



ARTS COUNCIL™
OKLAHOMA CITY

Annual Financial Statements
and
Independent Auditor's Report

June 30, 2025

MICHAEL W. GREEN

Certified Public Accountant

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ARTS COUNCIL OF OKLAHOMA CITY
OKLAHOMA CITY, OKLAHOMA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Arts Council of Oklahoma City

Opinion

I have audited the accompanying financial statements of Arts Council of Oklahoma City (a nonprofit organization) (the Organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and changes in net assets, statements of functional expenses, and statements cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Organization and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

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 the Organization'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

My objective is 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 my 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 and *Government 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 and *Government Auditing Standards*, I:

- 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 the Organization'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Report on Comparative Information

I did not previously audit the Organization's June 30, 2024 financial statements. The previous auditor expressed an unmodified audit opinion on those audited financial statements in their report dated November 19, 2024. In my opinion, the comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

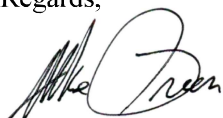
Report on Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Federal and State Financial Awards are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has not been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. Therefore, I do not express an opinion on the Supplementary Information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated December 8, 2025, on my consideration of People, Inc's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of People, Inc's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Regards,



Michael Green, CPA
Stilwell, Oklahoma
December 8, 2025

ARTS COUNCIL OF OKLAHOMA CITY
Oklahoma City, Oklahoma
STATEMENTS OF FINANCIAL POSITION
June 30, 2025 and 2024

<u>ASSETS</u>	<u>2025</u>	<u>2024</u>
Current Assets:		
Cash and cash equivalents	\$ 448,683	\$ 343,620
Restricted cash	426	1,830
Pledges and other receivables	64,304	279,502
Prepaid expenses	14,454	16,670
Total Current Assets	<u>527,867</u>	<u>641,622</u>
Non-Current Assets:		
Investments	1,769,446	1,653,784
Beneficial interest in assets held by others	79,161	65,911
Property and equipment, net	607,988	745,892
Right-of-Use Assets - operating leases	43,526	83,395
Art Collection	55,115	55,115
Total Non-Current Assets	<u>2,555,236</u>	<u>2,604,097</u>
 TOTAL ASSETS	 <u>\$ 3,083,103</u>	 <u>\$ 3,245,719</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Current Liabilities:		
Accounts Payable	\$ 43,276	\$ 52,026
Accrued Liabilities	18,925	46,751
Lease Liabilities - Current Portion	40,650	42,800
Total Current Liabilities	<u>102,851</u>	<u>141,577</u>
 Lease Liabilities - Non-current Portion	 <u>2,876</u>	 <u>40,595</u>
Total Liabilities	105,727	182,172
Net Assets:		
Without Donor Restrictions:		
Undesignated	968,710	1,170,543
Board-Designated	1,925,047	1,809,385
With Donor Restrictions	83,619	83,619
Total Net Assets	<u>2,977,376</u>	<u>3,063,547</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 3,083,103</u>	 <u>\$ 3,245,719</u>

The accompanying notes and auditor's reports are an integral part of these financial statements.

ARTS COUNCIL OF OKLAHOMA CITY
Oklahoma City, Oklahoma
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended June 30, 2025

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
<u>SUPPORT AND REVENUE</u>			
Program and events	\$ 722,362	\$ -	\$ 722,362
Fundraising	712,961	-	712,961
Allied Arts Foundation contribution	177,750	-	177,750
Grants	274,203	-	274,203
In-Kind contributions	484,013	-	484,013
Other	13,028	-	13,028
Increase (decrease) in value of beneficial interest in assets held by others	-	-	-
Investment return, net	151,611	-	151,611
Net assets released from restrictions	-	-	-
Total Support and Revenue	2,535,928	-	1,845,883
 <u>EXPENSES</u>			
Program and events	1,967,365	-	1,967,365
Supporting services:			
General and administrative	413,633	-	413,633
Fundraising	241,101	-	241,101
Total Expenses	2,622,099	-	2,622,099
Change in Net Assets Before Other Income (Expenses)	(86,171)	-	(86,171)
Other Income (Expenses)			
Gain (Loss) on Disposition of Assets	-	-	-
Change in Net Assets	(86,171)	-	(86,171)
Net Assets Without Donor Restrictions, Beginning of Year	2,979,928	83,619	3,063,547
Net Assets Without Donor Restrictions, End of Year	\$ 2,893,757	\$ 83,619	\$ 2,977,376

