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**THE GREATER ST. LOUIS ARTS  
AND EDUCATION COUNCIL**  
*FINANCIAL STATEMENTS  
DECEMBER 31, 2019*

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## 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, 2019, 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, 2019, 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 2018 financial statements, and our report dated June 11, 2019, 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, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*RubinBrown LLP*

November 13, 2020

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

**STATEMENT OF FINANCIAL POSITION**

**December 31, 2019**

**(With Summarized Financial Information As Of December 31, 2018)**

**Assets**

	2019	2018
Cash and cash equivalents	\$ 265,896	\$ 405,717
Promises to give - current, net (Note 3)	851,191	816,979
Other current assets	163,205	93,919
Promises to give - noncurrent, net (Note 3)	588,055	—
Property and equipment (Note 4)	1,916,685	1,886,709
<b>Total Assets</b>	<b>\$ 3,785,032</b>	<b>\$ 3,203,324</b>

**Liabilities And Net Assets**

**Liabilities**

Line of credit - bank (Note 5)	\$ 300,000	\$ 200,000
Notes payable - current (Note 5)	100,972	95,840
Installment note payable - current (Note 5)	13,405	—
Accounts payable and other accrued expenses	60,236	75,366
Grants payable	373,285	341,273
Notes payable - noncurrent (Note 5)	1,671,067	1,772,039
Installment note payable (Note 5)	17,270	—
<b>Total Liabilities</b>	<b>2,536,235</b>	<b>2,484,518</b>

**Net Assets**

Without donor restrictions:		
Investment in property and equipment	783,040	722,832
Undesignated	(945,592)	(814,572)
Total without donor restrictions	(162,552)	(91,740)
With donor restrictions (Note 6)	1,411,349	810,546
<b>Total Net Assets</b>	<b>1,248,797</b>	<b>718,806</b>
<b>Total Liabilities And Net Assets</b>	<b>\$ 3,785,032</b>	<b>\$ 3,203,324</b>

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

**STATEMENT OF ACTIVITIES  
For The Year Ended December 31, 2019  
(With Summarized Financial Information  
For The Year Ended December 31, 2018)**

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Support And Revenues</b>				
Annual campaign contributions	\$ 1,608,225	\$ 92,100	\$ 1,700,325	\$ 1,794,997
Contributions	60,053	—	60,053	14,750
Other restricted contributions	—	824,631	824,631	101,600
In-kind contributions	—	44,155	44,155	10,000
Fundraising events (net of expenses of \$136,383 in 2019 and \$159,270 in 2018)	(97,393)	375,450	278,057	250,615
Rental income (Note 8)	141,559	—	141,559	131,681
Other income	2,531	—	2,531	14,972
Net assets released from restrictions (Note 6)	735,533	(735,533)	—	—
<b>Total Support And Revenues</b>	<b>2,450,508</b>	<b>600,803</b>	<b>3,051,311</b>	<b>2,318,615</b>
<b>Expenses</b>				
Program Services:				
Grants and grant management	742,621	—	742,621	653,983
Centene Center for the Arts	435,904	—	435,904	399,349
Other	619,844	—	619,844	665,372
Supporting Activities:				
Management and general	362,718	—	362,718	238,211
Development	360,233	—	360,233	318,050
<b>Total Expenses</b>	<b>2,521,320</b>	<b>—</b>	<b>2,521,320</b>	<b>2,274,965</b>
<b>Increase (Decrease) In Net Assets</b>	<b>(70,812)</b>	<b>600,803</b>	<b>529,991</b>	<b>43,650</b>
<b>Net Assets - Beginning Of Year</b>	<b>(91,740)</b>	<b>810,546</b>	<b>718,806</b>	<b>675,156</b>
<b>Net Assets - End Of Year</b>	<b>\$ (162,552)</b>	<b>\$ 1,411,349</b>	<b>\$ 1,248,797</b>	<b>\$ 718,806</b>

