
**THE GREATER ST. LOUIS ARTS
AND EDUCATION COUNCIL**
FINANCIAL STATEMENTS
DECEMBER 31, 2020



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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, 2020, 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, 2020, 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 2019 financial statements, and our report dated November 13, 2020, 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, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

RubinBrown LLP

June 22, 2021

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

**STATEMENT OF FINANCIAL POSITION
December 31, 2020
(With Summarized Financial Information
As Of December 31, 2019)**

Assets

| | 2020 | 2019 |
|---|---------------------|---------------------|
| Cash and cash equivalents | \$ 527,441 | \$ 265,896 |
| Promises to give - current, net (Note 3) | 975,422 | 851,191 |
| Other current assets | 61,374 | 163,205 |
| Promises to give - noncurrent, net (Note 3) | 404,084 | 588,055 |
| Property and equipment (Note 4) | 1,789,132 | 1,916,685 |
| Total Assets | \$ 3,757,453 | \$ 3,785,032 |

Liabilities And Net Assets

Liabilities

| | | |
|---|------------------|------------------|
| Line of credit - bank (Note 5) | \$ 222,467 | \$ 300,000 |
| Notes payable - current (Note 5) | 120,191 | 100,972 |
| Installment note payable - current (Note 5) | 14,518 | 13,405 |
| Accounts payable and other accrued expenses | 44,427 | 60,236 |
| Grants payable | 169,539 | 373,285 |
| Notes payable - noncurrent (Note 5) | 1,625,876 | 1,671,067 |
| Installment note payable (Note 5) | 2,730 | 17,270 |
| Total Liabilities | 2,199,748 | 2,536,235 |

Net Assets

| | | |
|---|---------------------|---------------------|
| Without donor restrictions: | | |
| Investment in property and equipment | 732,937 | 783,040 |
| Undesignated | (314,165) | (945,592) |
| Total without donor restrictions | 418,772 | (162,552) |
| With donor restrictions (Note 6) | 1,138,933 | 1,411,349 |
| Total Net Assets | 1,557,705 | 1,248,797 |
| Total Liabilities And Net Assets | \$ 3,757,453 | \$ 3,785,032 |

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

**STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2020
(With Summarized Financial Information
For The Year Ended December 31, 2019)**

| | 2020 | | | 2019 |
|--|-------------------------------|----------------------------|---------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Total |
| Support And Revenues | | | | |
| Annual campaign contributions | \$ 1,433,528 | \$ 109,000 | \$ 1,542,528 | \$ 1,700,325 |
| Contributions | — | — | — | 60,053 |
| Other restricted contributions | — | 58,962 | 58,962 | 824,631 |
| In-kind contributions | 1,115 | — | 1,115 | 44,155 |
| Fundraising events (net of expenses of \$126,143 in 2020 and \$136,383 in 2019) | (71,696) | 250,457 | 178,761 | 278,057 |
| Rental income (Note 8) | 148,319 | — | 148,319 | 141,559 |
| Paycheck Protection Program loan forgiveness (Note 2) | 155,300 | — | 155,300 | — |
| Other income | 5,910 | — | 5,910 | 2,531 |
| Net assets released from restrictions (Note 6) | 690,835 | (690,835) | — | — |
| Total Support And Revenues | 2,363,311 | (272,416) | 2,090,895 | 3,051,311 |
| Expenses | | | | |
| Program Services: | | | | |
| Grants and grant management | 281,658 | — | 281,658 | 742,621 |
| Centene Center for the Arts | 412,051 | — | 412,051 | 435,904 |
| Other | 507,697 | — | 507,697 | 619,844 |
| Supporting Activities: | | | | |
| Management and general | 283,556 | — | 283,556 | 362,718 |
| Development | 297,025 | — | 297,025 | 360,233 |
| Total Expenses | 1,781,987 | — | 1,781,987 | 2,521,320 |
| Increase (Decrease) In Net Assets | 581,324 | (272,416) | 308,908 | 529,991 |
| Net Assets - Beginning Of Year | (162,552) | 1,411,349 | 1,248,797 | 718,806 |
| Net Assets - End Of Year | \$ 418,772 | \$ 1,138,933 | \$ 1,557,705 | \$ 1,248,797 |