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ARTS COUNCIL OF OKLAHOMA CITY
Oklahoma City, Oklahoma
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended June 30, 2024

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
<u>SUPPORT AND REVENUE</u>			
Program and events	\$ 650,120	\$ 16,667	\$ 666,787
Fundraising	554,704	-	554,704
Allied Arts Foundation contribution	176,757	-	176,757
Grants	309,322	-	309,322
In-Kind contributions	467,145	-	467,145
Other	14,054	-	14,054
Increase (decrease) in value of beneficial interest in assets held by others	-	5,204	-
Investment return, net	108,384	-	108,384
Net assets released from restrictions	148,117	(148,117)	-
Total Support and Revenue	<u>2,428,603</u>	<u>(126,246)</u>	<u>1,845,883</u>
 <u>EXPENSES</u>			
Program and events	1,880,538	-	1,880,538
Supporting services:			
General and administrative	386,869	-	386,869
Fundraising	212,491	-	212,491
Total Expenses	<u>2,479,898</u>	<u>-</u>	<u>2,479,898</u>
Change in Net Assets Before Other Income (Expenses)	(51,295)	(126,246)	(177,541)
Other Income (Expenses)			
Gain (Loss) on Disposition of Assets	-	-	-
Change in Net Assets	<u>(51,295)</u>	<u>(126,246)</u>	<u>(177,541)</u>
Net Assets Without Donor Restrictions, Beginning of Year	<u>3,031,223</u>	<u>209,865</u>	<u>3,241,088</u>
Net Assets Without Donor Restrictions, End of Year	<u>\$ 2,979,928</u>	<u>\$ 83,619</u>	<u>\$ 3,063,547</u>

The accompanying notes and auditor's reports are an integral part of these financial statements.

ARTS COUNCIL OF OKLAHOMA CITY
Oklahoma City, Oklahoma
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2025

EXPENSES	Programs and Events	Supporting Services		Total Expenses
		General and Administrative	Fundraising	
Payroll, benefits and taxes	\$ 482,882	\$ 59,359	\$ 167,530	\$ 709,771
Legal	-	2,920	-	2,920
Accounting	-	57,642	-	57,642
Contract services	581,613	50,472	2,139	634,224
Promotions and advertising	46,489	-	646	47,135
Office supplies and utilities	56,910	27,523	1,159	85,592
Information technology	8,080	15,985	6,009	30,074
Occupancy	24,287	35,279	-	59,566
Travel	4,594	702	-	5,296
Meetings	-	-	-	-
Insurance	-	126,583	-	126,583
Event supplies and labor	20,478	5,528	17,764	43,770
Event fees and permits	45,085	1,620	23,354	70,059
Concessions	93,854	-	-	93,854
Art supplies	15,017	-	-	15,017
Bad debt	6,626	-	12,500	19,126
Depreciation and amortization	114,937	22,520	-	137,457
In-kind	466,513	7,500	10,000	484,013
	<u>\$ 1,967,365</u>	<u>\$ 413,633</u>	<u>\$ 241,101</u>	<u>\$ 2,622,099</u>

The accompanying notes and auditor's reports are an integral part of these financial statements.

ARTS COUNCIL OF OKLAHOMA CITY
Oklahoma City, Oklahoma
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2024