# THE GREATER ST. LOUIS ARTS AND EDUCATION COUNCIL

## STATEMENT OF FUNCTIONAL EXPENSES For The Year Ended December 31, 2019 (With Summarized Financial Information For The Year Ended December 31, 2018)

	Grants And Grant Management	Centene Center For The Arts	Other Programs	Management And General	Development	2019 Total	2018 Total
Operating grants	\$ 495,500	\$ —	\$ —	\$ —	\$ —	\$ 495,500	\$ 500,500
Other grants	193,903	—	—	—	—	193,903	143,210
Other programs and awards	—	—	36,049	—	—	36,049	23,667
Unclaimed grants	—	—	—	—	—	—	(38,598)
In-kind	—	—	—	—	20,914	20,914	8,853
Special events	—	—	—	—	155,653	155,653	183,303
Salaries	25,008	9,888	398,917	136,571	182,794	753,178	726,651
Payroll taxes	1,876	742	29,918	10,242	13,709	56,487	51,377
Employee benefits	2,927	1,157	46,688	15,984	21,394	88,150	87,141
Bank fees	—	—	8,935	3,584	8,936	21,455	17,872
Building maintenance	—	45,524	—	—	—	45,524	87,569
Campaign event expenses	—	—	3,207	—	3,207	6,414	4,815
Commercial insurance	68	15,430	1,591	312	487	17,888	14,609
Depreciation and amortization	452	101,974	10,517	2,065	3,219	118,227	105,787
Development and training	—	—	—	2,631	—	2,631	2,398
Donor and volunteer recognition	—	—	8,208	—	8,208	16,416	13,901
Equipment leases	29	6,597	680	134	208	7,648	9,420
Maintenance of equipment	296	66,744	6,884	1,352	2,107	77,383	2,445
Fundraising events	—	—	2,386	—	2,386	4,772	679
Interest	427	96,327	9,935	1,951	3,041	111,681	115,692
Meetings and meals	—	—	—	11,889	—	11,889	3,510
Office and administrative	—	—	—	15,901	—	15,901	16,310
Postage and deliveries	—	—	8,130	—	3,589	11,719	16,401
Printed material	—	—	23,332	2,701	10,136	36,169	37,768
Professional services - accounting	—	—	—	29,800	—	29,800	45,152
Professional services - other	7,222	—	7,271	73	10,882	25,448	18,865
Software maintenance	10,087	—	—	2,522	37,826	50,435	67,081
Taxes and fees	—	—	—	1,022	—	1,022	1,493
Telephone and internet access	148	33,470	3,452	678	1,056	38,804	37,755
Travel and conferences	473	—	3,809	—	4,045	8,327	9,052
Uncollected promises to give	—	—	—	121,143	—	121,143	27,700
Utility services	257	58,051	5,987	1,176	1,832	67,303	84,092
Web page and digital media	3,948	—	3,948	987	987	9,870	7,765
	742,621	435,904	619,844	362,718	496,616	2,657,703	2,434,235
Less costs of direct benefits to donors included with revenue on the statement of activities	—	—	—	—	(136,383)	(136,383)	(159,270)
Total expenses included in the expense section on the statement of activities	\$ 742,621	\$ 435,904	\$ 619,844	\$ 362,718	\$ 360,233	\$ 2,521,320	\$ 2,274,965

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

**STATEMENT OF CASH FLOWS  
For The Year Ended December 31, 2019  
(With Summarized Financial Information  
For The Year Ended December 31, 2018)**