THE GREATER ST. LOUIS ARTS AND EDUCATION COUNCIL

STATEMENT OF FUNCTIONAL EXPENSES For The Year Ended December 31, 2020 (With Summarized Financial Information For The Year Ended December 31, 2019)

| | Grants And Grant Management | Centene Center For The Arts | Other Programs | Management And General | Development | 2020 Total | 2019 Total |
|--|-----------------------------------|-----------------------------------|-------------------|------------------------------|-------------|---------------|---------------|
| Operating grants | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ 495,500 |
| Arts And Healing grants | 115,000 | — | — | — | — | 115,000 | — |
| Other grants | 69,462 | — | — | — | — | 69,462 | 193,903 |
| Other programs and awards | — | — | 27,582 | — | — | 27,582 | 36,049 |
| Unclaimed grants | (21,894) | — | (7,466) | — | — | (29,360) | — |
| In-kind | — | — | — | — | 28,145 | 28,145 | 20,914 |
| Special events | — | — | — | — | 147,368 | 147,368 | 155,653 |
| Salaries | 83,217 | 16,883 | 345,243 | 136,855 | 144,522 | 726,720 | 753,178 |
| Payroll taxes | 5,912 | 1,199 | 24,528 | 9,723 | 10,268 | 51,630 | 56,487 |
| Employee benefits | 11,451 | 2,323 | 47,507 | 18,832 | 19,887 | 100,000 | 88,150 |
| Bank fees | — | — | 5,323 | 2,387 | 5,322 | 13,032 | 21,455 |
| Building maintenance | — | 27,525 | — | — | — | 27,525 | 45,524 |
| Campaign event expenses | — | — | 1,906 | — | 1,906 | 3,812 | 6,414 |
| Commercial insurance | 68 | 15,342 | 1,582 | 311 | 484 | 17,787 | 17,888 |
| Depreciation and amortization | 487 | 110,018 | 11,347 | 2,228 | 3,473 | 127,553 | 118,227 |
| Development and training | — | — | — | 2,497 | — | 2,497 | 2,631 |
| Donor and volunteer recognition | — | — | 1,015 | — | 1,015 | 2,030 | 16,416 |
| Equipment leases | 33 | 7,392 | 762 | 150 | 233 | 8,570 | 7,648 |
| Maintenance of equipment | 208 | 46,958 | 4,843 | 951 | 1,482 | 54,442 | 77,383 |
| Fundraising events | — | — | 131 | — | 131 | 262 | 4,772 |
| Interest | 431 | 97,356 | 10,041 | 1,972 | 3,073 | 112,873 | 111,681 |
| Meetings and meals | — | — | — | 1,948 | — | 1,948 | 11,889 |
| Office and administrative | — | — | 30 | 11,411 | 30 | 11,471 | 15,901 |
| Postage and deliveries | — | — | 3,945 | — | 2,712 | 6,657 | 11,719 |
| Printed material | — | — | 15,573 | — | 2,011 | 17,584 | 36,169 |
| Professional services - accounting | — | — | — | 28,800 | — | 28,800 | 29,800 |
| Professional services - other | 1,858 | — | 992 | 3,414 | 1,921 | 8,185 | 25,448 |
| Software maintenance | 11,952 | — | — | 2,988 | 44,821 | 59,761 | 50,435 |
| Taxes and fees | — | — | — | — | — | — | 1,022 |
| Telephone and internet access | 108 | 24,484 | 2,525 | 496 | 773 | 28,386 | 38,804 |
| Travel and conferences | 78 | — | 825 | — | 864 | 1,767 | 8,327 |
| Uncollected promises to give | — | — | — | 56,574 | — | 56,574 | 121,143 |
| Utility services | 277 | 62,571 | 6,453 | 1,267 | 1,975 | 72,543 | 67,303 |
| Web page and digital media | 3,010 | — | 3,010 | 752 | 752 | 7,524 | 9,870 |
| | 281,658 | 412,051 | 507,697 | 283,556 | 423,168 | 1,908,130 | 2,657,703 |
| Less costs of direct benefits to donors included with revenue on the statement of activities | — | — | — | — | (126,143) | (126,143) | (136,383) |
| Total expenses included in the expense section on the statement of activities | \$ 281,658 | \$ 412,051 | \$ 507,697 | \$ 283,556 | \$ 297,025 | \$ 1,781,987 | \$ 2,521,320 |