	Programs and Events	Supporting Services		Total Expenses
		General and Administrative	Fundraising	
EXPENSES				
Payroll, benefits and taxes	\$ 499,230	\$ 103,737	\$ 177,996	\$ 780,963
Legal	-	2,283	-	2,283
Accounting	-	27,860	-	27,860
Contract services	268,921	14,246	5,650	288,817
Promotions and advertising	10,558	5,122	-	15,680
Office supplies and utilities	60,247	32,375	10,182	102,804
Information technology	-	31,266	-	31,266
Occupancy	66,396	40,482	-	106,878
Travel	7,152	780	-	7,932
Meetings	10,286	490	520	11,296
Depreciation and amortization	119,765	26,133	-	145,898
Insurance	41,238	77,179	-	118,417
Event supplies and labor	710,205	24,916	536	735,657
Event fees and permits	8,135	-	-	8,135
Concessions	64,268	-	-	64,268
Art supplies	14,137	-	17,607	31,744
	<u>\$ 1,880,538</u>	<u>\$ 386,869</u>	<u>\$ 212,491</u>	<u>\$ 2,479,898</u>

The accompanying notes and auditor's reports are an integral part of these financial statements.

ARTS COUNCIL OF OKLAHOMA CITY
Oklahoma City, Oklahoma
STATEMENT OF CASH FLOWS
For the Years Ended June 30, 2025 and 2024

	2025	2024
<u>CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES</u>		
Increase (Decrease) in Net Assets	\$ (85,392)	\$ (177,541)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	137,457	145,898
Loss on disposal of property and equipment	(447)	-
Net investment loss (income) from beneficial interest in assets held by others	(16,531)	(8,412)
Distributions from beneficial interest in assets held by others	3,281	3,208
Net losses (gains) and reinvested income on investments	(115,662)	(85,092)
Change in operating assets and liabilities:		
(Increase) Decrease in Pledges and other receivables	215,198	49,272
(Increase) Decrease in Prepaid expenses	2,216	11,524
Increase (Decrease) in accounts payable and accrued liabilities	(36,576)	20,431
Net Cash Provided (Used) By Operating Activities	103,544	(40,712)
<u>CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES</u>		
Cash Used to Purchase Art	-	-
Cash Used to Purchase Investments	(64,262)	(137,599)
Proceeds from the Sale of Investments	64,377	137,599
Cash Used to Purchase Property and Equipment	-	-
Proceeds from the Disposal of Property and Equipment	-	1,658
Net Cash Provided (Used) By Investing Activities	115	1,658
<u>CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES</u>		
Net Cash Provided (Used) By Financing Activities	-	-
Net Increase (Decrease) in Cash and cash equivalents	103,659	(39,054)
Cash and Cash Equivalents and Restricted Cash, Beginning of Year	345,450	384,504
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	\$ 449,109	\$ 345,450
SUPPLEMENTAL INFORMATION:		
Cash payments for operating leases	\$ 18,236	\$ 17,800
NON-CASH INVESTING AND FINANCIAL TRANSACTIONS		
Operating lease and right of use asset	\$ 39,869	\$ 30,907

The accompanying notes and auditor's reports are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
ARTS COUNCIL OF OKLAHOMA CITY
June 30, 2025

NOTE A – NATURE OF OPERATIONS

Nature of Activities: Arts Council of Oklahoma City (the “Arts Council”) is a nonprofit organization whose mission is to bring the arts and the community together. The Arts Council supports the community and enhances the quality of the community by presenting visual and performing arts in a lively, accessible way. This is done through events like Festival of the Arts, Art Moves, Community Arts Program, Twilight Concerts and a host of other programs and member services.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Net Assets: The Arts Council reports information regarding its financial position and change in net assets according to two classes of net assets based on the existence or absence of donor-imposed restrictions, as follows:

Without Donor Restrictions: Net assets without donor restrictions include all resources that are expendable at the discretion of the Board of Directors (the Board) and/or management for general operating purposes or the Arts Council’s programs and events. From time to time, the Board may designate a portion of these net assets for specific purposes which make them unavailable for use at management’s discretion. See Note I for information on the composition of net assets without donor restrictions.

With Donor Restrictions: Net assets with donor restrictions consist of resources whose use is limited by donor-imposed time and/or purpose restrictions. Donor-imposed restrictions can be temporary in nature, such as those that will be met by the passage of time or other events specified by the donor, or perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity (i.e. endowment). When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Net assets with restrictions that are met in the same reporting period as received are presented as part of net assets without donor restrictions. See Note J for information on the composition of net assets with donor restrictions.