	2019	2018
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$ 529,991	\$ 43,650
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation and amortization	118,227	105,787
In-kind donation of property and equipment	(30,500)	—
Changes in assets and liabilities:		
Promises to give	(622,267)	23,669
Other current assets	(69,286)	10,311
Accounts payable and other accrued expenses	(15,130)	(19,678)
Grants payable	32,012	29,537
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>(56,953)</b>	<b>193,276</b>
<b>Cash Flows Used In Investing Activities</b>		
Payments for property and equipment	(117,703)	(36,341)
<b>Cash Flows From Financing Activities</b>		
Proceeds from line of credit	100,000	—
Payments on line of credit	—	(125,000)
Proceeds from installment note payable	41,112	—
Payments on installment note payable	(10,437)	—
Payments on notes payable	(95,840)	(90,969)
<b>Net Cash Provided By (Used In) Financing Activities</b>	<b>34,835</b>	<b>(215,969)</b>
<b>Net Decrease In Cash And Cash Equivalents</b>	<b>(139,821)</b>	<b>(59,034)</b>
<b>Cash And Cash Equivalents - Beginning Of Year</b>	<b>405,717</b>	<b>464,751</b>
<b>Cash And Cash Equivalents - End Of Year</b>	<b>\$ 265,896</b>	<b>\$ 405,717</b>
<b>Supplemental Disclosure Of Cash Flow Information</b>		
Interest paid	\$ 112,098	\$ 116,088



# THE GREATER ST. LOUIS ARTS AND EDUCATION COUNCIL

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## NOTES TO FINANCIAL STATEMENTS December 31, 2019

### 1. Operations

The Greater St. Louis Arts and Education Council (the Arts and Education Council or 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

Financial statements of not-for-profit organizations measure net assets and net asset activity based on the absence or existence of donor-imposed restrictions. A brief explanation of the net asset categories is 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.

**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, 2019.

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 GREATER ST. LOUIS ARTS AND EDUCATION COUNCIL

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## Notes To Financial Statements *(Continued)*

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, 2018, 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.

### **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. Historically, these written off balances have related primarily to workplace giving payroll campaigns. Changes in the valuation allowance have not been material to the financial statements. Conditional promises to give that include a measurable performance or other barrier are not recognized as support until the conditions on which they depend have been met.

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

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## Notes To Financial Statements (*Continued*)

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, 2019.

### **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.

#### **Operating Grants**

This program provides unrestricted 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).

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

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### Notes To Financial Statements (*Continued*)

#### **Grants**

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

#### **Arts and Healing Initiative**

In 2019, the Arts and Education Council launched a new Arts and Healing Initiative, in partnership with Missouri Foundation for Health (MFH). The five-year grant from MFH will be used to launch the initiative, which aims to improve the quality of life for people throughout St. Louis City and County in its first year, and other Missouri counties in subsequent years. The overarching goal of the Arts and Healing Initiative is to increase the capacity to heal through the arts.

#### **Bayer Fund Rural Community Arts Program**

The Bayer Fund Rural Community Arts Program is a partnership initiative that strengthens rural communities through the arts. Thanks to the generous support of Bayer Fund, in collaboration with the Arts and Education Council, people living in the counties and rural communities surrounding the St. Louis metropolitan area have the opportunity to enjoy quality arts and cultural performances and programming.

#### **Creative Impact Fund**

The Creative Impact Fund, with lead support from Bayer Fund, provides grants to arts and arts education institutions that demonstrate immediate need in support of new programs or projects which show promise for creative new directions.

#### **Maritz Arts and Education Fund for Teachers**

The Maritz Arts and Education Fund for Teachers is a unique Arts and Education Council partnership that provides critical funds to arts education programs serving school districts in the St. Louis bi-state region. Maritz and the Arts and Education Council partner to offer this unique funding opportunity to individual schools and teachers to support projects and opportunities that encourage creativity in the classroom. The grants are administered by the Arts and Education Council and are supported with a leadership gift from Maritz. The distinctive funding program enables teachers to apply directly for a grant to use during the school year. The Fund's goal is to support classroom-based projects and artistic opportunities that engage students in the creative process.

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

**PNC Program Grants**

PNC Program Grants, underwritten by the PNC Foundation, provide merit-based grants to organizations in the St. Louis bi-state region that provide arts and arts education programs addressing community needs.

**Creative Impact Fund for Diversifying the Arts**

To increase the availability and accessibility of arts experiences, the Arts and Education Council launched the Creative Impact Fund for Diversifying the Arts in 2019. This new grant program provides grants to organizations that demonstrate diversity or seek to expand support of programs, leadership and access and that show promise for creative new directions in arts and cultural programming.

