

**TULSA HISTORICAL SOCIETY**  
Financial Statements  
Years Ended December 31, 2021 and 2020  
With  
Independent Auditor's Report



**TULSA HISTORICAL SOCIETY**

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## Independent Auditor's Report

Board of Directors  
Tulsa Historical Society

### **Opinion**

We have audited the accompanying financial statements of Tulsa Historical Society (THS), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, 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.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Tulsa Historical Society, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Tulsa Historical Society's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that,

individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Tulsa Historical Society's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Tulsa Historical Society's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matter, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

MORSE & CO., PLLC

Tulsa, Oklahoma  
August 23, 2022

**TULSA HISTORICAL SOCIETY**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2021 AND 2020**

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**ASSETS**

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 227,077	\$ 137,279
Inventory	6,311	6,887
Pledges receivable - restricted	141,860	229,614
Beneficial interest in assets held by Tulsa Community Foundation	1,484,274	1,321,309
Property and equipment, net	6,405,750	6,636,756
Cash and cash equivalents - restricted	353,560	454,612
Total assets	<u>\$ 8,618,832</u>	<u>\$ 8,786,457</u>

**LIABILITIES AND NET ASSETS**

Liabilities		
Deferred memberships	\$ 40,040	\$ 25,530
Deferred rent revenue	3,054	-
Total liabilities	<u>43,094</u>	<u>25,530</u>
Net assets		
Net assets without donor restrictions	8,016,325	8,012,708
Net assets with donor restrictions	559,413	748,219
Total net assets	<u>8,575,738</u>	<u>8,760,927</u>
Total liabilities and net assets	<u>\$ 8,618,832</u>	<u>\$ 8,786,457</u>

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

**TULSA HISTORICAL SOCIETY**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue			
Special events	\$ 253,478	\$ -	\$ 253,478
Contributions and grants	181,491	16,549	198,040
Realized gain on investments, net of investment advisory fees of \$7,784	165,502	9,520	175,022
PPP loan forgiveness	81,515	-	81,515
Memberships	70,547	-	70,547
Unrealized gain on investments	48,418	-	48,418
Rents	28,714	-	28,714
Photo Sales	28,626	-	28,626
Merchandise sales	21,092	-	21,092
Tour sales	8,008	-	8,008
Admissions	6,557	-	6,557
Other	1,600	-	1,600
Museum donations	1,450	-	1,450
Interest	227	-	227
Net assets released from restrictions			
Satisfaction of program restrictions	214,875	(214,875)	-
Total public support and revenue	<u>1,112,100</u>	<u>(188,806)</u>	<u>923,294</u>
Expenses			
Program services	886,506	-	886,506
General and administrative	125,921	-	125,921
Fundraising	96,055	-	96,055
Total expenses	<u>1,108,483</u>	<u>-</u>	<u>1,108,483</u>
Change in net assets	<u>3,617</u>	<u>(188,806)</u>	<u>(185,189)</u>
Net assets, beginning of year	<u>8,012,708</u>	<u>748,219</u>	<u>8,760,927</u>
Net assets, end of year	<u>\$ 8,016,325</u>	<u>\$ 559,413</u>	<u>\$ 8,575,738</u>

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

**TULSA HISTORICAL SOCIETY**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue			
Special events	\$ 129,306	\$ -	\$ 129,306
Unrealized gain on investments	109,553	-	109,553
Memberships	91,283	-	91,283
Contributions and grants	80,069	8,445	88,514
PPP loan forgiveness	87,500	-	87,500
Grants	84,667	-	84,667
Realized gain on investments, net of investment advisory fees of \$5,943	64,809	-	64,809
Rents	16,815	-	16,815
Photo Sales	13,530	-	13,530
Merchandise sales	3,712	-	3,712
Admissions	2,531	-	2,531
Other	1,385	-	1,385
Interest	634	-	634
Museum donations	484	-	484
Tour sales	50	-	50
Net assets released from restrictions			-
Satisfaction of program restrictions	92,849	(92,849)	-
Total public support and revenue	<u>779,177</u>	<u>(84,404)</u>	<u>694,773</u>
Expenses			
Program services	839,361	-	839,361
General and administrative	81,649	-	81,649
Fundraising	52,751	-	52,751
Total expenses	<u>973,761</u>	<u>-</u>	<u>973,761</u>
Change in net assets	<u>(194,584)</u>	<u>(84,404)</u>	<u>(278,988)</u>
Net assets, beginning of year	<u>8,207,292</u>	<u>832,623</u>	<u>9,039,915</u>
Net assets, end of year	<u>\$ 8,012,708</u>	<u>\$ 748,219</u>	<u>\$ 8,760,927</u>