Use of Estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Cash and Cash Equivalents: The Arts Council considers all highly liquid investments with original maturities of three months or less, except those specifically classified as investments, to be cash equivalents. All cash equivalents

Receivables: Receivables with expected collections greater than one year are recorded at their net present value. Receivables are evaluated on an individual basis for collectability. The Arts Council’s periodic assessment of receivables and credit loss provisions are based on management’s best estimates of contributions which may not be recoverable. Management believes that all amounts will be collected in full and no allowance for uncollectible receivables was established at June 30, 2025 and 2024. All pledge receivables are expected to be collected within one year and are unrestricted. The pledge receivables as of June 30, 2025 and 2024 were \$64,304 and \$279,502.

Investments: Investments consist primarily of mutual funds and money market funds carried at fair value, with unrealized gains and losses recorded in the statement of activities. Investment expenses are nominal due to the types of investments held and are netted against investment return in the statement of activities. Purchases and sales of

securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Investments are reported at fair market value. Fair market value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note E for information on fair value measurements.

Property and Equipment: Purchased assets are recorded at cost and donated assets are recorded at fair value at the time of donation. Property and equipment initially valued at \$1,000 or more is capitalized and depreciated over an estimated useful life ranging between 3 and 22 years on a straight-line basis. Leasehold improvements are amortized on a straight-line basis over the lesser of the estimated useful lives of the assets, which range from 7 to 22 years, or the term of the lease, unless the lease renewal is reasonably assured. Expenditures for maintenance and repairs are charged to expense as incurred.

Gifts of property and equipment are recorded as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Recoverability of long-lived assets is assessed periodically. Provisions for impairment of long-lived assets used in operations are recorded when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of those assets.

Art Collection: The Arts Council has capitalized its art collections. If purchased, items accessioned into the collection are capitalized at cost, and if donated, they are capitalized at their fair value on the date the item is accepted into the collection. Gains or losses on the deaccession of collection items are classified on the statement of activities as support without donor restrictions or donor-restricted support depending on the donor restrictions, if any, placed on the item at the time of accession. The Arts Council collection items are not depreciated due to cultural, aesthetic, or historical value that is worth preserving perpetually. Therefore, the items are being protected to preserve the service potential of the collection item.

Leases: The Arts Council recognizes leases in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU 2023-01), Leases (Topic 842). ASU 2023-01 requires companies to recognize a "right-of-use" asset and a corresponding lease liability for almost all leases longer than 12 months.

For lease agreements where the Arts Council is the lessee, a right-of-use ("ROU") asset and lease liability are recognized at lease commencement, which are initially measured at present value of the future lease payments discounted using the risk-free discount rate policy. Subsequent amortization of the ROU asset and accretion of the lease liability for an operating lease is recognized as a single lease cost, on a straight-line basis, over the lease term. Operating lease ROU assets are assessed for impairment in accordance with Arts Council's long-lived asset impairment policy.

Finance leases are recognized within property, plant and equipment and depreciated on a straight-line basis over the life of the lease.

The Arts Council reassesses lease classification and remeasures ROU assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate contract or upon certain other events that require reassessment.

Maintenance, insurance, and property tax expenses are accounted for on an accrual basis as variable lease cost and expensed in the period incurred.

The Arts Council has elected the short-term lease expedient. A short-term lease is a lease that, as of the commencement date, has a lease term of 12 months or less and does not include an option to purchase the underlying asset that the lessee is reasonably certain to exercise. For such leases, the Arts Council will not apply the recognition requirements of Topic 842 and instead will recognize the lease payments as lease cost over the lease term.

Revenue Recognition from Exchange Transactions: The Arts Council recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition, whereby revenue is recognized when each performance obligation is satisfied. The Arts Council reports the following revenue from exchange transactions in its statement of activities:

Program and events: Program and events revenue primarily consist of sales of art during the Festival of the Arts and sales of food and drink at the Art Council's various events. The performance obligation is the delivery of the items to the customer. The transaction price is established by the Arts Council. As each item is individually priced, no allocation of the transaction price is necessary. The Arts Council recognizes revenue as the customer pays and takes possession of the items.