**Centene Center For The Arts**

The Council provides office space, state-of-the-art technology, rehearsal and performance space for 20 organizations in the Centene Center for the Arts (the Center), a unique arts incubator located in Grand Center Arts District. 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

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### 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 7,500. Happenings is also 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 11,000 subscribers which promotes upcoming grantee programs and events as well as free arts activities happening throughout the region. Additional publications include a blog that is distributed widely, in addition to various other publications. The Council's website promotes the 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 the Arts and Education Council. 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 about professional development classes, lectures, and activities through Arts Marketers and two cohorts of Leadership Roundtables (both are programs managed and conducted by the Council). 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. Each roundtable is a professionally-led program targeted at executive directors of arts and cultural organizations of various budget sizes.

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

In 2017, the Council launched its first ever stARTup competition. The stARTup Competition, a partnership between the Arts and Education Council and PNC Foundation, encourages the development of great ideas with art at their core that strengthen and enhance the St. Louis arts community. 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 the Art Education Fund, 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**

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### Notes To Financial Statements (*Continued*)

The Katherine Dunham Fellowship, named in honor of the dancer, choreographer and activist, was created and initially funded by Sara and Jack Burke to give African-American individuals an opportunity to explore, gain experience in and be mentored in the field of arts administration and to subsequently find employment and achieve success working at local arts and cultural institutions. After seven transformative and successful years at the Regional Arts Commission, the Katherine Dunham Fellowship relocated to the Arts and Education Council in 2018 to develop African-American leadership in the arts. The move to the Arts and Education Council has expanded the program to include immersion in fundraising, corporate relations, donor database management, fiscal and board management, all critical skills needed to manage an arts organization in the 21st century.

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 nearly 190 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.

In 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.



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

**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, commercial insurance, interest, building maintenance, equipment maintenance, equipment lease, telephone and internet access, and utilities services, are allocated based on square footage. All remaining expenses that are not directly attributable to a specific function, including salaries, payroll taxes, employee benefits, postage and deliveries, printed materials, campaign events expenses, fundraising events, and travel and conferences, are allocated based on estimates of time and effort.

**Advertising Costs**

The Council expenses advertising costs as incurred. Total advertising costs charged against income amounted to \$46,395 in 2019.

**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 2016 and later remain subject to examination by taxing authorities.

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

**Change In Accounting Principle**

On June 21, 2018, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The Council has adopted ASU 2018-08 and has applied its provisions to the financial statements prospectively beginning January 1, 2019. The ASU clarifies and improves the scope and the accounting guidance for contributions received and made. It provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction, as well as provides guidance on determining whether a contribution is conditional. This change did not have a material impact on the Council's financial statements.

**Reclassifications**

Certain 2018 balances have been reclassified, where appropriate, to conform with the 2019 financial statement presentation.

**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	\$ 720,006
Arts Awards 2020	100,100
Missouri Foundation for Health	829,864
Crowdfunding	3,735
	<hr/>
	1,653,705
Less: Allowance for doubtful accounts	143,607
Less: Discount	70,852
	<hr/>
	\$ 1,439,246
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Notes To Financial Statements (*Continued*)

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

Less than one year	\$ 994,798
One to five years	658,907
	<u>1,653,705</u>
Less: Allowance for doubtful accounts	143,607
Less: Discount	70,852
	<u>1,439,246</u>
	<u><u>\$ 1,439,246</u></u>
Promises to give - current	\$ 851,191
Promises to give - noncurrent	588,055
	<u>1,439,246</u>
	<u><u>\$ 1,439,246</u></u>

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, 2019, this gift was not recognized.

#### **4. Property And Equipment**

Property and equipment consist of:

Land	\$ 72,300
Building and building improvements	2,175,660
Leasehold improvements	276,312
Equipment	341,974
Software	127,154
	<u>2,993,400</u>
Less: Accumulated depreciation and amortization	1,076,715
	<u>1,916,685</u>
	<u><u>\$ 1,916,685</u></u>

Depreciation and amortization charged to expense amounted to \$118,227 in 2019.