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

**STATEMENT OF CASH FLOWS
For The Year Ended December 31, 2020
(With Summarized Financial Information
For The Year Ended December 31, 2019)**

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| Cash Flows From Operating Activities | | |
| Increase in net assets | \$ 308,908 | \$ 529,991 |
| Adjustments to reconcile increase in net assets to net cash from operating activities: | | |
| Depreciation and amortization | 127,553 | 118,227 |
| In-kind donation of property and equipment | — | (30,500) |
| Payroll Protection Program loan forgiveness | (155,300) | — |
| Changes in assets and liabilities: | | |
| Promises to give | 59,740 | (622,267) |
| Other current assets | 101,831 | (69,286) |
| Accounts payable and other accrued expenses | (15,809) | (15,130) |
| Grants payable | (203,746) | 32,012 |
| Net Cash Provided By (Used In) Operating Activities | 223,177 | (56,953) |
| Cash Flows Used In Investing Activities | | |
| Payments for property and equipment | — | (117,703) |
| Cash Flows From Financing Activities | | |
| Proceeds from line of credit | — | 100,000 |
| Payments on line of credit | (77,533) | — |
| Proceeds from installment note payable | — | 41,112 |
| Payments on installment note payable | (13,427) | (10,437) |
| Proceeds from note payable | 75,000 | — |
| Payments on notes payable | (100,972) | (95,840) |
| Proceeds from Payroll Protection Program loan | 155,300 | — |
| Net Cash Provided By Financing Activities | 38,368 | 34,835 |
| Net Increase (Decrease) In Cash And Cash Equivalents | 261,545 | (139,821) |
| Cash And Cash Equivalents - Beginning Of Year | 265,896 | 405,717 |
| Cash And Cash Equivalents - End Of Year | \$ 527,441 | \$ 265,896 |
| Supplemental Disclosure Of Cash Flow Information | | |
| Interest paid | \$ 112,688 | \$ 112,098 |

THE GREATER ST. LOUIS ARTS AND EDUCATION COUNCIL

NOTES TO FINANCIAL STATEMENTS December 31, 2020

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.

Arts and Education Council COVID-19 Response

The Council's Business Continuity Plan was activated with a Respond, Recover, Rebuild framework during COVID-19. Within this response planning, the Council's priority was, and continues to be, the physical health and safety of their employees and resident organizations within the Centene Center for the Arts. The Council communicated frequently to staff, grantees, resident organizations and stakeholders throughout the pandemic. Virtual fundraising campaigns were successfully conducted. Financial operations were strengthened, and all 2020 grant payments were fulfilled and funding programs kept active and current.

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.

**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, 2020.

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 or functional expense 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, 2019, 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. 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 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, 2020.

Description Of Program Services And Supporting Activities

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

Programs

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

Includes those expenditures that enable the Council to fulfill its mission of providing programs that promote the Council's *Elements of a Vibrant Community* that provides focus for the Council's community investments, strategic program initiatives, and practices of diversity, equity, inclusion and accessibility to arts and arts education organizations.

THE GREATER ST. LOUIS ARTS AND EDUCATION COUNCIL

Notes To Financial Statements (*Continued*)

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).

Due to the COVID-19 pandemic, there were no operating grants awarded by the Council in 2020. However, the Council intends to award operating grants in 2021.

Grants

The Council offers a variety of grant opportunities to nonprofit organizations that have arts and arts education at its core. The Council's grants fund both organizational and project funding at varying levels to many cultural and educational organizations in the St. Louis area.

Arts And Healing Initiative

In 2019, the 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. Funding from this program supports artists, entertainers, and performance venues to ensure people of all ages living in counties surrounding the St. Louis metropolitan area have access to the arts.

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

Notes To Financial Statements (*Continued*)

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. In 2020, the focus of this program shifted to provide unrestricted support for organizations directly affected by COVID-19.

