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**THE GREATER ST. LOUIS ARTS  
AND EDUCATION COUNCIL  
AND SUBSIDIARY**  
CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2012

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## Independent Auditors' Report

Board of Directors  
The Greater St. Louis Arts  
and Education Council  
St. Louis, Missouri

We have audited the accompanying consolidated financial statements of The Greater St. Louis Arts and Education Council, a nonprofit organization, and subsidiary, (collectively, the Council) which comprise the consolidated statement of financial position as of December 31, 2012, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility For The Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Greater St. Louis Arts and Education Council and subsidiary as of December 31, 2012, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Report on Summarized Comparative Information***

We have previously audited the Council's 2011 consolidated financial statements, and our report dated August 10, 2012, expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

*RubinBrown LLP*

April 17, 2013

**THE GREATER ST. LOUIS ARTS AND  
EDUCATION COUNCIL AND SUBSIDIARY**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**December 31, 2012**

**(With Summarized Financial Information As Of December 31, 2011)**

**Assets**

	<b>2012</b>	<b>2011</b>
Cash and cash equivalents	\$ 208,231	\$ 157,123
Promises to give - current, net (Note 3)	598,997	1,028,163
Other current assets	97,215	72,279
Note receivable (Note 4)	—	458,210
Property and equipment (Notes 5 and 7)	1,869,425	19,751
Promises to give - noncurrent, net (Note 3)	27,824	19,265
Assets restricted for revolving loan program (Note 6)	96,000	96,000
<b>Total Assets</b>	<b>\$ 2,897,692</b>	<b>\$ 1,850,791</b>

**Liabilities And Net Assets**

**Liabilities**

Line of credit - bank (Note 7)	\$ 325,000	\$ 175,000
Note payable (Note 7)	1,484,454	200,556
Accounts payable and other accrued expenses	77,084	33,119
Allocations payable	3,020	7,104
Grants payable	449,175	633,051
<b>Total Liabilities</b>	<b>2,338,733</b>	<b>1,048,830</b>

**Net Assets**

Unrestricted:		
Investment in property and equipment	384,971	19,751
Undesignated	(409,762)	(42,602)
Total Unrestricted	(24,791)	(22,851)
Temporarily restricted (Note 8)	487,750	728,812
Permanently restricted (Notes 6 and 8)	96,000	96,000
<b>Total Net Assets</b>	<b>558,959</b>	<b>801,961</b>

<b>Total Liabilities And Net Assets</b>	<b>\$ 2,897,692</b>	<b>\$ 1,850,791</b>
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**THE GREATER ST. LOUIS ARTS AND  
EDUCATION COUNCIL AND SUBSIDIARY**

**CONSOLIDATED STATEMENT OF ACTIVITIES**

For The Year Ended December 31, 2012

(With Summarized Financial Information For The Year Ended December 31, 2011)

	2012			2011	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
<b>Support And Revenues</b>					
Annual campaign contributions	\$ 1,493,499	\$ 147,500	\$ —	\$ 1,640,999	\$ 1,648,379
Bequests	—	—	—	—	209,852
Other restricted contributions	—	39,000	—	39,000	—
Fundraising events (net of expenses of \$232,728 in 2012 and \$176,246 in 2011)	(91,836)	363,750	—	271,914	203,037
Other income	4,669	—	—	4,669	20,798
Rental income	317,238	—	—	317,238	324,170
Net assets released from restrictions (Note 8)	791,312	(791,312)	—	—	—
<b>Total Support And Revenues</b>	<b>2,514,882</b>	<b>(241,062)</b>	<b>—</b>	<b>2,273,820</b>	<b>2,406,236</b>
<b>Expenses</b>					
Program Services:					
Sustaining allocations	670,000	—	—	670,000	670,000
Grants	284,000	—	—	284,000	279,800
Incentive allocations and other grants	18,032	—	—	18,032	17,284
Unclaimed grant awards	(18,936)	—	—	(18,936)	(54,092)
Centene Center for the Arts	433,501	—	—	433,501	429,396
Other	572,797	—	—	572,797	506,577
Supporting Activities:					
Management and general	171,317	—	—	171,317	178,815
Development	386,111	—	—	386,111	338,671
<b>Total Expenses</b>	<b>2,516,822</b>	<b>—</b>	<b>—</b>	<b>2,516,822</b>	<b>2,366,451</b>
<b>Increase (Decrease) In Net Assets</b>	<b>(1,940)</b>	<b>(241,062)</b>	<b>—</b>	<b>(243,002)</b>	<b>39,785</b>
<b>Net Assets - Beginning Of Year</b>	<b>(22,851)</b>	<b>728,812</b>	<b>96,000</b>	<b>801,961</b>	<b>762,176</b>
<b>Net Assets - End Of Year</b>	<b>\$ (24,791)</b>	<b>\$ 487,750</b>	<b>\$ 96,000</b>	<b>\$ 558,959</b>	<b>\$ 801,961</b>