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

**TULSA HISTORICAL SOCIETY**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Operating activities		
Change in net assets	\$ (185,189)	\$ (278,988)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Depreciation	231,006	232,383
Unrealized (gain) loss on investments	(48,418)	(109,553)
Realized (gain) on investments, net	(172,395)	(64,809)
Gain on forgiveness of PPP loan	(81,515)	(87,500)
Changes in assets and liabilities		
Inventory	576	872
Pledges receivable - restricted	87,754	63,963
Accounts payable	-	(2,000)
Deferred revenue	17,564	(21,396)
Net cash provided by (used for) operating activities	<u>(150,617)</u>	<u>(267,028)</u>
Investing activities		
Proceeds from sale of investments	-	-
Disbursements	57,848	56,967
Net cash provided by (used for) investing activities	<u>57,848</u>	<u>56,967</u>
Financing activities		
Proceeds from PPP loan	81,515	87,500
Net cash provided by (used for) investing activities	<u>81,515</u>	<u>87,500</u>
Net change in cash and cash equivalents	(11,254)	(122,561)
Cash and cash equivalents, beginning of year	<u>591,891</u>	<u>714,452</u>
Cash and cash equivalents, end of year	<u>\$ 580,637</u>	<u>\$ 591,891</u>

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



**TULSA HISTORICAL SOCIETY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2021**

	Program Services	General and Administrative	Fundraising	Total
Employee salaries	\$ 279,802	\$ 34,767	\$ 34,767	\$ 349,336
Maintenance and repairs	73,414	1,498	-	74,912
Employee benefits	45,144	6,882	6,882	58,907
Utilities	53,129	1,084	-	54,213
Hall of Fame	-	-	48,858	48,858
Insurance	46,592	951	-	47,543
Bad debt	-	41,265	-	41,265
Specific project	38,484	-	-	38,484
Payroll taxes	20,785	2,773	2,773	26,331
Accounting and payroll services	5,946	17,839	-	23,785
Printing and copying	17,673	361	-	18,034
Rental expense, Tulsa Garden Center	15,295	-	-	15,295
Merchandise	14,325	-	-	14,325
Computer software	-	10,881	-	10,881
Exhibit expense	9,910	-	-	9,910
Archive expense	7,681	-	-	7,681
Communications	5,832	648	-	6,480
Bus tour	6,471	-	-	6,471
Office expense	4,824	536	-	5,360
Bank and credit card fees	1,500	1,546	1,500	4,546
Other	4,221	86	-	4,307
Postage and delivery	2,967	61	-	3,028
Dues and subscriptions	2,279	47	-	2,325
Meetings	1,989	41	-	2,030
Licenses and permits	1,627	33	-	1,660
Other fundraising expense	-	-	1,252	1,252
Travel and entertainment	229	5	-	234
Advertising	-	-	24	24
	<u>660,120</u>	<u>121,301</u>	<u>96,055</u>	<u>877,477</u>
Depreciation	<u>226,386</u>	<u>4,620</u>	<u>-</u>	<u>231,006</u>
Total expenses	<u>\$ 886,506</u>	<u>\$ 125,921</u>	<u>\$ 96,055</u>	<u>\$ 1,108,483</u>