Maritz Arts And Education Fund For Teachers

The Maritz Arts and Education Fund for Teachers is a unique Council partnership that provides critical funds to arts education programs serving school districts in the St. Louis bi-state region. Maritz and the 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 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. Many funded programs took place during the 2019-2020 school year. Many of the programs were extended due to the impact of COVID-19. No new awards were made in 2020; however, some grant payments for the 2019-2020 school year were paid in 2020.

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 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.

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

Notes To Financial Statements (*Continued*)

Centene Center For The Arts

The Council provides office space, state-of-the-art technology, rehearsal and performance space for 18 organizations in the Centene Center for the Arts (the Center), a unique arts incubator located in the 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.

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 6,500. 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 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 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 AND EDUCATION COUNCIL

Notes To Financial Statements (*Continued*)

The stARTup Creative Competition, a partnership between the Council and PNC Foundation, encourages the development of great ideas with art at their core that strengthen and enhance the St. Louis arts community. This competition seeks to identify and foster robust, innovative, fresh approaches to addressing challenges or needs in the St. Louis region through the arts. 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. All winners have an official address at the Centene Center for the Arts, 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 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, experience, and be mentored in the field of arts administration. The program includes an immersion in development, grants and programs, operations, fiscal and board management, and all critical skills needed to manage an arts organization in the 21st century.

Catalyst Conversations is a series of casual discussions - some playful, some serious, but all engaging and thought-provoking. Each conversation features people who are using their talents and unique experiences to inspire, connect and shape new perspectives. Catalyst Conversations are free and open to the public.

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 St. Louis 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.

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 material, campaign events expenses, and travel and conferences, are allocated based on estimates of time and effort.

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

Advertising Costs

The Council expenses advertising costs as incurred. Total advertising costs charged against income amounted to \$12,329 in 2020.

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 2017 and later remain subject to examination by taxing authorities.

Paycheck Protection Program

In response to the COVID-19 pandemic, the Paycheck Protection Program (PPP) was established under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to be administered by the U.S. Small Business Administration (SBA). Organizations that met the eligibility requirements set forth by the PPP could qualify for PPP loans. If the loan proceeds are fully utilized to pay qualified expenses during the 24-week measurement period, the full principal amount of the PPP loan, along with any accrued interest, may qualify for loan forgiveness, subject to potential reduction based on the level of full-time employees maintained by the organization.

In April 2020, the Council received a PPP loan of \$155,300 from Busey Bank. The loan bore interest at 1.0%, with principal and interest payments deferred for the first 6 months following the measurement period. After that, the loan and interest would be paid back over a period of 18 months, if the loan was not forgiven under the terms of the PPP.

THE GREATER ST. LOUIS ARTS AND EDUCATION COUNCIL

Notes To Financial Statements (*Continued*)

When it applied for the loan, the Council believed it would qualify to have the loan forgiven under the terms of the PPP and therefore considered the loan to be substantively a conditional contribution by the SBA. Under the provisions of Accounting Standards Codification (ASC) 958-605, a conditional contribution is recognized as revenue when the condition or conditions are substantially met. The Council received notice of full forgiveness in September 2020. Accordingly, the Council recognized PPP income for the full amount of the PPP loan, \$155,300, in 2020, and no liability for the PPP loan is reflected in the statement of financial position as of December 31, 2020.

Changes In Accounting Principles

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, 2020 as a resource provider. 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.

On January 1, 2020, the Council adopted Accounting Standards Codification Topic 606: *Accounting for Contracts with Customers* ("ASC 606"). ASC 606 aligns revenue recognition with the timing of when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Council expects to be entitled in exchange for those goods or services. This core principle is achieved through the application of the following five-step model: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to performance obligations in the contract, and (5) recognize revenue as performance obligations are satisfied. This change did not have a material impact on the Council's financial statements.

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.