See the accompanying notes to consolidated financial statements.

**THE GREATER ST. LOUIS ARTS AND  
EDUCATION COUNCIL AND SUBSIDIARY**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**For The Year Ended December 31, 2012  
(With Summarized Financial Information  
For The Year Ended December 31, 2011)**

	<u>2012</u>	<u>2011</u>
<b>Cash Flows From Operating Activities</b>		
Increase (decrease) in net assets	\$ (243,002)	\$ 39,785
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	34,705	28,610
Accrued interest on note receivable	(2,678)	(4,537)
Changes in assets and liabilities:		
Decrease in promises to give	252,607	32,760
(Increase) decrease in other current assets	(24,936)	1,842
Increase (decrease) in allocations payable	(4,084)	13
Increase (decrease) in grants payable	(183,876)	9,038
Increase (decrease) in accounts payable and other accrued expenses	43,965	(4,347)
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>(127,299)</b>	<b>103,164</b>
<b>Cash Flows Used In Investing Activities</b>		
Payments for property and equipment	(1,255,491)	—
<b>Cash Flows From Financing Activities</b>		
Proceeds from (payments on) line of credit, net	150,000	(25,000)
Proceeds from note payable	1,500,000	—
Payments on note payable	(216,102)	(21,272)
<b>Net Cash Provided By (Used In) Financing Activities</b>	<b>1,433,898</b>	<b>(46,272)</b>
<b>Net Increase In Cash And Cash Equivalents</b>	<b>51,108</b>	<b>56,892</b>
<b>Cash And Cash Equivalents - Beginning Of Year</b>	<b>157,123</b>	<b>100,231</b>
<b>Cash And Cash Equivalents - End Of Year</b>	<b>\$ 208,231</b>	<b>\$ 157,123</b>
<b>Supplemental Disclosure Of Cash Flow Information</b>		
Interest paid	\$ 37,840	\$ 18,779
Noncash investing activity (Note 11)		

**THE GREATER ST. LOUIS ARTS AND  
EDUCATION COUNCIL AND SUBSIDIARY**

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2012**

**1. Summary Of Significant Accounting Policies**

**Principles Of Consolidation**

The accompanying consolidated financial statements include the accounts of The Greater St. Louis Arts and Education Council and AEC Properties, LLC (AEC) (collectively, the Council). AEC, a Missouri Limited Liability Company, was formed in 2005 to conduct office space rental activities within the Centene Center for the Arts. The Greater St. Louis Arts and Education Council is the sole member of AEC and AEC is economically dependent upon The Greater St. Louis Arts and Education Council, resulting in consolidation of their financial statements. All transactions and balances between The Greater St. Louis Arts and Education Council and AEC have been eliminated in consolidation.

**Basis Of Accounting**

The accompanying consolidated financial statements of the Council have been prepared on the accrual basis of accounting.

**Basis Of Presentation**

Financial statement presentation follows the requirements of the Financial Accounting Standards Board for not-for-profit organizations by presenting assets and liabilities within similar groups and classifying them in ways that provide relevant information about their interrelationships, liquidity and financial stability. The Council is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Council's financial statements for the year ended December 31, 2011, from which the summarized information was derived.

**Estimates And Assumptions**

The Council uses estimates and assumptions in preparing consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results may differ from those estimates.



**THE GREATER ST. LOUIS ARTS AND  
EDUCATION COUNCIL AND SUBSIDIARY**

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Notes To Consolidated Financial Statements (*Continued*)

**Cash And Cash Equivalents**

The Council considers all investment instruments with maturities of three months or less to be cash equivalents.

**Promises To Give**

Promises to give are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollected amounts through a charge to expenses and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to promises to give. Changes in the valuation allowance have not been material to the consolidated financial statements.