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

**TULSA HISTORICAL SOCIETY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2020**

	Program Services	General and Administrative	Fundraising	Total
Employee salaries	\$ 271,577	\$ 34,354	\$ 34,354	\$ 340,285
Maintenance and repairs	65,832	1,344	-	67,176
Utilities	58,535	1,195	-	59,730
Employee benefits	41,437	6,296	6,296	54,030
Insurance	45,544	929	-	46,473
Payroll taxes	19,805	2,618	2,618	25,041
Accounting and payroll services	6,124	18,371	-	24,494
Exhibit expense	21,195	-	-	21,195
Specific project	20,441	-	-	20,441
Rental expense, Tulsa Garden Center	16,295	-	-	16,295
Printing and copying	14,091	288	-	14,379
Computer software	-	9,414	-	9,414
Archive expense	8,103	-	-	8,103
Other	6,187	99	-	6,286
Communications	5,578	620	-	6,198
Hall of Fame	-	-	5,632	5,632
Office expense	3,870	430	-	4,300
Merchandise	3,420	-	-	3,420
Bank and credit card fees	962	991	962	2,914
Postage and delivery	2,629	54	-	2,683
Curator's circle	-	-	1,975	1,975
Advertising	-	-	612	612
Other fundraising expense	-	-	302	302
	<u>611,625</u>	<u>77,002</u>	<u>52,751</u>	<u>741,378</u>
Depreciation	<u>227,736</u>	<u>4,647</u>	<u>-</u>	<u>232,383</u>
Total expenses	<u>\$ 839,361</u>	<u>\$ 81,649</u>	<u>\$ 52,751</u>	<u>\$ 973,761</u>

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Description of Organization***

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

THS'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, THS acquired a residence at 1347 East 25th Street in Tulsa known as the Samuel Travis Mansion, which is now the home of THS'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 THS and changes therein are classified and reported as follows:

***Net Assets Without Donor Restrictions*** - Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.

***Net Assets With Donor Restrictions*** - Net assets subject to donor-imposed restrictions which can be fulfilled, either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions in the period such restrictions are satisfied and reported in the statement of activities as net assets released from restrictions. Payments that are received in advance for future program services are not recognized as net assets with donor restrictions due to their deferred nature. The recognition of revenue will occur simultaneously with the release of the restricted purpose.

Contributions received with donor-imposed restrictions are recorded as unrestricted if the restrictions are met within the same period. Contributions for which restrictions are not met in the same period are recognized as temporarily restricted. All contributions are considered available for unrestricted use unless specifically restricted by the donor or subject to other legal restrictions.

***Fair Value Measurements***

THS 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. THS employs valuation techniques which maximize the use of observable inputs and minimize the use of unobservable inputs.

(Continued)

**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.

***Cash and Cash Equivalents***

For purposes of the statement of cash flows, THS considers all highly-liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents include donor restricted deposits that are readily available.

***Pledges Receivable***

THS has elected the fair value option for valuing the pledge receivable from a beneficial interest in a charitable trust. The fair value option was chosen to measure pledges in order to mitigate volatility in reported changes in net assets. THS reevaluates the fair value of its beneficial interest in a charitable trust annually and adjusts the measurement based on statements and schedules received from the trust officer and other relevant data. During 2021, management became aware that amounts recorded related to the initial trust documents were no longer accurate. Based on the information received in 2021, management wrote off a portion of the trust through an allowance to bad debt expense. The adjusted balance now represents the updated fair value as provided by the trust officer. No allowance for uncollectable pledges was deemed necessary as of December 31, 2021 and 2020.

***Inventories***

Inventory is stated at lower-of-cost or net-realizable-value, 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. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Lives range from three to fifty years. Depreciation expense is then allocated to the respective programs based on usage.

Additions and improvements that extend the useful lives of assets are capitalized. Expenditures for repairs and maintenance are expensed as incurred. THS 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, 2021.

(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Property and Equipment (Continued)***

THS 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 THS 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 2021 and 2020.

***Collections***

The collections, which were acquired through purchases (Tulsa Four and Beryl Ford Collection) and contributions since THS's inception, are not recognized as assets in the statements of financial position. Purchases of collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired, or net assets with donor restrictions (Bobbye Potter purchase of art deco items) 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 2021 and 2020 there were no collections acquired.

***Income Taxes***

THS 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. THS has been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions.