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

Notes To Financial Statements (*Continued*)

Unconditional promises to give consist of the following:

| | |
|---------------------------------------|----------------------------|
| Annual campaigns | \$ 615,523 |
| Arts Awards 2021 | 153,500 |
| Missouri Foundation for Health | 716,566 |
| Rural Arts | 25,000 |
| Other | 2,500 |
| | <u>1,513,089</u> |
| Less: Allowance for doubtful accounts | 89,193 |
| Less: Discount | 44,390 |
| | <u><u>\$ 1,379,506</u></u> |

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

| | |
|---------------------------------------|----------------------------|
| Less than one year | \$ 1,064,615 |
| One to five years | 448,474 |
| | <u>1,513,089</u> |
| Less: Allowance for doubtful accounts | 89,193 |
| Less: Discount | 44,390 |
| | <u><u>\$ 1,379,506</u></u> |

Unconditional promises to give are reflected on the statement of financial position as follows:

| | |
|-------------------------------|----------------------------|
| Promises to give - current | \$ 975,422 |
| Promises to give - noncurrent | 404,084 |
| | <u><u>\$ 1,379,506</u></u> |

Conditional promises to give are not recognized until the conditions on which they depend have been 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 remains revocable as of December 31, 2020, this gift has not been recognized.

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

Notes To Financial Statements (*Continued*)

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 |
| | <hr/> |
| | 2,993,400 |
| Less: Accumulated depreciation and amortization | <hr/> |
| | 1,204,268 |
| | <hr/> |
| | \$ 1,789,132 |

Depreciation and amortization charged to expense amounted to \$127,553 in 2020.

5. Debt

Line Of Credit

The Council maintains a line of credit with a local bank that provides for borrowings up to \$250,000, and bears interest at the bank's prime rate, with a floor of 4.00% (4.00% at December 31, 2020). Payments of interest are due monthly, with all outstanding principal and interest due at maturity on November 30, 2021. The line of credit is secured by substantially all business assets of the Council. Total borrowings outstanding at December 31, 2020 amount to \$222,467.

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, 2020, \$1,038,947 is payable on the Building Note.

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

Notes To Financial Statements (*Continued*)

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, 2020, \$632,120 is payable on the Operating Note.

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, 2020, \$17,248 is payable on the Installment Note.

On December 17, 2020, \$75,000 drawn on the line of credit was converted into a promissory note. The note bears interest at 4% through December 17, 2025. The note requires monthly payments of principal and interest totaling approximately \$1,400. The note is secured by a security interest in depository accounts. At December 31, 2020, \$75,000 is payable on this promissory note.

Future required principal payments on the notes are as follows:

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------------|
| 2021 | \$ 134,709 |
| 2022 | 129,192 |
| 2023 | 133,061 |
| 2024 | 140,005 |
| 2025 | 147,321 |
| Thereafter | 1,079,027 |
| | <u>\$ 1,763,315</u> |

Interest expense on all debt in 2020 was \$112,873.

**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 2021 | \$ 250,457 |
| Catalyst Innovation Lab - building | 5,606 |
| Purpose restricted - Arts and Healing Initiative | 664,785 |
| Purpose restricted - other | 218,085 |
| | <hr/> |
| | \$ 1,138,933 |
| | <hr/> |

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

| | |
|--|------------|
| Arts Awards 2020 | \$ 389,105 |
| Catalyst Innovation Lab - building | 36,000 |
| Purpose restricted - Arts and Healing Initiative | 176,268 |
| Purpose restricted - other | 89,462 |
| | <hr/> |
| | \$ 690,835 |
| | <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 \$17,707 in 2020.

8. Leases

The Council leases office space in the Center to 18 local organizations. At December 31, 2020, future minimum rents to be received, based upon the lease agreements, are as follows:

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2021 | \$ 117,774 |
| 2022 | 53,855 |
| 2023 | 23,402 |
| 2024 | 23,486 |
| | <hr/> |
| | \$ 218,517 |
| | <hr/> |

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

Notes To Financial Statements (*Continued*)

Subsequent to December 31, 2020, the Council entered into three additional leases for office space in the Center. The future minimum rents to be received in 2021 - 2022 approximate \$35,000.

Rental revenue recognized under such lease agreements amounted to approximately \$125,000 in 2020, which is included in rental income in the statement of activities.

9. Concentrations

In 2020, the Council received approximately 18.4% of its total contributions from one donor.

