
**THE GREATER ST. LOUIS ARTS
AND EDUCATION COUNCIL**
*FINANCIAL STATEMENTS
DECEMBER 31, 2018*



Contents

	Page
Independent Auditors' Report	1 - 2
 Financial Statements	
Statement Of Financial Position.....	3
Statement Of Activities	4
Statement Of Functional Expenses.....	5
Statement Of Cash Flows.....	6
Notes To Financial Statements.....	7 - 18
 Supplementary Information	
Independent Auditors' Report On Supplementary Information	19
Schedule Of Operating Grants And Grants	20 - 23
Schedule Of Building Income And Expenses.....	24



RubinBrown LLP
Certified Public Accountants &
Business Consultants

One North Brentwood
Saint Louis, MO 63105

T 314.290.3300
F 314.290.3400

W rubinbrown.com
E info@rubinbrown.com

Independent Auditors' Report

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

Report On The Financial Statements

We have audited the accompanying financial statements of The Greater St. Louis Arts and Education Council (the Council), a not-for-profit organization, which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility For The Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Greater St. Louis Arts and Education Council as of December 31, 2018, 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.

Report On Summarized Comparative Information

We have previously audited the Council's 2017 financial statements, and our report dated June 29, 2018, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

RubinBrown LLP

June 11, 2019

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

STATEMENT OF FINANCIAL POSITION

December 31, 2018

(With Summarized Financial Information As Of December 31, 2017)

Assets

	2018	2017
Cash and cash equivalents	\$ 405,717	\$ 464,751
Promises to give - current, net (Note 3)	816,979	837,854
Other current assets	93,919	104,230
Promises to give - noncurrent, net (Note 3)	—	2,794
Property and equipment (Note 4)	1,886,709	1,956,155
Total Assets	\$ 3,203,324	\$ 3,365,784

Liabilities And Net Assets

Liabilities

Line of credit - bank (Note 5)	\$ 200,000	\$ 325,000
Notes payable - current (Note 5)	95,840	90,969
Accounts payable and other accrued expenses	75,366	95,044
Grants payable	341,273	311,736
Notes payable - noncurrent (Note 5)	1,772,039	1,867,879
Total Liabilities	2,484,518	2,690,628

Net Assets

Without donor restrictions:		
Investment in property and equipment	722,832	734,336
Undesignated	(814,572)	(1,023,222)
Total without donor restrictions	(91,740)	(288,886)
With donor restrictions (Note 6)	810,546	964,042
Total Net Assets	718,806	675,156
Total Liabilities And Net Assets	\$ 3,203,324	\$ 3,365,784

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

**STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2018
(With Summarized Financial Information
For The Year Ended December 31, 2017)**

	2018			2017
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support And Revenues				
Annual campaign contributions	\$ 1,706,047	\$ 88,950	\$ 1,794,997	\$ 1,691,634
Contributions	14,750	—	14,750	29,500
Other restricted contributions	—	101,600	101,600	66,605
In-kind contributions	—	10,000	10,000	11,500
Fundraising events (net of expenses of \$159,270 in 2018 and \$130,657 in 2017)	(140,285)	390,900	250,615	383,205
Rental income (Note 8)	131,681	—	131,681	156,119
Other income	14,972	—	14,972	2,325
Net assets released from restrictions (Note 6):				
Fundraising events	491,663	(491,663)	—	—
Other	253,283	(253,283)	—	—
Total Support And Revenues	2,472,111	(153,496)	2,318,615	2,340,888
Expenses				
Program Services:				
Grants and grant management	653,983	—	653,983	681,824
Centene Center for the Arts	399,349	—	399,349	391,144
Other	665,372	—	665,372	695,372
Supporting Activities:				
Management and general	238,211	—	238,211	192,518
Development	318,050	—	318,050	347,836
Total Expenses	2,274,965	—	2,274,965	2,308,694
Increase (Decrease) In Net Assets	197,146	(153,496)	43,650	32,194
Net Assets - Beginning Of Year	(288,886)	964,042	675,156	642,962
Net Assets - End Of Year	\$ (91,740)	\$ 810,546	\$ 718,806	\$ 675,156