Sales of art during Festival of the Arts are recorded net of commissions paid to artists. Net art sales, recorded within Programs and Events in the statements of activities, are as follows for the years ending June 30, 2025 and 2024:

Art Sales	2025	2024
Gross art sales	\$ 1,428,456	\$ 1,520,651
Commissions paid to artists	(1,181,220)	(1,252,459)
Total Art Sales, net	<u>\$ 247,236</u>	<u>\$ 268,192</u>

Revenue Recognition for Contributions: The Arts Council recognizes nonreciprocal transactions (nonexchange) in accordance with ASC 958-605, Not-for-Profit Entities, Revenue Recognition, which includes clarified guidance from FASB ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope of Accounting Guidance for Contributions Received and Contributions Made. The amendment clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The Arts Council records the following nonexchange transaction revenue in its accompanying statements of activities:

Fundraising, contributions, and grants: Fundraising revenues consisting of event sponsorships as well as grants are considered to be nonreciprocal transactions and therefore contributions. Contributions, including unconditional promises to give, are recognized as revenue when the donor's unconditional commitment is received. Gifts of cash and other assets received are reported as restricted support if they are received with donor-imposed stipulations that limit the use of the donated assets. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. Conditional promises to give, which contain donor-imposed conditions that represent a barrier that much be overcome as well as a right of release from obligation, are recognized when the conditions on which they depend are substantially met.

Contributed materials are recorded at fair value at the time of donation, and contributed services are recorded at the fair value of the services, provided they create or enhance nonfinancial assets or require specialized skills provided by individuals possessing those skills which would typically be purchased if not provided by donation. A substantial number of volunteers have donated significant amounts of their time to the Arts Council's programs and events, the value of which is not recorded in the financial statements. Contributions recognized from donated materials and services totaled \$484,013 and \$467,145 for the years ended June 30, 2025 and 2024, and were primarily related to Festival of the Arts.

Functional Allocation of Expenses: The costs of providing programs and events and supporting activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present expenses by function and natural classification. Most expenses can be directly attributed to programs and events, and such expenses are identified within ledger codes and applied to the appropriate functional

expenses. However, certain categories of expenses are attributable to more than one functional category. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Such expenses primarily include salary and benefits expenses. These expenses are allocated between programs and events, fundraising, and general and administrative based on management's best estimate of time spent by employees in each area.

Income Taxes: As a public charity, the Arts Council is exempt from federal and state income taxes on income related to its exempt purpose under the provisions of Internal Revenue Code Section 501(c)(3).

The Arts Council follows the accounting guidance for accounting for uncertainty in income taxes. The Arts Council is subject to federal and state income taxes to the extent it has unrelated business income. The Arts Council currently has no taxes due for unrelated business income. In accordance with the guidance for uncertainty in income taxes, management has evaluated its material tax positions and determined that there are no income tax effects with respect to its financial statements.

Subsequent Events: Management has evaluated events through December 8, 2025, the date the financial statements were available to be issued.

NOTE C – INVESTMENTS AND INVESTMENT RETURN

Investments consist of the following as of June 30:

Investments	2025		2024	
	Cost	Fair Value	Cost	Fair Value
Mutual Funds:				
Marketable equity securities	\$ 141,562	\$ 192,491	\$ 138,275	\$ 167,742
Fixed income securities	1,576,444	1,467,734	1,538,249	1,399,601
Money market funds	109,221	109,221	82,982	82,982
Other	-	-	3,459	3,459
Total Investments	<u>\$ 1,827,227</u>	<u>\$ 1,769,446</u>	<u>\$ 1,762,965</u>	<u>\$ 1,653,784</u>

Investment returns consist of the following for the years ended June 30:

Return on Investments	2025	2024
Dividends and interest income	\$ 74,121	\$ 72,336
Net realized gains (losses)	12,862	(69,213)
Net unrealized gains (losses)	50,125	88,488
Investment Fees	(8,643)	(6,519)
Distributions from third party:		
OCCF funds	23,146	23,292
Total Return on Investments, net	<u>\$ 151,611</u>	<u>\$ 108,384</u>

NOTE D – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Arts Council has transferred funds to the Oklahoma City Community Foundation (OCCF) and specified itself as the beneficiary of the funds. In addition to these funds, OCCF maintains other funds that have been contributed by various donors to OCCF for the benefit of the Arts Council. OCCF retains variance power over all funds in order to assure their continued use for similar work in the event the Arts Council should cease to exist. The Arts Council accounts for the value of reciprocal transfers to organizations raising or holding contributions for others, such as community foundations, as assets in its financial statements. The value of assets contributed by others to OCCF for the benefit of the Arts Council are not recorded in the accompanying financial statements as such amounts cannot be distributed without the unanimous approval of OCCF's board of directors.