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

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Notes To Financial Statements (*Continued*)

**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% (4.75% at December 31, 2019). Payments of interest are due monthly, with all outstanding principal and interest due at maturity on September 1, 2020. The maturity date on the line of credit was subsequently extended on September 1, 2020 to December 1, 2020. The line of credit is secured by substantially all business assets of the Council. Total borrowings outstanding at December 31, 2019 amount to \$300,000.

**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%. 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, 2019, \$1,102,970 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%. 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, 2019, \$669,069 is payable on the Operating Note.

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

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Notes To Financial Statements *(Continued)*

On March 22, 2019, the Council entered into an installment note payable agreement (Installment Note) to GreatAmerica Financial Services Corporation in the amount of \$41,112. The Installment Note bears interest at 8.0% through March 22, 2022. The note is secured by certain hardware equipment. The Installment Note requires 36 monthly payments of principal and interest of \$1,288. All unpaid principal and interest is due upon maturity on March 22, 2022. At December 31, 2019, \$30,675 is payable on the Installment Note.

Future required principal payments on the notes are as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 114,377
2021	120,899
2022	114,832
2023	118,085
2024	124,414
Thereafter	1,210,107
	<u>\$ 1,802,714</u>

Interest expense on all debt in 2019 was \$111,681.

**6. Net Assets With Donor Restrictions**

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

Arts Awards 2020	\$ 389,105
Catalyst Innovation Lab - building	41,606
Purpose restricted - arts and healing initiative	782,091
Purpose restricted - other	<u>198,547</u>
	<u>\$ 1,411,349</u>

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

Arts Awards 2019	\$ 390,900
Catalyst Innovation Lab - building	39,000
Catalyst Innovation Lab - program	49,480
Purpose restricted - other	181,153
Time restricted	<u>75,000</u>
	<u>\$ 735,533</u>

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

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Notes To Financial Statements *(Continued)*

**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 \$17,421 in 2019.

**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>
2020	\$ 130,420
2021	81,789
2022	41,356
2023	22,802
2023	23,486
	<u>\$ 299,853</u>

Rental revenue recognized under such lease agreements amounted to approximately \$110,000 in 2019, which is included in rental income in the statement of activities.

**9. Concentrations**

In 2019, the Council received approximately 38.9% of its total contributions from two donors.

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

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Notes To Financial Statements (*Continued*)

**10. Availability Of Financial Assets And Liquidity**

At December 31, 2019, the Council has the following liquid assets available for general expenditure in the next year:

Cash and cash equivalents	\$ 265,896
Promises to give - current, net	851,191
	<u>1,117,087</u>
Less: Amounts subject to donor restrictions	(1,411,349)
Plus:	
Net assets restricted for arts and healing initiative	782,091
Net assets restricted for the 2020 Arts Awards	389,105
	<u>389,105</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 876,934</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.

**11. Subsequent Events**

In December 2019, a novel strain of coronavirus (COVID-19) surfaced. The spread of COVID-19 around the world in 2020 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Council is unable to determine if it will have a material impact on its operations.

In April 2020, the Council received approximately \$155,000 under the Paycheck Protection Program (PPP) that was signed into law as part of the CARES Act during the COVID-19 outbreak. This loan has a two-year term at an interest rate of 1% and is eligible for forgiveness up to 100% of the loan value if certain criteria are met. The Council was notified the loan was forgiven in full on November 4, 2020.