THE GREATER ST. LOUIS ARTS AND EDUCATION COUNCIL

STATEMENT OF FUNCTIONAL EXPENSES For The Year Ended December 31, 2018

	Grants And Grant Management	Centene Center For The Arts	Other Programs	Management And General	Development	Total
Operating grants	\$ 500,500	\$ —	\$ —	\$ —	\$ —	\$ 500,500
Grants	132,600	—	—	—	—	132,600
Incentive allocation and other grants	22,072	—	—	—	—	22,072
Unclaimed grants	(38,598)	—	—	—	—	(38,598)
Salaries	25,278	10,111	391,246	115,560	180,201	722,396
Temporary services	—	—	4,252	—	—	4,252
Payroll taxes	1,797	719	27,826	8,218	12,816	51,376
Employee benefits	3,048	1,219	47,194	13,940	21,737	87,138
Bank charges	—	—	6,650	6,454	6,454	19,558
Cost of direct benefits to donors	—	—	—	—	159,270	159,270
Deliveries	—	—	314	88	226	628
Depreciation and amortization	404	91,244	9,411	1,847	2,881	105,787
Dues and publications	83	34	1,299	384	598	2,398
Insurance	57	12,599	1,299	255	398	14,608
Interest	382	86,248	24,593	1,746	2,723	115,692
Maintenance of equipment	50	11,015	1,131	219	351	12,766
Meetings	—	—	3,046	2,957	2,957	8,960
Office supplies and expense	310	125	4,829	1,426	2,223	8,913
Operating expenses - Centene Center for the Arts	332	76,936	7,785	1,531	2,379	88,963
Parking	17	3,925	405	79	124	4,550
Postage	—	—	11,212	703	3,857	15,772
Printing	—	—	27,701	1,257	8,811	37,769
Professional fees	193	77	43,817	25,718	6,274	76,079
Public relations and publicity	—	—	6,212	776	776	7,764
Software maintenance	4,995	—	17,813	22,137	22,137	67,082
Special event expense	—	—	—	—	28,470	28,470
Telephone/internet access	143	32,565	3,359	659	1,028	37,754
Travel and conferences	—	—	16,497	3,089	8,339	27,925
Utilities	320	72,532	7,481	1,468	2,290	84,091
Uncollectible promises to give	—	—	—	27,700	—	27,700
	653,983	399,349	665,372	238,211	477,320	2,434,235
Less costs of direct benefits to donors included with revenue on the statement of activities	—	—	—	—	(159,270)	(159,270)
Total expenses included in the expense section on the statement of activities	\$ 653,983	\$ 399,349	\$ 665,372	\$ 238,211	\$ 318,050	\$ 2,274,965

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

**STATEMENT OF CASH FLOWS
For The Year Ended December 31, 2018
(With Summarized Financial Information
For The Year Ended December 31, 2017)**

	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities		
Increase in net assets	\$ 43,650	\$ 32,194
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation and amortization	105,787	97,724
Changes in assets and liabilities:		
Promises to give	23,669	138,146
Other current assets	10,311	(34,182)
Accounts payable and other accrued expenses	(19,678)	29,053
Grants payable	29,537	(636,710)
Net Cash Provided By (Used In) Operating Activities	193,276	(373,775)
Cash Flows Used In Investing Activities		
Payments for property and equipment	(36,341)	(106,509)
Cash Flows From Financing Activities		
Proceeds from line of credit	—	75,000
Payments on line of credit	(125,000)	—
Proceeds from notes payable	—	745,000
Payments on notes payable	(90,969)	(64,710)
Net Cash Provided By (Used In) Financing Activities	(215,969)	755,290
Net Increase (Decrease) In Cash And Cash Equivalents	(59,034)	275,006
Cash And Cash Equivalents - Beginning Of Year	464,751	189,745
Cash And Cash Equivalents - End Of Year	\$ 405,717	\$ 464,751
Supplemental Disclosure Of Cash Flow Information		
Interest paid	\$ 116,088	\$ 82,025

THE GREATER ST. LOUIS ARTS AND EDUCATION COUNCIL

NOTES TO FINANCIAL STATEMENTS December 31, 2018

1. Operations

The Greater St. Louis Arts and Education Council (the Council) is the St. Louis region's only united arts fund that pools together donations from individuals, foundations and corporations to invest in people, organizations and programs that keep art happening across the St. Louis bi-state region. Since its founding in 1963, the Council has raised and distributed more than \$100 million for the arts and arts education in the St. Louis region community.