As of June 30, 2025 and 2024, funds contributed by the Arts Council to OCCF totaled \$79,161 and \$65,911, respectively, and are reflected at fair value as beneficial interests in assets held by others and net assets with donor restrictions in the statements of financial position. The fair value of assets contributed directly to OCCF by donors for the benefit of the Arts Council, which have not been recorded by the Arts Council and not shown on the statement of financial position, were \$445,737 and \$413,154 as of June 30, 2025 and 2024, respectively.

Annual distributions from income are made to the Arts Council based on OCCF's spending policy, which is currently 5% of the average market value over the previous 12 quarters of all assets held for the benefit of the Arts Council. During the years ended June 30, 2025 and 2024 the Arts Council received \$23,146 and \$23,292 of these distributions, respectively.

NOTE E – FAIR VALUE MEASUREMENTS

The Arts Council has adopted the framework for measuring fair value in accordance with accounting standards that establishes a fair value hierarchy based on the observability of inputs used to measure fair value. These inputs are summarized in the three broad levels listed below:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

Following is a description of the valuation methodologies used for assets measured at fair value:

Mutual funds and money market funds - amounts consist of multi-asset income funds which are valued using quoted market prices. These investments are classified within Level 1.

Other - amounts are valued using quoted market prices. These investments are classified within Level 1.

Beneficial interest in assets held by others - underlying investments include cash equivalents, corporate obligations, equity securities, and other investments. Since OCCF maintains variance power for the beneficial interests they hold, there is no potential market for the beneficial interests or similar assets. Consequently, the valuation is determined by aggregating the valuation of the underlying investments of the beneficial interests as reported by OCCF. These are considered to be Level 3 inputs.

Assets measured at fair value on a recurring basis consist of the following types of instruments:

Investments	Balance As of June 30, 2025			
	Level 1	Level 2	Level 3	Total
Mutual Funds:				
Marketable equity securities	\$ 192,491	\$ -	\$ -	\$ 192,491
Fixed income securities	1,467,734	-	-	1,467,734
Money market funds	105,762	-	-	105,762
Other	3,459	-	-	3,459
Beneficial interest in assets held by others	-	-	79,161	79,161
Total Investments	<u>\$ 1,769,446</u>	<u>\$ -</u>	<u>\$ 79,161</u>	<u>\$ 1,848,607</u>
Investments	Balance As of June 30, 2024			
	Level 1	Level 2	Level 3	Total
Mutual Funds:				
Marketable equity securities	\$ 167,742	\$ -	\$ -	\$ 167,742
Fixed income securities	1,399,601	-	-	1,399,601
Money market funds	82,982	-	-	82,982
Other	3,459	-	-	3,459
Beneficial interest in assets held by others	-	-	65,911	65,911
Total Investments	<u>\$ 1,653,784</u>	<u>\$ -</u>	<u>\$ 65,911</u>	<u>\$ 1,719,695</u>

The components of the increase(decrease) in value of the level 3 investments, as reported in the accompanying statements of activities are as follows for the years ended June 30, 2025 and 2024.