THS has evaluated if there are any uncertain tax positions. No uncertain tax positions were identified. THS had no accrued interest or penalties relating to any tax contingencies. Federal tax returns of THS for the years ended December 31, 2018, through December 31, 2020 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***

Tulsa Historical Society Guardian Volunteer Corps donated time as speakers, docents, greeters, and program development aids. The total volunteer hours were 3,457 and 1,968 for the years ended December 31, 2021 and 2020, 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 generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Revenue Recognition***

The FASB issued ASU 2018-08, Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made, which clarifies when a transaction should be accounted for as a contribution or exchange transaction. THS adopted ASU 2018-08 under the modified prospective approach. The adoption of ASU 2018-08 did not materially impact the financial statements.

Contributions are recorded when the donor makes a promise to give to THS that is, in substance, unconditional. Donor-restricted contributions are reported as net assets with donor restrictions depending on the nature of the restrictions. All contributions are considered available for unrestricted use unless specifically restricted by the donor or subject to other legal restrictions.

THS recognizes contributions after analyzing each agreement and performing the following procedures:

- 1) Determine whether the transaction is an exchange or contribution.
- 2) Identify any donor-imposed conditions or restrictions regarding its use.
- 3) Distinguish between barriers and donor-imposed restrictions.
- 4) Conclude that all conditions are resolved prior to recognizing the contribution as revenue.

Prior to the adoption of Topic 606, THS's revenue recognition policy was in accordance with ASC Topic 605, Revenue Recognition. THS adopted Topic 606 using the modified retrospective transition method. The adoption of Topic 606 did not have a material impact on the financial statements. THS considers membership to the Society, sales at the museum store, general museum admission, tours and venue rentals to be contracts with customers.

Revenue is recognized at the time the services are performed and upon delivery. Revenue is measured as the amount of consideration THS expects to receive in exchange for services performed. THS estimates different forms of variable consideration at the time of sale based on historical experience, current conditions and contractual obligations. Revenue is recorded net of any discounts. This adjustment is made in the same period as the underlying transactions.

Factors that could impact the nature, amount, timing, and uncertainty of revenue and cash flows are as follows: (1) overall economic conditions; (2) demand for THS's services; (3) the timing of memberships and related payments outside of THS's control.

THS recognizes revenue upon the transfer of promised benefit to its customers in an amount that reflects the consideration to which THS expects to be entitled by applying the following five-step process specified in ASC 606:

- 1) Identify the contract(s) with a customer
- 2) Identify the performance obligations
- 3) Determine the transaction price
- 4) Allocate the transaction price
- 5) Recognize revenue when the performance obligations are met

(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Advertising*

THS expenses advertising costs as incurred. Advertising expense for the years ended December 31, 2021 and 2020, was \$24 and \$612, respectively.

*Allocation of Expenses*

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include utilities, insurance, maintenance, repairs, and other various expenses which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, and office expenses, which are allocated on the basis of estimates of time and effort.

*Subsequent Events*

During March of 2022, THS ended its partnership with the Tulsa Garden Center. This partnership involved THS paying a monthly management fee for the Tulsa Garden Center to schedule rental events at THS, staff the rental events at THS and execute the necessary contracts related to rental events at THS. THS will continue to hold events in its own facilities going forward.

THS has evaluated subsequent events through August 23, 2022, the date the financial statements were available to be issued.

**NOTE 2 – RECOGNITION OF PPP LOAN**

On February 23, 2021, THS received loan proceeds in the amount of \$81,515 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. The loan is forgivable as long as THS utilizes the funds for eligible purposes including payroll, benefits, rent, and utilities. THS filed the application for forgiveness by the Small Business Administration and was granted forgiveness on November 15, 2021.

(Continued)

**TULSA HISTORICAL SOCIETY**  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020

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**NOTE 3 – LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash	\$ 227,077
Pledges receivable to be collected within one year	40,046
Distributions from beneficial interest in assets held by Tulsa Community Foundation	<u>56,743</u>
Total	<u><u>\$ 323,866</u></u>

THS regularly monitors liquidity required to meet its operating needs and other contractual commitments.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, THS considers all expenditures related to its ongoing program service activities as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, THS operates within a balanced budget and anticipates collecting sufficient revenues and grants to cover general expenditures.