2. Summary Of Significant Accounting Policies

Basis Of Accounting

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

Basis Of Presentation

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The Council adopted ASU 2016-14 effective January 1, 2018 and applied its provisions to the financial statements for the year ended December 31, 2018. In accordance with the ASU, the statement of financial position presents two classes of net assets, rather than the previously required three classes. The two classes are "Net assets without donor restrictions" (previously "Unrestricted" net assets) and "Net assets with donor restrictions" (previously "Temporarily" and "Permanently" restricted net assets). The ASU also requires information concerning liquidity and presentation of expenses by both functional and natural classifications.

As noted, financial statements of not-for-profit organizations measure net assets and net asset activity based on the absence or existence of donor-imposed restrictions. Brief explanations of the net asset categories are presented below:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Council. These net assets may be used at the discretion of the Council's management and the Board of Directors.

THE GREATER ST. LOUIS ARTS AND EDUCATION COUNCIL

Notes To Financial Statements (*Continued*)

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Council or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Council does not have net assets with perpetual donor restrictions as of December 31, 2018.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. Support that is restricted by a donor for a specific campaign year is released from net assets with donor restrictions in the year for which the support is restricted, regardless of whether the payments have been received from the donor.

The 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, 2017, from which the summarized information was derived.

Estimates And Assumptions

The Council uses estimates and assumptions in preparing 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.

Cash And Cash Equivalents

The Council considers all investment instruments with maturities of three months or less to be cash equivalents. The Council maintains its cash and cash equivalents in financial institutions, and the amounts held may at times exceed federally insured limits of \$250,000. The Council has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash or cash equivalents.

THE GREATER ST. LOUIS ARTS AND EDUCATION COUNCIL

Notes To Financial Statements (*Continued*)

Promises To Give

Promises to give are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible 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 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
Building and leasehold improvements	10 years
Equipment	2-5 years
Software	5 years

The Council reviews its investment in the building for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. There was no impairment loss recognized for the year ended December 31, 2018.

Description Of Program Services And Supporting Activities

The following program services and supporting activities are included in the accompanying 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.

Grants And Grant Management

The Council provides financial assistance to cultural and educational agencies through providing various grants and grant programs. These include: operating grants, grants and incentive allocations and other grants.

THE GREATER ST. LOUIS ARTS AND EDUCATION COUNCIL

Notes To Financial Statements (*Continued*)

Operating Grants

This program provides both project funding and operating support at varying levels to many cultural and educational organizations in the St. Louis area. Operating support is categorized into three levels based on the budget size of an organization. These three levels of unrestricted operating support are granted to arts organizations to help strengthen infrastructure, build capacity and sustainability and grow outreach programs. The three levels are defined as follows:

- Operating Support Level One (organizational budgets over \$3 million)
- Operating Support Level Two (organizational budgets of \$1 million to \$2,999,999)
- Operating Support Level Three (organizational budgets of \$500,000 to \$999,999).

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 And Other Grants

This program rewards cultural and educational organizations that receive 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 19 organizations in the Centene Center for the Arts (the Center), a unique arts incubator located in Grand Center. The Council provides 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 EDUCATION COUNCIL

Notes To 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 8,500 members which promotes upcoming grantee programs and events as well as free arts activities happening throughout the region. Additional publications include a bi-weekly blog that is distributed widely, in addition to various other publications. The Council's website promotes The Greater St. Louis Arts and Education Council, as well as its grantees and their programs. 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 to grantee programs and projects. The Council's site also maintains a gift-planning portal that guides donors through the process of making a planned or estate gift. The site also includes information, dates and times for professional development classes, lectures, and activities through the Arts Leadership Management Academy (ALMA) and Arts Marketers (both are programs managed and conducted by the Council). The Council launched the ALMA in 2012, with the goal of enhancing St. Louis arts and cultural organizations through a series of management workshops. Additionally, ALMA is home to two Executive Directors' Roundtables. Each roundtable is a professionally-led program targeted at executive directors of arts and cultural organizations of various budget sizes. Arts Marketers, created in 2011, provides added professional support for arts marketing professionals working at the Council's grant recipient organizations as well as other regional arts organizations throughout St. Louis.