**Property And Equipment**

Property and equipment are carried at cost if purchased, or at fair value if donated, less accumulated depreciation and amortization computed using the straight-line method. The assets are depreciated and amortized over the following periods:

Building	39 years
Equipment	2 - 6 years

**Restricted And Unrestricted Support**

The Council reports gifts of cash and other assets as unrestricted, temporarily restricted or permanently restricted, depending on the existence and/or nature of any donor restrictions. Support that is restricted by a donor for a specific campaign year is released from temporarily restricted net assets in the year for which the support is restricted, regardless of whether the payments have been received from the donor.

All other donor-restricted support subject to donor stipulations that limit its use as restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

**THE GREATER ST. LOUIS ARTS AND  
EDUCATION COUNCIL AND SUBSIDIARY**

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Notes To Consolidated Financial Statements (*Continued*)

**Description Of Program Services And Supporting Activities**

The following program services and supporting activities are included in the accompanying consolidated financial statements:

**Program**

Includes those expenditures that enable the Council to fulfill its mission of providing financial and other assistance to cultural and educational agencies. The following programs have been implemented by the Council to meet this goal.

**Sustaining Allocations**

This program provides funding to support the ongoing operations of nine major cultural organizations in the St. Louis area.

**Grants**

This program provides both project funding and operating support at varying levels to many cultural and educational organizations in the St. Louis area.

**Incentive Allocations**

This program rewards cultural and educational organizations that receive either sustaining allocations or grants for participation by the boards and staff in supporting the Council.

**Centene Center For The Arts**

The Council provides office space, state-of-the-art technology, rehearsal and performance space for 17 nonprofit organizations in the Centene Center for the Arts (the Center), a unique arts incubator located in Grand Center. The Council provides computer equipment, an information technology network, telephone and internet services, and various other occupancy-related costs to the tenants of the Center at a rate substantially below the actual costs incurred for such items and services by the Council.

**THE GREATER ST. LOUIS ARTS AND  
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Notes To Consolidated Financial Statements (*Continued*)

**Other Programs**

Includes indirect expenditures which are necessary to maintain the Council's support of the arts and provide arts-related information to the public. This includes the Council's Happenings newsletter that is produced bi-monthly and has a circulation of approximately 10,000. The Happenings is on the Council's website and is sent electronically to the Council's members. The Council also sends a weekly e-blast called "Know and Go" to approximately 5,600 members which promotes upcoming grantee programs and events. The Council's website promotes The Arts and Education Council, as well as its grantees and their programs, year round. The site includes a calendar function which allows users to create and print an individualized itinerary for the Council's ARTS Card discounted events. This enhances the presence of grantee organizations, and the website is complete with interactive components such as images, video, and social media. The site includes an online-giving portal that allows donors to make gifts securely and seamlessly. The Council's site also maintains a gift-planning portal that guides donors through the process of making a planned gift. The Council launched the Arts Leadership and Management Academy in 2012, with the goal of enhancing St. Louis arts and cultural organizations through a series of management workshops. The Academy is home to the Executive Directors' Roundtable, a professionally-led program targeted at executive directors of arts and cultural organizations. Arts Marketers, created in 2011, provides added professional support for arts marketing professionals working at the Council's grant recipient organizations.

**Management And General**

Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Council's program strategy; secure proper administrative functioning of the Board of Directors; and manage the financial and budgetary responsibilities of the Council.

**Development**

Provides the structure necessary to encourage and secure private financial support from corporations, foundations and individuals through fundraising events and other development activities.

**THE GREATER ST. LOUIS ARTS AND  
EDUCATION COUNCIL AND SUBSIDIARY**

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Notes To Consolidated Financial Statements (*Continued*)

**Expense Allocation**

Direct and indirect expenses are charged to program services and supporting activities on the basis of periodic time and expense studies. These studies are based on estimates of the square footage utilized by the various departments within the Council, as well as estimates of the Council's employees' time spent in specific areas. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Council.

**Advertising Costs**

The Council expenses advertising costs as incurred. Total advertising costs charged against income amounted to \$46,301 in 2012.