10. Availability Of Financial Assets And Liquidity

At December 31, 2020, the Council has the following liquid assets available for general expenditure in the next year:

| | |
|---|--------------------------|
| Cash and cash equivalents | \$ 527,441 |
| Promises to give - current, net | <u>975,422</u> |
| | 1,502,863 |
| Less: Amounts subject to donor restrictions | (1,138,933) |
| Plus: | |
| Net assets restricted for Arts and Healing Initiative | 268,092 |
| Net assets restricted for the 2021 Arts Awards | <u>250,457</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u><u>\$ 882,479</u></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 \$250,000 that can be used to meet short-term cash obligations.

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

Notes To Financial Statements *(Continued)*

11. Subsequent Events

In February 2021, the Council received approximately \$162,000 under the Paycheck Protection Program (PPP) that was signed into law as part of the Consolidated Appropriations Act during the COVID-19 outbreak. This loan has a five-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 full economic impact of the COVID-19 pandemic continues to evolve as of the date of this report. As such, the Council cannot predict with certainty the full magnitude that the pandemic will have on the Council's operations.

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

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, 2020, and our report thereon dated June 22, 2021, 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 22, 2021

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

SCHEDULE OF GRANTS

Page 1 Of 4

**For The Year Ended December 31, 2020
(With Summarized Financial Information
For The Year Ended December 31, 2019)**

| | 2020 | | | 2019 |
|-----------------------------------|----------------------------|--------|-----------|---------|
| | Arts And Healing Grants | Grants | Total | Total |
| A Call to Conscience | \$ 10,000 | \$ — | \$ 10,000 | \$ — |
| Amaya Wallace | — | 3,000 | 3,000 | — |
| Arts & Healing Foundation | 10,000 | — | 10,000 | — |
| Arts as Healing | — | — | — | 3,750 |
| Arts Rolla | — | — | — | 5,000 |
| Artscope | — | — | — | 3,000 |
| Association of American Voices | — | — | — | 3,000 |
| Bach Society of St. Louis | — | 5,000 | 5,000 | 2,500 |
| Bayless Elementary School | — | — | — | 1,100 |
| The Black Rep | — | — | — | 5,000 |
| Bread and Roses | — | — | — | 2,500 |
| Burke Katherine Dunham Fellowship | — | — | — | 3,000 |
| CAIR - Missouri | — | — | — | 5,000 |
| Central Print | — | 3,500 | 3,500 | — |
| Cinema - St. Louis | — | — | — | 12,500 |
| Circus Harmony | — | — | — | 2,500 |
| Civic Arts Company | — | — | — | 2,500 |
| Clinton County Showcase | — | — | — | 5,000 |
| COCA - Center of Creative Arts | — | — | — | 68,139 |
| Collinsville High School | — | — | — | 950 |
| Community Music School | — | — | — | 7,500 |
| Contemporary Art Museum St. Louis | — | — | — | 26,000 |
| Balance Carried Forward | 20,000 | 11,500 | 31,500 | 158,939 |

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

SCHEDULE OF GRANTS

Page 2 Of 4

**For The Year Ended December 31, 2020
(With Summarized Financial Information
For The Year Ended December 31, 2019)**

| | 2020 | | | 2019 |
|--------------------------------------|----------------------------|-----------|-----------|------------|
| | Arts And Healing Grants | Grants | Total | Total |
| Balance Brought Forward | \$ 20,000 | \$ 11,500 | \$ 31,500 | \$ 158,939 |
| Consuming Kinetics | — | — | — | 2,500 |
| Craft Alliance | — | — | — | 10,000 |
| Creative Reaction Lab | — | — | — | 5,000 |
| Donaldson Memorial | — | 4,020 | 4,020 | — |
| East St. Louis Lincoln Middle School | — | — | — | 3,250 |
| Fairview Elementary School | — | — | — | 800 |
| Fathers and Families Support Center | 7,000 | — | 7,000 | — |
| Freedom Arts & Education | — | — | — | 3,500 |
| Gateway Korea Foundation | — | — | — | 5,000 |
| Gateway Men's Chorus | — | 3,500 | 3,500 | — |
| Girls Inc. | 9,980 | — | 9,980 | — |
| Good Journey Development Foundation | 9,984 | — | 9,984 | — |
| Griffith Elementary School | — | — | — | 2,000 |
| The Griot Museum of Black History | — | — | — | 5,000 |
| Halls Ferry Elementary | — | — | — | 2,000 |
| Hazelwood West High School | — | — | — | 2,500 |
| Herculaneum High School | — | — | — | 2,000 |
| Humans of St. Louis | — | — | — | 3,750 |
| Intersect Arts Center | — | — | — | 5,000 |
| Jazz St. Louis | 10,000 | — | 10,000 | 27,000 |
| Karlovsky and Company Dance | — | 3,000 | 3,000 | — |
| Balance Carried Forward | 56,964 | 22,020 | 78,984 | 238,239 |