THE GREATER ST. LOUIS ARTS AND EDUCATION COUNCIL

Notes To Financial Statements (*Continued*)

In November 2013, the Council launched power2give.org, an online crowdfunding site, and then updated and rebranded the program as “stARTup” in 2015. The Council’s crowdfunding portal allows cultural organizations located in the St. Louis bi-state area to post and promote projects in need of funding and invites donors to contribute directly to the projects that are most intriguing to them. Organizations that participate are vetted through the Council and must be a 501(c)(3) non-profit with a Secretary of State (Missouri or Illinois) certification of good standing. Additionally, upon meeting these criteria, qualified organizations post projects that are arts and cultural based and have a budget less than \$10,000. In 2017, the Council launched its first ever stARTup competition. The stARTup Competition, a partnership between The Greater St. Louis Arts and Education Council and PNC Foundation, challenges individuals and organizations to “Change the World, through the Arts, in St. Louis!” One of only two of its kind in the country, this competition seeks to identify and foster robust, innovative, fresh approaches to addressing challenges or needs in the St. Louis region through the arts. A review process has been established through a panel of entrepreneurs and broad thinkers that will review the application, including a description of the organization, business plan, and the showcase or idea that meets the competition rules and criteria. Finalists are selected to present their ideas to the panel along with more in-depth business plans. Benefits for competition winners include free office, performance, rehearsal, and meeting space for one year in the Centene Center for the Arts and cash support from a pool of \$20,000. All winners will have an official address at the Centene Center, networking and collaboration opportunities, mentoring, financial coaching, and idea sharing as part of the Grand Center Arts District.

In fall 2015, the Council launched a program that provides tuition and transportation assistance to deserving students wishing to expand their arts training outside the traditional classroom setting. Funding for the program is made possible through a restricted gift from a corporate donor. Students participating in the program must expand their training by taking classes at a Council grantee organization. The Council pays students’ tuition and transportation fees directly to the 501(c)(3) grantee organization providing the classes or training - not to the student or their parent/guardian - but students must go through an application process and submit examples of their artistic merit to be chosen for scholarship or tuition assistance.

THE GREATER ST. LOUIS ARTS AND EDUCATION COUNCIL

Notes To Financial Statements (*Continued*)

The Council annually produces the St. Louis Arts Awards, the area's highly anticipated and preeminent event honoring individuals, organizations and businesses who achieve a legacy of artistic excellence and enrich St. Louis' arts and cultural community. Since 1992, the Arts Awards have honored 180 individuals, organizations and businesses who have contributed to the vibrancy of our community. The annual event celebrates and connects our arts community, further strengthening awareness and appreciation.

During 2017, the Council opened the Catalyst Innovation Lab, a unique first floor space that invites collaboration and community gathering. The space was renovated through a corporate gift and hosts convening and special programs such as Arts Marketers.

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.

Expense Allocation

Expenses are charged to programs and supporting activities on the basis of management's estimates on how resources are specifically utilized. Expenses that are directly identifiable with a specific function are allocated directly to that function. Expenses that are not directly identifiable to a specific function and are related to space usage, including depreciation and amortization, insurance, interest, maintenance of equipment, operating expenses - Centene Center for the Arts, parking, telephone/internet access, and utilities, are allocated based on square footage. All remaining expenses that are not directly attributable to a specific function, including salaries, payroll taxes, employee benefits, deliveries, dues and publications, office supplies and expense, postage, printing, public relations and publicity, and travel and conferences, are allocated based on estimates of time and effort.

THE GREATER ST. LOUIS ARTS AND EDUCATION COUNCIL

Notes To Financial Statements (Continued)

Advertising Costs

The Council expenses advertising costs as incurred. Total advertising costs charged against income amounted to \$50,045 in 2018.

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 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.

The Council's federal tax returns for tax years 2015 and later remain subject to examination by taxing authorities.

Subsequent Events

Management has evaluated subsequent events through the audit report date, which is when the financial statements were available for issue.

3. Promises To Give

Unconditional promises to give are included in the 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	\$	699,702
Arts Awards 2019		114,400
Bequest		75,000
Crowdfunding		735
Other		3,000
		<u>892,837</u>
Less: Allowance for doubtful accounts		<u>75,858</u>
	\$	<u><u>816,979</u></u>

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

Notes To Financial Statements (*Continued*)

As of December 31, 2018, all unconditional promises to give are expected to be collected in less than one year and are considered current on the accompanying statement of financial position.

Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. In September 2018, the Council received a bequest in the amount of \$900,000 from a donor for the purpose of establishing a permanent endowment. As this bequest was revocable as of December 31, 2018, this gift was not recognized.

4. Property And Equipment

Property and equipment consist of:

Land	\$ 72,300
Building and building improvements	2,145,160
Leasehold improvements	257,381
Equipment	245,701
Software	124,654
	<hr/>
	2,845,196
Less: Accumulated depreciation and amortization	958,487
	<hr/>
	\$ 1,886,709
	<hr/>

Depreciation and amortization charged to expense amounted to \$105,787 in 2018.