**Donated Services And Materials**

Significant services and materials are donated to the Council by various individuals and organizations. Donated services that meet the requirements for recognition under generally accepted accounting principles (GAAP) and donated materials are recorded at fair value at the date of donation. In addition, a substantial number of additional volunteers have donated a significant amount of their time to the Council's programs. However, such donated services have not been recorded because they do not meet the criteria for recognition under GAAP.

**Tax Status**

The Greater St. Louis Arts and Education Council qualifies as a tax-exempt organization, as defined in Section 501(c)(3) of the Internal Revenue Code and is, therefore, exempt from federal income taxes on related, exempt income. AEC is organized as a limited liability company. As The Greater St. Louis Arts and Education Council is the sole member of AEC, AEC is treated as a disregarded entity for federal and state taxation purposes. The activity of AEC is reported in conjunction with that of The Greater St. Louis Arts and Education Council. The Council's federal tax returns for tax years 2009 and later remain subject to examination by taxing authorities.

**Subsequent Events**

Management has evaluated subsequent events through April 17, 2013, the date which the financial statements were available for issue.

**THE GREATER ST. LOUIS ARTS AND  
EDUCATION COUNCIL AND SUBSIDIARY**

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Notes To Consolidated Financial Statements (*Continued*)

**2. Operations**

The Council was created in 1963 to provide financial assistance to cultural and educational member agencies in the St. Louis metropolitan area. The Council's primary source of funding is contributions received from its annual giving solicitation.

**3. Promises To Give**

Unconditional promises to give are included in the consolidated financial statements as assets and support of the appropriate net asset category. They are recorded after discounting at the rate of 4.5% to the present value of the future cash flows.

Unconditional promises to give consist of the following:

Annual campaigns	\$ 550,631
Arts Awards 2013	119,000
Other	<u>39,000</u>
	708,631
Less: Allowance for doubtful accounts	76,634
Less: Discount	<u>5,176</u>
	<u>\$ 626,821</u>

Unconditional promises to give are expected to be collected in the following periods:

Less than one year	\$ 675,631
One to five years	<u>33,000</u>
	708,631
Less: Allowance for doubtful accounts	76,634
Less: Discount	<u>5,176</u>
	<u>\$ 626,821</u>

Unconditional promises to give are recorded on the accompanying consolidated statement of financial position as follows:

Promises to give - current	\$ 598,997
Promises to give - noncurrent	<u>27,824</u>
	<u>\$ 626,821</u>

**THE GREATER ST. LOUIS ARTS AND  
EDUCATION COUNCIL AND SUBSIDIARY**

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Notes To Consolidated Financial Statements (*Continued*)

**4. Note Receivable**

In June 2005, The Greater St. Louis Arts and Education Council advanced \$250,000 to a company and entered into a note receivable agreement for this principal sum. Additional advances amounting to \$261,320 were made during 2006 to the company under the same agreement, with a total outstanding receivable of \$511,320 at December 31, 2006. The company is a related party of the owner of the facility from which AEC leased for the period January 1, 2006 through July 2012. The note bore interest at 1% per annum with accrued interest payable annually beginning on May 1, 2006. During 2007, three early payments totaling \$78,396 were made by the company. In July 2012, the remaining amount receivable, including interest receivable, was applied against the purchase price of the land and building (Notes 5 and 11).

**5. Property And Equipment**

Property and equipment consist of:

Land	\$ 72,300
Building	1,802,316
Equipment	<u>665,936</u>
	2,540,552
Less: Accumulated depreciation and amortization	<u>671,127</u>
	<u><u>\$ 1,869,425</u></u>

Depreciation and amortization charged to expense amounted to \$34,705 in 2012.

On July 31, 2012 (the Acquisition Date), the Council purchased the Centene Center for the Arts (the Center). The Council acquired the Center from a company for \$1,874,616. The acquisition of the Center was funded by the following sources:

- Note receivable from an affiliate of the company (Notes 4 and 11), which amounted to \$460,888 at the Acquisition Date,
- Outstanding promise to give from an affiliate of the company to the Council (Note 11), which approximated \$168,000 at the Acquisition Date, and
- Long-term commitment from IFF of \$1,500,000 (Note 7).

Legal fees totaling \$21,227 related to the acquisition of the Center were incurred during 2012 and are included in professional fees.