<u>Level 3 Components</u>	<u>2025</u>	<u>2024</u>
Distributions	\$ (3,281)	\$ (3,208)
Gains (losses) on beneficial interest in assets held by others	<u>16,531</u>	<u>8,412</u>
Total Level 3 Components	<u>\$ 13,250</u>	<u>\$ 5,204</u>

NOTE F – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June 30:

<u>Property and Equipment</u>	<u>Balance June 30, 2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2025</u>
Furniture, fixtures and equipment	\$ 312,499	\$ -	\$ -	\$ 312,499
Automobiles	50,786	-	(26,986)	23,800
Festival of the Arts equipment	2,181,633	-	-	2,181,633
Opening Night equipment	57,810	-	-	57,810
Twilight Concerts equipment	23,546	-	-	23,546
Leasehold improvements	<u>939,336</u>	<u>-</u>	<u>-</u>	<u>939,336</u>
Total Property and Equipment Costs	3,565,610	-	(26,986)	3,538,624
Less Accumulated Depreciation and Amortization	<u>(2,819,718)</u>	<u>(137,457)</u>	<u>26,539</u>	<u>(2,930,636)</u>
Net Property and Equipment	<u>\$ 745,892</u>	<u>\$ (137,457)</u>	<u>\$ (447)</u>	<u>\$ 607,988</u>

Accumulated amortization of Arts Council leasehold improvements was \$921,483 and \$917,152 as of June 30, 2025 and 2024, respectively.

NOTE G – LEASE COMMITMENTS

The Arts Council facility and warehouses are leased under operating leases that expire from December 31, 2025 to May 31, 2027; however, the leases can be terminated by the lessor upon notice. Total lease expense for the years ended June 30, 2025 and 2024 was approximately \$42,000 and \$43,000, respectively, with \$25,000 and \$25,000 of that being in-kind.

As of June 30, 2025, the operating leases had a weighted-average remaining lease term of 8.5 months and a weighted-average discount rate of 4.12%. The discount rate used was based on the U.S. Treasury Bill Rate at the date of adoption of the new lease accounting standard or date of commencement of lease agreement, whichever is later.

Future minimum lease commitments under operating leases as of June 30, 2025, were as follows:

<u>Lease Commitments</u>	<u>2025</u>	<u>2024</u>
2025	\$ -	\$ 42,800
2026	40,650	41,650
2027	<u>3,000</u>	<u>4,000</u>
Total Lease Payments	43,650	88,450
Less: Imputed Interest	<u>(124)</u>	<u>(5,055)</u>
Present Value of Operating Lease Liabilities	<u>\$ 43,526</u>	<u>\$ 83,395</u>

NOTE H – DONATED SERVICES, FACILITIES AND MATERIALS

Contributed materials are recorded at fair value at the time of donation. Contributed services are recorded at the fair value of the services, provided they create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically be purchased if not provided by donation.

A substantial number of volunteers have donated significant amounts of their time to the Arts Council's programs and events, the value of which is not recorded in the financial statements.

Revenues from contributions of nonfinancial assets were as follows:

Non-Financial Contribution Revenues	2025	2024	Usage in Programs/ Activities	Donor-Imposed Restrictions	Fair Value Techniques and Inputs
Production materials, equipment and services	\$ 130,613	\$ 158,862	Opening Night/ Festival of the Arts	Program support	Donor bases value on the retail of services or equipment at the time of contribution.
Legal/Professional services	17,500	5,000	Administration	Contract reviews, consultation services	Based on number of allowable hours of service for work performed.
Food	33,500	38,618	Opening Night/ Festival of the Arts	Program support	Retail value of actual food and catering services received for events and meetings.
Event Supplies	10,000	3,713	Opening Night/ Festival of the Arts/ Sunday Twilight Concert Series	Program support	Retail value determined by the donor at the time the services were rendered or the product was received.
Promotion materials and advertising space	200,400	161,400	Opening Night/ Festival of the Arts	Program support	Retail value determined by the donor at the time the services were rendered or the product was received.
Rentals	92,000	99,552	Opening Night/ Festival of the Arts	Program support	Retail value determined by the donor at the time the equipment was received and in use for events.
Total Donated Services, Facilities and Materials	<u>\$ 484,013</u>	<u>\$ 467,145</u>			

NOTE I – NET ASSETS WITHOUT DONOR RESTRICTIONS

The Arts Council's net assets without donor restrictions are comprised of undesignated and Board-designated amounts for the following purposes:

Net Assets Without Donor Restrictions	2025	2024
Undesignated	\$ 968,710	\$ 1,170,543
Board-Designated	1,925,047	1,809,385
Total Net Assets Without Donor Restrictions	<u>\$ 2,893,757</u>	<u>\$ 2,979,928</u>

The Board has designated funds to be placed aside as protection against cancelled events or other situations for which liquidity needs might arise (not for normal operating expenses or new or unbudgeted programs and expenses). This fund, funded through cash and cash equivalents and investments, is immediately accessible on an as-needed basis and requires approval by the Board before funds are released.