5. Debt

Line Of Credit

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 4.00% (5.25% at December 31, 2018). Payments of interest are due monthly, with all outstanding principal and interest due at maturity on September 1, 2020. The line of credit is secured by substantially all business assets of the Council. Total borrowings outstanding at December 31, 2018 amount to \$200,000.

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

Notes To Financial Statements (*Continued*)

Notes Payable

In conjunction with the purchase of the Center on July 31, 2012, the Council issued a promissory note (Building Note) to IFF in the amount of \$1,500,000. The note bore interest at 4.5% through July 31, 2017. Interest was adjusted on August 1, 2017 to 5% and will be subsequently adjusted again on August 1, 2022 (Building Note Recalculation Date) 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 Building Note on the Building Note Recalculation Date plus 2.0%. Beginning September 2012 through July 2017, the Building Note required monthly payments of principal and interest of approximately \$9,500. Beginning August 2017, the Building Note requires monthly payments of principal and interest of approximately \$9,800. All unpaid principal and interest is due upon maturity on August 1, 2027. The Building Note is secured by the Future Advance Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing. At December 31, 2018, \$1,163,877 is payable on the Building Note.

On August 29, 2017, the Council issued an additional promissory note (Operating Note) to IFF in the amount of \$745,000. The note bears interest at 5.625% through August 31, 2022 and will subsequently be adjusted on September 1, 2022 and September 1, 2027 (collectively, the Operating Note 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 Operating Note on the Operating Note Recalculation Dates plus 2.0%. Beginning on October 1, 2017, the note requires monthly payments of principal and interest totaling approximately \$6,100. All unpaid principal and interest is due upon maturity on September 1, 2032. The note is secured by the Future Advance Second Deed of Trust, Assignment of Leases and Rents, Security Agreement, and Fixture Filing. At December 31, 2018, \$704,002 is payable on the Operating Note.

Future required principal payments on the notes are as follows:

<u>Year</u>	<u>Amount</u>
2018	\$ 95,840
2019	100,972
2020	106,381
2021	112,080
2022	118,085
Thereafter	1,334,521
	<u>\$ 1,867,879</u>

Interest expense on all debt in 2018 was \$115,692.

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

Notes To Financial Statements (*Continued*)

6. Net Assets With Donor Restrictions

Net assets with donor restrictions are subject to the following donor-imposed restrictions:

Arts Awards 2019	\$ 390,900
Catalyst Innovation Lab - building	77,606
Catalyst Innovation Lab - program	18,980
Purpose restricted - other	248,060
Time restricted	75,000
	<hr/>
	\$ 810,546
	<hr/> <hr/>

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

Arts Awards 2018	\$ 491,663
Catalyst Innovation Lab - building	46,000
Catalyst Innovation Lab - program	27,408
Purpose restricted - other	179,875
	<hr/>
	\$ 744,946
	<hr/> <hr/>

7. Deferred Compensation Plan

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 \$16,035 in 2018.

8. Leases

The Council leases office space in the Center to 19 local organizations. Future minimum rents to be received, based upon the lease agreements, are as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 87,128
2020	20,083
2021	5,154
2022	5,308
	<hr/>
	\$ 117,673
	<hr/> <hr/>

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

Notes To Financial Statements (*Continued*)

Rental revenue recognized under such lease agreements amounted to approximately \$110,000 in 2018, which is included in rental income in the statement of activities.

9. Concentrations

In 2018, the Council received approximately 17% of its total contributions from one donor.

10. Availability Of Financial Assets And Liquidity

At December 31, 2018, the Council has the following liquid assets available for general expenditures in the next year:

Cash and cash equivalents	\$ 405,717
Promises to give	816,979
	<hr/>
	1,222,696
Less: Amounts subject to donor restrictions	(810,546)
Plus: Net assets restricted for the 2019 Arts Awards	390,900
	<hr/>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 803,050</u>

The Council is the St. Louis region's only united arts fund that pools together donations from individuals, foundations and corporations to invest in people, organizations and programs that keep art happening across the St. Louis bi-state region. These donations are available to meet annual cash needs for general expenditures. Allocations to agencies are paid quarterly over a 12-month period. During that same 12-month period, additional contributions are received from donors as well as significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It is the Council's objective to keep three months of cash reserves at all times. The Council maintains a line of credit of \$350,000 that can be used to meet short-term cash obligations.