**THE GREATER ST. LOUIS ARTS AND  
EDUCATION COUNCIL AND SUBSIDIARY**

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Notes To Consolidated Financial Statements (*Continued*)

**6. Assets Restricted For Revolving Loan Program**

Assets restricted for the revolving loan program consist of cash and cash equivalents (specifically certificates of deposit) and grantee notes receivable which have been restricted by donor-imposed stipulations to be used in perpetuity for the revolving loan program. Grantee notes receivable (funds issued to eligible organizations from the revolving loan program) consist of unsecured notes which are generally due six months after issuance. The notes are noninterest bearing for the first 30 days and thereafter bear interest at a rate that floats with prevailing certificate of deposit rates to reimburse the Council for lost earnings on the principal. At December 31, 2012, cash and certificates of deposit restricted for the program totaled \$96,000, and there were no outstanding grantee notes receivable.

**7. Debt**

The Council maintains a line of credit with a local bank that provides for borrowings up to \$350,000, and bears interest at the bank's prime rate, with a floor of 5.0% (5.0% at December 31, 2012). Payments of interest are due monthly, with all outstanding principal and interest due at maturity on September 6, 2013. The line of credit is secured by certain assets of the Council. Total borrowings outstanding on the line of credit at December 31, 2012 amount to \$325,000.

During 2012, the Council held a note payable with the local bank, which required monthly payments of \$2,684 consisting of principal and interest at 5.0%. The balance due on the note payable was paid in full on July 31, 2012.

In conjunction with the purchase of the Centene Center for the Arts (the Center) on July 31, 2012, the Council issued a promissory note (IFF Note) to IFF in the amount of \$1,500,000. The note bears interest at 4.5% through July 31, 2017, and will be subsequently adjusted on August 1, 2017 and again on August 1, 2022 (collectively, the Recalculation Dates) at a rate that is equal to the greater of 5.0% or the sum of the yield to maturity of U.S. Treasury obligations with a maturity equal to the maturity date of the IFF Note on the Recalculation Dates plus 2.0%. Beginning in September 2012, the IFF Note required monthly payments of principal and interest totaling approximately \$9,500. All unpaid principal and interest is due upon maturity on August 1, 2027. The IFF Note is secured by the Future Advance Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing. At December 31, 2012, \$1,484,454 is payable on the IFF Note.

**THE GREATER ST. LOUIS ARTS AND  
EDUCATION COUNCIL AND SUBSIDIARY**

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Notes To Consolidated Financial Statements (*Continued*)

Future required principal payments on this loan are as follows:

<u>Year</u>	<u>Amount</u>
2013	\$ 48,051
2014	50,258
2015	52,567
2016	54,982
2017	57,508
Thereafter	1,221,088
	<u>\$ 1,484,454</u>

Interest expense on all debt in 2012 was \$43,407.

**8. Net Assets**

Temporarily restricted net assets are subject to the following donor-imposed restrictions:

Arts Awards 2013	\$ 363,750
Purpose restricted - other	104,000
Time restricted - Future Annual Campaigns	<u>20,000</u>
	<u>\$ 487,750</u>

Net assets were released from donor-imposed restrictions as follows:

Arts Awards 2012	\$ 331,800
Purpose restricted - Centene Center for the Arts	168,292
Purpose restricted - Weidman Education Center	28,720
Purpose restricted - other	162,500
Time restricted	<u>100,000</u>
	<u>\$ 791,312</u>

Permanently restricted net assets of \$96,000 are restricted for the revolving loan program at December 31, 2012 (Note 6).



**THE GREATER ST. LOUIS ARTS AND  
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Notes To Consolidated Financial Statements (*Continued*)

**9. Deferred Compensation Plans**

The Council has a tax-deferred annuity plan under Section 403(b) which allows eligible employees to make tax-deferred contributions. The Council provides matching contributions for those eligible employees participating in the plan up to 5% of each participant's annual salary. Council contributions to the plan totaled \$14,905 in 2012.

**10. Lease Commitment**

Effective January 1, 2006, AEC entered into a seven-year master lease arrangement with respect to the Center, with rights to sublet a portion of the premises to various other tenants (including The Greater St. Louis Arts and Education Council). The Greater St. Louis Arts and Education Council guaranteed the seven-year master lease. Rent expense under this lease amounted to approximately \$150,000 in 2012. On July 31, 2012, the Council purchased the Center, terminating the master lease arrangement (Notes 4, 5, 7 and 11).