**NOTE 4 – BENEFICIAL INTEREST IN ASSETS HELD BY TULSA COMMUNITY FOUNDATION**

During 2001, THS transferred the initial contribution of trust investments to the Tulsa Community Foundation (the Foundation) and named itself the beneficiary. THS 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 THS’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.

(Continued)



**NOTE 4 - BENEFICIAL INTEREST IN ASSETS HELD BY TULSA COMMUNITY FOUNDATION  
(CONTINUED)**

***Spending Policy and How the Investment Objectives Relate to Spending Policy***

THS 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 THS. In establishing this policy, THS considered the long-term expected return on its endowment. Accordingly, over the long term, THS expects the current spending policy to allow its endowment to grow. This is consistent with THS'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.

***Interpretation of Relevant Law***

THS'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, THS classifies as perpetually restricted net assets (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the 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 perpetually restricted net assets is classified as purpose 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 THS that a portion of the Fund be used as a reserve to fund general operating expenses of THS if necessary. The remaining portion of the Fund is to be used as an endowment to further the purposes of THS.

THS has adopted investment policies for endowment assets that attempt to protect and grow the assets of the Fund. The assets of the Fund are invested primarily in equities.

***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 THS to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in net assets without donor restrictions. There were no such deficiencies as of December 31, 2021 and 2020.

***Return Objectives and Risk Parameters***

THS 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, those of savings accounts while assuming a low level of investment risk.

(Continued)

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**NOTE 4 - 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, 2021 and 2020, respectively, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
<u>December 31, 2021</u>			
Donor-restricted endowment funds	\$ -	\$ 63,993	\$ 63,993
Board-designated endowment funds	1,420,281	-	1,420,281
	<u>\$ 1,420,281</u>	<u>\$ 63,993</u>	<u>\$ 1,484,274</u>
	Without Donor Restrictions	With Donor Restrictions	Total
<u>December 31, 2020</u>			
Donor-restricted endowment funds	\$ -	\$ 63,993	\$ 63,993
Board-designated endowment funds	1,257,316	-	1,257,316
	<u>\$ 1,257,316</u>	<u>\$ 63,993</u>	<u>\$ 1,321,309</u>

Changes in the beneficial interest in assets held by the Foundation for the years ending December 31, 2021 and 2020, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, December 31, 2019	\$ 1,139,921	\$ 63,993	\$ 1,203,914
Net realized and unrealized gain	174,362	-	174,362
Distributions	(56,967)	-	(56,967)
Endowment net assets, December 31, 2020	1,257,316	63,993	1,321,309
Net realized and unrealized gain	220,813	-	220,813
Distributions	(57,848)	-	(57,848)
Endowment net assets, December 31, 2021	<u>\$ 1,420,281</u>	<u>\$ 63,993</u>	<u>\$ 1,484,274</u>

(Continued)

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**NOTE 5 – PLEDGES RECEIVABLE**

Pledges receivable are as follows at December 31,

	2021	2020
Amounts due in:		
Less than one year	\$ 40,046	\$ 56,041
One to five years	101,814	144,670
Greater than five years	-	28,903
	<u>\$ 141,860</u>	<u>\$ 229,614</u>

**NOTE 6 - CONCENTRATIONS OF CREDIT RISK**

THS 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, THS may have amounts on deposit in excess of the Federal Deposit Insurance Corporation limits of \$250,000. Management believes THS is not exposed to any significant credit risk on cash and cash equivalents, nor has it experienced any losses.

THS maintains investment accounts with the Tulsa Community Foundation. The balances are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000 coverage for cash and securities held by a firm that is forced into bankruptcy. Cash coverage is limited at \$250,000. At times, THS's deposits may exceed insured amounts. Management believes the funds are not exposed to any significant risks due to the diversity of high-grade financial instruments held by the fund and management's routine assessment of the portfolio.

