This is consistent with the Society's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through gifts and investment return.

NOTE 3 - FAIR VALUE MEASUREMENTS

	Fair Value Measurements Using		
	Quoted Prices in Active Markets of Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2016			
Beneficial interest in assets held by Tulsa Community Foundation	\$ -	\$ 1,005,230	\$ -
Pledges receivable - beneficial interest in charitable trust	-	-	460,986
Total	<u>\$ -</u>	<u>\$ 1,005,230</u>	<u>\$ 460,986</u>

(Continued)

**TULSA HISTORICAL SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

	Fair Value Measurements Using		
	Quoted Prices in Active Markets of Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2015			
Beneficial interest in assets held by Tulsa Community Foundation	\$ -	\$ 988,546	\$ -
Pledges receivable - beneficial interest in charitable trust	-	-	522,026
Total	\$ -	\$ 988,546	\$ 522,026

The beneficial interest in assets held by Tulsa Community Foundation is valued using quoted market prices of the underlying securities that comprise the interest.

The following is a reconciliation of activity for the years ended December 31, 2016 and 2015, for assets measured at fair value based upon significant unobservable (non-market) information:

	2016	2015
Balance, beginning of year	\$ 522,026	\$ 594,306
Pledges collected	(61,040)	(72,280)
Change in allowance for uncollectible pledges	-	-
Balance, end of year	\$ 460,986	\$ 522,026

(Continued)

**TULSA HISTORICAL SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment are as follows:

	<u>2016</u>	<u>2015</u>
Buildings	\$ 5,060,743	\$ 5,036,522
Travis Mansion	3,694,853	3,694,853
Land	512,251	512,251
West lawn including Five Moons	619,702	619,702
Furniture and equipment	293,556	249,437
Exhibit equipment	123,286	123,286
Cemetery Fence	24,900	24,900
	<u>10,329,291</u>	<u>10,260,951</u>
Accumulated depreciation	<u>(2,775,169)</u>	<u>(2,538,700)</u>
Property and equipment, net	<u>\$ 7,554,122</u>	<u>\$ 7,722,251</u>

Depreciation expense for the years ended December 31, 2016 and 2015, was \$236,469 and \$237,792, respectively.

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2016</u>	<u>2015</u>
Dunn family endowment	\$ 210,967	\$ 210,967
Travis Mansion restoration and maintenance	166,858	191,080
Jewish oil men film	50,000	-
Archive department	49,557	34,068
Children's education	33,079	23,897
Voices of History Gallery	10,000	10,000
Art deco project	1,000	1,000
1921 Race Riot Computer Application	954	1,953
Exhibitions	226	25,000
Total	<u>\$ 522,641</u>	<u>\$ 497,965</u>

(Continued)

**TULSA HISTORICAL SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

The following net assets were released from donor restrictions by incurring expenses satisfying the restrictions:

	2016	2015
Archive department	\$ 44,511	\$ 5,932
Exhibitions	24,774	-
Travis Mansion restoration and maintenance	24,222	55,869
1921 Race Riot Computer Application	999	3,047
Children's education	818	6,103
Time-restricted endowment earnings appropriated for expenditure	4,858	-
Total	\$ 100,182	\$ 70,951

NOTE 6 - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are restricted as investments in perpetuity and are included in the beneficial interest in assets held by a Foundation. The restrictions specified by donors, allow for the income to be used for general operations of the Organization. The balance consists of the following at December 31:

	2016	2015
Beneficial interest in assets	\$ 63,993	\$ 63,993

NOTE 7 - CONCENTRATIONS OF CREDIT RISK

The Society may be subject to credit risk related to its cash and cash equivalents, which are placed with high quality financial institutions. From time to time, the Society may have amounts on deposit in excess of the Federal Deposit Insurance Corporation (FDIC) limits. Management believes the Society is not exposed to any significant credit risk on cash and cash equivalents, nor has it experienced any losses.

Pledges receivable is made up of a single donor. Management believes the risk related to this receivable is minimal and is fully collectible.

NOTE 8 - RETIREMENT PLAN

The Society sponsors a SIMPLE IRA plan covering eligible employees and matches up to 3% of employee contributions to the plan. During 2016 and 2015, the Society contributed \$9,982 and \$9,291, respectively, to the plan.