The Council leases office space in the Center to 17 local not-for-profit organizations, as well as the previous owner of the facility. Rental revenue recognized under such sub-lease agreements amounted to approximately \$245,000 in 2012.

**11. Supplemental Cash Flow Information**

The Council had the following noncash investing activities:

On July 31, 2012, the Council purchased the Center for \$1,874,616. As a part of the purchase, the note and interest receivable on the note due from an affiliate of the previous owner of the building were applied as a credit of \$460,888 against the purchase price of the Center. Also in conjunction with the purchase of the Center, promises to give from an affiliate of the previous owner of the building in the amount of \$168,000 were applied as credits against the purchase price.



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## Independent Auditors' Report On Supplementary Information

Board of Directors  
The Greater St. Louis Arts  
And Education Council

We have audited the consolidated financial statements of The Greater St. Louis Arts and Education Council and subsidiary as of and for the year ended December 31, 2012, and our report thereon dated April 17, 2013 which expressed an unqualified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of sustaining allocations and grants; other programs, management and general and development expenses; and rental revenues and expenses of AEC Properties, LLC, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*RubinBrown LLP*

April 17, 2013

**THE GREATER ST. LOUIS ARTS AND  
EDUCATION COUNCIL AND SUBSIDIARY**

**SCHEDULE OF SUSTAINING ALLOCATIONS AND GRANTS**

Page 1 Of 4

**For The Year Ended December 31, 2012  
(With Summarized Financial Information  
For The Year Ended December 31, 2011)**

	<u>2012</u>			<u>2011</u>
	<u>Sustaining Allocations</u>	<u>Grants</u>	<u>Total</u>	<u>Total</u>
COCA - Center of Creative Arts	\$ 60,000	\$ —	\$ 60,000	\$ 70,000
Community Music School of Webster University	30,000	—	30,000	33,000
Craft Alliance	37,000	—	37,000	37,000
Dance St. Louis	55,000	—	55,000	60,000
Opera Theatre of St. Louis	175,000	10,000	185,000	184,000
Repertory Theatre of St. Louis	163,000	—	163,000	163,000
St. Louis Black Repertory Co.	40,000	—	40,000	45,000
St. Louis Symphony Orchestra	50,000	5,000	55,000	28,000
Sheldon Arts Foundation	60,000	—	60,000	60,000
A Million Stars d/b/a College Bound	—	—	—	900
African Musical Arts	—	750	750	—
Alexandra Ballet	—	—	—	1,000
ANNONYArts	—	—	—	900
Art Council of Lafayette Park	—	750	750	—
Bach Society of St. Louis	—	500	500	500
Bayless Elementary	—	1,915	1,915	—
Black Cat Theatre	—	—	—	1,500
Brass Society of St. Louis	—	500	500	—
Brown Elementary	—	2,000	2,000	—
Chesterfield Arts	—	—	—	1,500
Churchill Center & School for Learning Disabilities	—	—	—	725
Cinema - St. Louis	—	7,000	7,000	7,500
Circus Arts Foundation of Missouri	—	7,500	7,500	7,500
City of Grafton	—	500	500	—
<b>Balance Carried Forward</b>	<b>670,000</b>	<b>36,415</b>	<b>706,415</b>	<b>702,025</b>

**THE GREATER ST. LOUIS ARTS AND  
EDUCATION COUNCIL AND SUBSIDIARY**

**SCHEDULE OF SUSTAINING ALLOCATIONS AND GRANTS**

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**For The Year Ended December 31, 2012  
(With Summarized Financial Information  
For The Year Ended December 31, 2011)**