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

**NOTE 7 – PROPERTY AND EQUIPMENT**

Property and equipment are as follows at December 31:

	2021	2020
Buildings	\$ 5,073,848	\$ 5,073,848
Travis Mansion	3,694,853	3,694,853
West lawn including Five Moons	619,702	619,702
Land	512,251	512,251
Furniture and equipment	306,236	306,236
Exhibit equipment	123,286	123,286
Cemetery Fence	24,900	24,900
	<u>10,355,076</u>	<u>10,355,076</u>
Accumulated depreciation	(3,949,326)	(3,718,320)
	<u>\$ 6,405,750</u>	<u>\$ 6,636,756</u>

Depreciation expense for the years ended December 31, 2021 and 2020, was \$231,006 and \$232,383, respectively.

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**NOTE 8 - FAIR VALUE MEASUREMENTS**

	Fair Value Measurements Using		
	Quoted Prices in Active Markets of Identical Assets/Liabilities	Significant Other Observable Inputs	Significant Unobservable Inputs
	(Level 1)	(Level 2)	(Level 3)
<u>December 31, 2021</u>			
Beneficial interest in assets held by Tulsa Community Foundation	\$ -	\$ 1,484,274	\$ -
Pledges receivable - beneficial interest in charitable trust	-	-	141,860
Total	<u>\$ -</u>	<u>\$ 1,484,274</u>	<u>\$ 141,860</u>

	Fair Value Measurements Using		
	Quoted Prices in Active Markets of Identical Assets/Liabilities	Significant Other Observable Inputs	Significant Unobservable Inputs
	(Level 1)	(Level 2)	(Level 3)
<u>December 31, 2020</u>			
Beneficial interest in assets held by Tulsa Community Foundation	\$ -	\$ 1,321,309	\$ -
Pledges receivable - beneficial interest in charitable trust	-	-	229,614
Total	<u>\$ -</u>	<u>\$ 1,321,309</u>	<u>\$ 229,614</u>

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

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**NOTE 9 - RETIREMENT PLAN**

THS sponsors a SIMPLE IRA plan covering eligible employees and matches up to 3% of employee contributions to the plan. During 2021 and 2020, THS contributed \$10,214 and \$10,112, respectively, to the plan.

**NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the following purposes:

	2021	2020
	<u>          </u>	<u>          </u>
Restricted for a specified purpose		
Dunn family endowment	\$ 210,967	\$ 210,967
Travis Mansion restoration and maintenance	99,661	134,219
Archive department	35,916	28,342
Future Endowment	6,015	-
Art deco project	1,000	1,000
L'dor V'dor Documentary	-	79,630
1921 Race Riot computer application	-	454
	<u>          </u>	<u>          </u>
Total restricted for a specified purpose	353,560	454,612
Time restricted for future periods	141,860	229,614
Perpetually restricted	63,993	63,993
	<u>          </u>	<u>          </u>
Total net assets with donor restrictions	<u>\$ 559,413</u>	<u>\$ 748,219</u>

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

	2021	2020
	<u>          </u>	<u>          </u>
Pledges collected	\$ 87,754	\$ 63,963
L'dor V'dor Documentary	79,630	-
Travis Mansion restoration and maintenance	26,058	6,045
Archive department	10,926	14,396
Exhibitions	9,520	8,445
Future Endowment II	533	-
Race Riot	454	-
	<u>          </u>	<u>          </u>
Total	<u>\$ 214,875</u>	<u>\$ 92,849</u>

(Continued)

**TULSA HISTORICAL SOCIETY**  
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**NOTE 11 - SUPPLEMENTAL CASH FLOW INFORMATION**

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported in the balance sheet that equal the total of the same such amounts shown in the statement of cash flows.

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 227,077	\$ 137,279
Restricted cash	<u>353,560</u>	<u>454,612</u>
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	<u>\$ 580,637</u>	<u>\$ 591,891</u>

**NOTE 12 – NEW ACCOUNTING PRONOUNCEMENTS**

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842), which provides more transparency and comparability among organizations by recognizing leased assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2021 with early adoption permitted. THS will be evaluating the impact this standard will have on its financial statements and related disclosures.

In September 2020, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2020-07, Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, which improves generally accepted accounting principles by increasing the transparency of contributed non-financial assets for not-for-profit entities through enhancement to presentation and disclosure. ASU 2020-07 is affected for annual periods beginning after June 15, 2021 with early adoption permitted.

THS will be evaluating the impact these standards will have on its financial statements and related disclosures.