Independent Auditors' Report On Supplementary Information

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

We have audited the financial statements of The Greater St. Louis Arts and Education Council as of and for the year ended December 31, 2018, and our report thereon dated June 11, 2019, which expressed an unmodified opinion on those 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 operating grants and grants and building income and expenses, 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

June 11, 2019

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

SCHEDULE OF OPERATING GRANTS AND GRANTS

Page 1 Of 4

**For The Year Ended December 31, 2018
(With Summarized Financial Information
For The Year Ended December 31, 2017)**

	2018			2017
	Operating Grants	Grants	Total	Total
A Call to Conscience	\$ —	\$ —	\$ —	\$ 1,000
Ackerman Special School District	—	2,500	2,500	—
African Heritage Association	—	5,000	5,000	—
Alexandra Ballet	—	—	—	1,000
Alton High School	—	—	—	1,900
Artica	—	5,000	5,000	—
Arts & Faith St. Louis	—	—	—	1,700
Artscope	—	4,500	4,500	2,000
Bach Society of St. Louis	—	2,500	2,500	1,000
Bayless Elementary School	—	768	768	—
The Big Muddy Dance Company	—	—	—	2,000
The Black Rep	—	—	—	5,000
Buder Elementary School	—	—	—	720
Central & Visual Performing Arts High School	—	1,499	1,499	—
Central Intermediate School - Roxana	—	—	—	1,000
Central Print	—	—	—	1,000
Cinema - St. Louis	5,000	—	5,000	5,000
Circus Flora	—	—	—	5,000
Circus Harmony	—	—	—	1,500
Civic Arts Company	—	—	—	1,000
COCA - Center of Creative Arts	63,000	—	63,000	62,325
Collinsville High School	—	600	600	2,650
Contemporary Art Museum St. Louis	20,000	—	20,000	15,000
Balance Carried Forward	88,000	22,367	110,367	110,795

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

SCHEDULE OF OPERATING GRANTS AND GRANTS

Page 2 Of 4

**For The Year Ended December 31, 2018
(With Summarized Financial Information
For The Year Ended December 31, 2017)**

	2018			2017
	Operating Grants	Grants	Total	Total
Balance Brought Forward	\$ 88,000	\$ 22,367	\$ 110,367	\$ 110,795
Continuity STL	—	4,750	4,750	—
Craft Alliance	15,000	—	15,000	20,000
Creative Reaction Lab	—	—	—	10,000
Dance St. Louis	—	—	—	5,000
December Publishing	—	—	—	1,000
Design Build Workshop	—	—	—	2,000
Equally Represented Arts	—	—	—	2,500
Fairview Elementary School	—	1,424	1,424	—
Gateway Men's Chorus	—	2,500	2,500	1,000
Griscom Public School	—	—	—	2,500
Hazelwood North Middle School	—	—	—	1,000
Hazelwood West High School	—	1,250	1,250	—
Heal Center for the Arts	—	5,000	5,000	—
The Hettenhausen Center for the Arts	—	—	—	4,167
Highland Arts Council	—	—	—	4,166
Holy Trinity School	—	760	760	—
International Photography Hall of Fame and Museum	—	2,500	2,500	1,000
Jana Elementary School	—	2,499	2,499	—
Jazz St. Louis	23,000	—	23,000	18,496
Keeven Elementary	—	1,300	1,300	—
Landlocked Media LLC	—	—	—	10,000
Laumeier Sculpture Park	12,000	—	12,000	8,504
Lee-Hamilton Elementary	—	2,500	2,500	—
Looking Glass Playhouse	—	5,000	5,000	4,167
Luminary Center for the Arts	—	—	—	1,000
Makers Space	—	10,000	10,000	—
Maplewood Richmond Heights Elementary	—	—	—	1,465
Balance Carried Forward	138,000	61,850	199,850	208,760