	2012			2011
	Sustaining Allocations	Grants	Total	Total
<b>Balance Brought Forward</b>	\$ 670,000	\$ 36,415	\$ 706,415	\$ 702,025
Community Health-In-Partnership Services	—	—	—	750
Contemporary Art Museum St. Louis	—	25,000	25,000	15,000
Dances of India	—	500	500	750
Dramatic License Productions	—	—	—	750
First Run Theatre	—	500	500	500
Florissant Fine Arts Council	—	500	500	1,800
Foundry Art Centre	—	2,000	2,000	—
Frank Lloyd Wright House in Ebsworth Park	—	1,000	1,000	—
Gateway Center for the Arts	—	2,500	2,500	1,000
Gibson Elementary	—	—	—	4,855
Grand Center Inc.	—	12,500	12,500	12,500
Hancock Place	—	—	—	3,075
Highland Arts Council	—	2,000	2,000	2,000
Hispanic Festival, Inc.	—	—	—	1,000
HotCity Theatre Company	—	—	—	500
Immaculate Conception School	—	2,554	2,554	—
Innsbrook Institute	—	1,000	1,000	1,500
Insight Theatre Company	—	—	—	500
Jacoby Arts Center	—	3,500	3,500	2,000
Jazz St. Louis	—	29,000	29,000	27,500
KDHX Community Media	—	1,000	1,000	—
Laumeier Sculpture Park	—	12,000	12,000	12,000
Looking Glass Playhouse	—	2,000	2,000	—
Luminary Center for the Arts	—	1,250	1,250	—
Maryville University	—	—	—	750
<b>Balance Carried Forward</b>	670,000	135,219	805,219	790,755

**THE GREATER ST. LOUIS ARTS AND  
EDUCATION COUNCIL AND SUBSIDIARY**

**SCHEDULE OF SUSTAINING ALLOCATIONS AND GRANTS**

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**For The Year Ended December 31, 2012  
(With Summarized Financial Information  
For The Year Ended December 31, 2011)**

	2012			2011
	Sustaining Allocations	Grants	Total	Total
<b>Balance Brought Forward</b>	\$ 670,000	\$ 135,219	\$ 805,219	\$ 790,755
McCluer High School	—	—	—	5,000
Mehlville School District	—	3,650	3,650	—
Metro Theater Company	—	20,000	20,000	20,000
Modern American Dance Co. (MADCO)	—	1,000	1,000	5,800
Most Holy Trinity Catholic	—	1,400	1,400	—
New Jewish Theatre	—	500	500	500
Normandy High School	—	5,000	5,000	—
Our Lady of Lourdes	—	—	—	165
Our Lady of Providence	—	—	—	1,300
O'Fallon Arts Commission	—	2,000	2,000	2,000
O'Fallon Township High School	—	—	—	500
Orchard Farm Middle School	—	4,309	4,309	1,320
Prison Performing Arts Program	—	1,000	1,000	2,300
Raintree Arts Council	—	2,000	2,000	2,000
Ready Readers	—	1,000	1,000	—
River Styx (Big River Association)	—	1,000	1,000	2,000
St. Charles Municipal Band	—	—	—	750
St. Louis ArtWorks	—	—	—	2,400
St. Louis Ballet	—	1,000	1,000	1,500
St. Louis Cathedral Concerts	—	500	500	—
St. Louis Chamber Chorus	—	500	500	800
St. Louis Children's Choirs	—	24,000	24,000	25,000
St. Louis Classical Guitar Society	—	750	750	—
St. Louis Public Radio	—	1,250	1,250	1,000
St. Louis Storytelling Festival	—	1,000	1,000	900
St. Mary's High School	—	—	—	2,500
St. Patrick School	—	—	—	560
<b>Balance Carried Forward</b>	670,000	207,078	877,078	869,050

**THE GREATER ST. LOUIS ARTS AND  
EDUCATION COUNCIL AND SUBSIDIARY**

**SCHEDULE OF SUSTAINING ALLOCATIONS AND GRANTS**

Page 4 Of 4

**For The Year Ended December 31, 2012  
(With Summarized Financial Information  
For The Year Ended December 31, 2011)**

	2012			2011
	Sustaining Allocations	Grants	Total	Total
<b>Balance Brought Forward</b>	\$ 670,000	\$ 207,078	\$ 877,078	\$ 869,050
Shakespeare Festival of St. Louis	—	20,000	20,000	20,000
Sherwood Forest Camp	—	—	—	850
Show-Me Sound Organization	—	—	—	1,000
Southern Illinois University at Edwardsville	—	500	500	—
Springboard	—	21,000	21,000	21,000
STAGES St. Louis	—	19,000	19,000	29,000
Strange Fold Festival	—	2,000	2,000	—
Stray Dog Theatre	—	500	500	—
StudioSTL	—	1,500	1,500	—
Sullivan Patrons of the Arts	—	2,000	2,000	2,000
That Uppity Theatre Company	—	1,500	1,500	1,000
The Hettenhausen Center for the Arts	—	2,000	2,000	2,000
Union Avenue Opera Theatre	—	—	—	900
University of Missouri - St. Louis: PPRC Photo Project	—	1,250	1,250	—
Warren County Fine Arts Council	—	2,000	2,000	3,000
Webster University Community Arts Foundation	—	500	500	—
Windsor Intermediate Center	—	1,672	1,672	—
Wood River/Hartford School	—	1,500	1,500	—
	<b>\$ 670,000</b>	<b>\$ 284,000</b>	<b>\$ 954,000</b>	<b>\$ 949,800</b>