NOTE J – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following:

Net Assets With Donor Restrictions	2025	2024
Contributions received with donor imposed stipulations:		
Designated for future programs and events	\$ 4,458	\$ 17,708
Beneficial interest in assets held by others (see Note D)	79,161	65,911
Total Net Assets With Donor Restrictions	<u>\$ 83,619</u>	<u>\$ 83,619</u>

NOTE K – CONCENTRATIONS OF CREDIT RISK

Financial instruments that are subject to concentrations of credit risk consist of cash and cash equivalents, receivables, investments, and beneficial interests in assets held by others. The amount of cash maintained in banks is typically in excess of the Federal Deposit Insurance Corporation insured limit of \$250,000. As of June 30, 2025, no amounts were in excess of this limit. To date, the Arts Council has not experienced any losses on these accounts. Contributions to the Arts Council are primarily from individuals and businesses in Oklahoma. As a result, support of the Arts Council is highly dependent upon the general economic conditions in the area. Management actively monitors contributions as part of its liquidity management policies (see Note M) to determine the risk of near-term severe impact on the operations and mission of the Arts Council due to these concentrations.

All investments are managed within established guidelines which limit the amounts which may be invested with one issuer.

NOTE L – RISKS AND UNCERTAINTIES

The Arts Council invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Arts Council's investments and the amounts reported in the statements of financial position.

NOTE M – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Arts Council maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. It is management's intent to achieve and maintain a minimum of three-months' cash availability to cover daily operating and programmatic expenses. Management actively monitors contributions, and management and the Board approve an annual budget to help manage liquidity needs. Additionally, the Arts Council has Board-designated assets without donor restrictions that could be made available for current operations if necessary and upon Board approval (see Note H).

The Arts Council's financial assets available for general expenditure within one year of the statement of financial position date as of June 30 is as follows:

<u>Financial Assets Liquidity</u>	<u>2025</u>	<u>2024</u>
Financial assets at year end	\$ 2,362,020	\$ 2,344,647
Less those unavailable for general expenditures within one year:		
Contractual or Donor-Imposed Restrictions	(426)	(1,830)
Beneficial interest in assets held by others (see Note D)	(79,161)	(65,911)
Amounts unavailable to management without Board approval	<u>(1,925,047)</u>	<u>(1,809,385)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 357,386</u>	<u>\$ 467,521</u>

Oklahoma City, Oklahoma
 SCHEDULE OF FEDERAL AND STATE FINANCIAL AWARDS
 For the Year Ended June 30, 2025

Grantor/Program Title Federal Grantor/Pass through agency	Assistance Listing Number	Contract Period	Grant #	Award Amount	Receipts or Revenue Recognized	Disbursements or Expenses Recognized
Passed through						
<u>Oklahoma Arts Council:</u>						
Arts Sector ARPA Grant	21.027	4/1/2021 - 6/30/2026	A24-2411-11711	\$ 113,211	\$ 113,211	\$ 113,211
Total Federal Awards				<u>\$ 113,211</u>	<u>\$ 113,211</u>	<u>\$ 113,211</u>
<u>State Financial Awards</u>						
<u>Oklahoma Arts Council:</u>						
FY 2025 Organizational Support		7/1/2024 to 6/30/2025	GR3-2403-12388	\$ 77,082	\$ 38,541	\$ 38,541
Total State Awards				<u>\$ 77,082</u>	<u>\$ 38,541</u>	<u>\$ 38,541</u>

The accompanying notes and auditor's reports are an integral part of these financial statements.

MICHAEL W. GREEN

Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Arts Council of Oklahoma City

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Arts Council of Oklahoma City (a non-profit organization) (the Organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated December 8, 2025.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Regards,

Michael Green, CPA
Stillwell, Oklahoma
December 8, 2025