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

SCHEDULE OF OPERATING GRANTS AND GRANTS

Page 3 Of 4

**For The Year Ended December 31, 2018
(With Summarized Financial Information
For The Year Ended December 31, 2017)**

	2018			2017
	Operating Grants	Grants	Total	Total
Balance Brought Forward	\$ 138,000	\$ 61,850	\$ 199,850	\$ 208,760
Mason Elementary School	—	1,150	1,150	—
McCluer High School	—	2,500	2,500	—
Mehlville High School	—	—	—	3,500
Metro Theater Company	5,000	—	5,000	5,000
MindsEye Radio	—	5,000	5,000	1,500
Modern American Dance Co. (MADCO)	—	—	—	1,500
The Municipal Theatre Association of St. Louis	—	—	—	2,000
Murphy Elementary School	—	—	—	732
Mustard Seed Theatre	—	—	—	1,500
Neighborhood Houses	—	—	—	1,000
New Jewish Theatre	—	—	—	1,000
New Music Circle	—	—	—	1,000
Normandy High School	—	2,500	2,500	5,000
Oakville High School	—	500	500	—
Open Studio Network	—	—	—	2,854
Opera Theatre of St. Louis	110,000	—	110,000	132,500
Our Common Ground	—	5,000	5,000	—
Pianos for People	—	8,600	8,600	3,600
Prison Performing Arts Program	—	5,000	5,000	1,750
Radio Arts Foundation	5,000	—	5,000	5,000
Raintree Arts Council	—	5,000	5,000	4,167
Repertory Theatre of St. Louis	90,000	—	90,000	112,500
Rise Community Development	—	2,500	2,500	1,000
St. Louis Artist Guild	—	—	—	2,000
St. Louis Artworks	7,500	—	7,500	5,000
St. Louis Ballet	5,000	—	5,000	5,000
St. Louis Children's Choir	5,000	—	5,000	5,000
St. Louis Classical Guitar Society	—	—	—	1,000
St. Louis Fashion	7,500	—	7,500	5,000
Balance Carried Forward	373,000	99,600	472,600	518,863

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

SCHEDULE OF OPERATING GRANTS AND GRANTS

Page 4 Of 4

**For The Year Ended December 31, 2018
(With Summarized Financial Information
For The Year Ended December 31, 2017)**

	2018			2017
	Operating Grants	Grants	Total	Total
Balance Brought Forward	\$ 373,000	\$ 99,600	\$ 472,600	\$ 518,863
St. Louis Shakespeare	—	—	—	1,000
St. Louis Story Stitchers	—	—	—	5,000
St. Louis Storytelling Festival	—	—	—	1,000
St. Louis Symphony Orchestra	25,000	—	25,000	15,000
Shakespeare Festival of St. Louis	25,000	—	25,000	19,000
Sheldon Arts Foundation	50,000	—	50,000	45,000
Show-Me Sound Organization	—	5,000	5,000	1,500
South Broadway Art Project	—	—	—	1,000
Southern Illinois University at Edwardsville	—	—	—	1,000
Special School District - Ackerman School	—	—	—	3,000
Springboard	5,000	—	5,000	5,000
STAGES St. Louis	15,000	—	15,000	15,000
Sullivan Patrons of the Arts	—	5,000	5,000	4,167
Tennessee Williams Festival	—	3,000	3,000	5,000
That Uppity Theatre Company	—	2,500	2,500	—
University City School District	—	—	—	1,600
Upstream Theater	—	—	—	1,000
Valley Park High School	—	2,500	2,500	—
Warren County Fine Arts Council	—	5,000	5,000	4,166
Warrior Ridge Elementary	—	—	—	450
Webster Arts	—	—	—	1,750
Webster University Community Arts Foundation	7,500	—	7,500	5,000
Who Raised You	—	10,000	10,000	—
	\$ 500,500	\$ 132,600	\$ 633,100	\$ 654,496

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

SCHEDULE OF BUILDING INCOME AND EXPENSES

**For The Year Ended December 31, 2018
(With Summarized Financial Information
For The Year Ended December 31, 2017)**

	<u>2018</u>	<u>2017</u>
Revenues		
Rental income	\$ 110,009	\$ 130,012
Other building income	21,672	26,107
Insurance proceeds	9,577	—
Total Revenues	141,258	156,119
Expenses		
Building expense	392	1,387
Depreciation and amortization	91,244	84,141
Inspections	620	952
Insurance	12,599	12,430
Interest	86,248	62,817
Maintenance, equipment and building operating costs	87,951	97,904
Parking expense	4,550	1,965
Payroll taxes	719	1,148
Professional services	77	2,583
Employee benefits	1,219	2,625
Salaries	10,111	15,000
Telephone/internet access	37,754	25,067
Utilities	84,091	103,625
Total Expenses	417,575	411,644
Net Loss	\$ (276,317)	\$ (255,525)