**THE GREATER ST. LOUIS ARTS AND  
EDUCATION COUNCIL AND SUBSIDIARY**

**SCHEDULE OF OTHER PROGRAMS, MANAGEMENT  
AND GENERAL AND DEVELOPMENT EXPENSES**

**For The Year Ended December 31, 2012  
(With Summarized Financial Information  
For The Year Ended December 31, 2011)**

	2012					2011	
	Centene Center For The Arts	Other Programs	Management And General	Development	Total	Total	
Salaries	\$ 9,789	\$ 312,805	\$ 40,701	\$ 234,394	\$ 597,689	\$	536,351
Payroll taxes	711	24,465	3,177	18,298	46,651		40,737
Employee benefits	—	50,494	6,373	36,700	93,567		80,082
Bank charges	—	4,200	4,077	4,077	12,354		12,645
Deliveries	—	892	250	643	1,785		1,662
Depreciation and amortization*	29,880	2,319	401	2,105	34,705		28,610
Dues and publications	—	1,153	1,118	1,118	3,389		2,806
Insurance	13,571	1,053	182	956	15,762		16,602
Interest	28,167	6,558	4,341	4,341	43,407		18,780
Maintenance of equipment*	16,896	1,299	198	1,168	19,561		18,870
Meetings	—	1,758	2,462	2,813	7,033		9,294
Miscellaneous	—	387	375	375	1,137		449
Office supplies and expense	—	7,938	1,002	5,769	14,709		15,593
Operating expenses - Centene Center for the Arts	53,649	4,175	748	3,801	62,373		63,872
Postage	—	10,553	1,759	5,277	17,589		17,348
Printing	—	22,869	3,812	11,435	38,116		30,322
Professional fees	23,278	84,119	41,755	21,301	170,453		113,757
Public relations and publicity	—	5,336	—	3,265	8,601		2,419
Rent	130,033	10,091	1,743	9,159	151,026		208,569
Telephone/internet access*	38,579	2,994	517	2,717	44,807		56,729
Travel and conferences	—	10,436	10,134	10,134	30,704		34,906
Utilities*	88,948	6,903	1,192	6,265	103,308		93,056
Uncollected promises to give	—	—	45,000	—	45,000		50,000
	\$ 433,501	\$ 572,797	\$ 171,317	\$ 386,111	\$ 1,563,726		\$ 1,453,459

\* Includes costs incurred to support tenants in the Centene Center for the Arts (Note 1).

**THE GREATER ST. LOUIS ARTS AND  
EDUCATION COUNCIL AND SUBSIDIARY**

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**SCHEDULE OF RENTAL REVENUES AND EXPENSES  
OF AEC PROPERTIES, LLC**

**For The Year Ended December 31, 2012  
(With Summarized Financial Information  
For The Year Ended December 31, 2011)**

	<u>2012</u>	<u>2011</u>
<b>Revenues</b>		
Rental revenues	\$ 244,967	\$ 258,028
The Arts and Education Council rental revenue	56,787	55,142
The Arts and Education Council other building revenue	19,920	16,890
Other CCAE revenues	72,271	66,142
<b>Total Revenues</b>	<b>393,945</b>	<b>396,202</b>
<b>Expenses</b>		
Building expense	1,080	481
Depreciation	29,880	24,633
Inspections	1,050	1,651
Insurance	13,571	14,294
Interest	28,167	—
Maintenance, equipment and building operating costs	70,545	71,241
Office expense	8,980	12,689
Parking expense	2,990	3,120
Payroll taxes	711	711
Professional services	23,278	684
Rent	151,026	208,569
Salaries	9,789	9,289
Telephone/internet access	44,807	56,729
Utilities	103,308	93,056
<b>Total Expenses</b>	<b>489,182</b>	<b>497,147</b>
<b>Net Loss</b>	<b>\$ (95,237)</b>	<b>\$ (100,945)</b>