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



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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 financial statements of The Greater St. Louis Arts and Education Council as of and for the year ended December 31, 2019, and our report thereon dated November 13, 2020, 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*

November 13, 2020



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

**SCHEDULE OF OPERATING GRANTS AND GRANTS**

Page 1 Of 4

**For The Year Ended December 31, 2019  
(With Summarized Financial Information  
For The Year Ended December 31, 2018)**

	2019			2018
	Operating Grants	Grants	Total	Total
Ackerman Special School District	\$ —	\$ —	\$ —	\$ 2,500
African Heritage Association	—	—	—	5,000
Artica	—	—	—	5,000
Arts as Healing	—	3,750	3,750	—
Arts Rolla	—	5,000	5,000	—
Artscope	—	3,000	3,000	4,500
Association of American Voices	—	3,000	3,000	—
Bach Society of St. Louis	—	2,500	2,500	2,500
Bayless Elementary School	—	1,100	1,100	768
The Black Rep	—	5,000	5,000	—
Bread and Roses	—	2,500	2,500	—
Burke Katherine Dunham Fellowship	—	3,000	3,000	—
CAIR - Missouri	—	5,000	5,000	—
Central & Visual Performing Arts High School	—	—	—	1,499
Cinema - St. Louis	7,500	5,000	12,500	5,000
Circus Harmony	—	2,500	2,500	—
Civic Arts Company	—	2,500	2,500	—
Clinton County Showcase	—	5,000	5,000	—
COCA - Center of Creative Arts	63,000	5,139	68,139	63,000
Collinsville High School	—	950	950	600
Community Music School	7,500	—	7,500	—
Contemporary Art Museum St. Louis	26,000	—	26,000	20,000
<b>Balance Carried Forward</b>	104,000	54,939	158,939	110,367

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

**SCHEDULE OF OPERATING GRANTS AND GRANTS**

Page 2 Of 4

**For The Year Ended December 31, 2019  
(With Summarized Financial Information  
For The Year Ended December 31, 2018)**

	2019			2018
	Operating Grants	Grants	Total	Total
<b>Balance Brought Forward</b>	\$ 104,000	\$ 54,939	\$ 158,939	\$ 110,367
Consuming Kinetics	—	2,500	2,500	—
Continuity STL	—	—	—	4,750
Craft Alliance	10,000	—	10,000	15,000
Creative Reaction Lab	—	5,000	5,000	—
East St. Louis Lincoln Middle School	—	3,250	3,250	—
Fairview Elementary School	—	800	800	1,424
Freedom Arts & Education	—	3,500	3,500	—
Gateway Korea Foundation	—	5,000	5,000	—
Gateway Men's Chorus	—	—	—	2,500
Griffith Elementary School	—	2,000	2,000	—
The Griot Museum of Black History	—	5,000	5,000	—
Halls Ferry Elementary	—	2,000	2,000	—
Hazelwood West High School	—	2,500	2,500	1,250
Heal Center for the Arts	—	—	—	5,000
Herculaneum High School	—	2,000	2,000	—
Holy Trinity School	—	—	—	760
Humans of St. Louis	—	3,750	3,750	—
Intersect Arts Center	—	5,000	5,000	—
International Photography Hall of Fame and Museum	—	—	—	2,500
Jana Elementary School	—	—	—	2,499
Jazz St. Louis	27,000	—	27,000	23,000
Keeven Elementary	—	—	—	1,300
Laumeier Sculpture Park	12,000	—	12,000	12,000
Lee-Hamilton Elementary	—	—	—	2,500
L.I.F.E. Arts	—	5,000	5,000	—
Looking Glass Playhouse	—	—	—	5,000
Makers Space	—	—	—	10,000
Maplewood Richmond Heights Elementary	—	650	650	—
<b>Balance Carried Forward</b>	153,000	102,889	255,889	199,850

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

**SCHEDULE OF OPERATING GRANTS AND GRANTS**

Page 3 Of 4

**For The Year Ended December 31, 2019  
(With Summarized Financial Information  
For The Year Ended December 31, 2018)**

	2019			2018
	Operating Grants	Grants	Total	Total
<b>Balance Brought Forward</b>	\$ 153,000	\$ 102,889	\$ 255,889	\$ 199,850
Mason Elementary School	—	—	—	1,150
McCluer High School	—	3,000	3,000	2,500
Metro Theater Company	7,500	—	7,500	5,000
Metro Trans Umbrella Group	—	5,000	5,000	—
MindsEye Radio	—	5,000	5,000	5,000
New Line Theater	—	5,000	5,000	—
Normandy High School	—	—	—	2,500
Northview Elementary School	—	3,000	3,000	—
Oakville High School	—	—	—	500
Opera Theatre of St. Louis	100,000	—	100,000	110,000
Our Common Ground	—	—	—	5,000
Pianos for People	—	2,500	2,500	8,600
Prison Performing Arts Program	—	3,000	3,000	5,000
Radio Arts Foundation	5,000	—	5,000	5,000
Raintree Arts Council	—	—	—	5,000
Repertory Theatre of St. Louis	90,000	—	90,000	90,000
Rise Community Development	—	—	—	2,500
Saint Genevieve Art Guild	—	5,000	5,000	—
St. Louis Artworks	7,500	—	7,500	7,500
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	—	2,500	2,500	—
St. Louis Fashion	7,500	—	7,500	7,500
<b>Balance Carried Forward</b>	<b>380,500</b>	<b>136,889</b>	<b>517,389</b>	<b>472,600</b>

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

**SCHEDULE OF OPERATING GRANTS AND GRANTS**

Page 4 Of 4

**For The Year Ended December 31, 2019  
(With Summarized Financial Information  
For The Year Ended December 31, 2018)**

	<u>2019</u>			<u>2018</u>
	<u>Operating Grants</u>	<u>Grants</u>	<u>Total</u>	<u>Total</u>
<b>Balance Brought Forward</b>	\$ 380,500	\$ 136,889	\$ 517,389	\$ 472,600
St. Louis Symphony Orchestra	25,000	—	25,000	25,000
Sangeetha	—	2,500	2,500	—
Shakespeare Festival of St. Louis	20,000	—	20,000	25,000
Sheldon Arts Foundation	50,000	—	50,000	50,000
Show-Me Sound Organization	—	—	—	5,000
SLSMEA	—	33,264	33,264	10,610
Soldan International Studies High School	—	1,000	1,000	—
South Broadway Art Project	—	2,500	2,500	—
Southview School	—	1,500	1,500	—
Springboard To Learning	5,000	—	5,000	5,000
STAGES St. Louis	15,000	—	15,000	15,000
Steelville Arts Council (STARCO)	—	5,000	5,000	—
Sullivan Patrons of the Arts	—	—	—	5,000
Tennessee Williams Festival	—	2,500	2,500	3,000
That Uppity Theatre Company	—	—	—	2,500
Upstream Theater	—	2,500	2,500	—
Valley Park High School	—	—	—	2,500
Warren County Fine Arts Council	—	5,000	5,000	5,000
Webster University Community Arts Foundation	—	—	—	7,500
Willow Brook Elementary School	—	1,250	1,250	—
Who Raised You	—	—	—	10,000
	<u>\$ 495,500</u>	<u>\$ 193,903</u>	<u>\$ 689,403</u>	<u>\$ 643,710</u>

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

**SCHEDULE OF BUILDING INCOME AND EXPENSES**

**For The Year Ended December 31, 2019  
(With Summarized Financial Information  
For The Year Ended December 31, 2018)**

	<u>2019</u>	<u>2018</u>
<b>Revenues</b>		
Rental income	\$ 118,284	\$ 110,009
Other building income	23,275	21,672
Insurance proceeds	—	9,577
<b>Total Revenues</b>	<b>141,559</b>	<b>141,258</b>
<b>Expenses</b>		
Depreciation and amortization	101,974	91,244
Insurance	15,430	12,599
Interest	96,327	86,248
Maintenance, equipment and building operating costs	118,865	93,513
Payroll taxes	742	719
Professional services	—	77
Employee benefits	1,157	1,219
Salaries	9,888	10,111
Telephone and internet access	38,804	37,754
Utility services	67,303	84,091
<b>Total Expenses</b>	<b>450,490</b>	<b>417,575</b>
<b>Net Loss</b>	<b>\$ (308,931)</b>	<b>\$ (276,317)</b>