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

SCHEDULE OF GRANTS

Page 3 Of 4

**For The Year Ended December 31, 2020
(With Summarized Financial Information
For The Year Ended December 31, 2019)**

| | 2020 | | | 2019 |
|---------------------------------------|------------------------------------|---------------|----------------|----------------|
| | Arts And Healing Grants | Grants | Total | Total |
| Balance Brought Forward | \$ 56,964 | \$ 22,020 | \$ 78,984 | \$ 238,239 |
| Laumeier Sculpture Park | — | — | — | 12,000 |
| L.I.F.E. Arts | — | — | — | 5,000 |
| Maplewood Richmond Heights Elementary | — | — | — | 650 |
| McCluer High School | — | — | — | 3,000 |
| Metro Theater Company | — | — | — | 7,500 |
| Metro Trans Umbrella Group | — | — | — | 5,000 |
| MindsEye Radio | 10,000 | — | 10,000 | 5,000 |
| New Line Theater | — | — | — | 5,000 |
| Northview Elementary School | — | — | — | 3,000 |
| Opera Theatre of St. Louis | — | — | — | 100,000 |
| Pianos for People | — | 4,725 | 4,725 | 2,500 |
| Prison Performing Arts Program | 7,950 | 5,000 | 12,950 | 3,000 |
| Radio Arts Foundation | — | — | — | 5,000 |
| Repertory Theatre of St. Louis | — | — | — | 90,000 |
| Saint Genevieve Art Guild | — | — | — | 5,000 |
| St. Louis Artworks | 6,750 | — | 6,750 | 7,500 |
| St. Louis Ballet | — | — | — | 5,000 |
| St. Louis Children's Choir | — | — | — | 5,000 |
| St. Louis Classical Guitar Society | — | — | — | 2,500 |
| St. Louis Crisis Nursery | 6,836 | — | 6,836 | — |
| St. Louis Fashion | — | — | — | 7,500 |
| Balance Carried Forward | 88,500 | 31,745 | 120,245 | 517,389 |

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

SCHEDULE OF GRANTS

Page 4 Of 4

**For The Year Ended December 31, 2020
(With Summarized Financial Information
For The Year Ended December 31, 2019)**

| | 2020 | | | 2019 |
|--|----------------------------|------------------|-------------------|-------------------|
| | Arts And Healing Grants | Grants | Total | Total |
| Balance Brought Forward | \$ 88,500 | \$ 31,745 | \$ 120,245 | \$ 517,389 |
| St. Louis Story Stitchers | — | 2,775 | 2,775 | — |
| St. Louis Symphony Orchestra | — | — | — | 25,000 |
| St. Louis University | 8,000 | — | 8,000 | — |
| Sangeetha | — | — | — | 2,500 |
| Shakespeare Festival of St. Louis | — | 5,000 | 5,000 | 20,000 |
| Sheldon Arts Foundation | — | — | — | 50,000 |
| SLSMEA | — | 22,442 | 22,442 | 33,264 |
| Soldan International Studies High School | — | — | — | 1,000 |
| South Broadway Art Project | — | — | — | 2,500 |
| Southview School | — | — | — | 1,500 |
| Springboard To Learning | — | — | — | 5,000 |
| SSM Cardinal Glennon | 10,000 | — | 10,000 | — |
| STAGES St. Louis | — | — | — | 15,000 |
| Steelville Arts Council (STARCO) | — | — | — | 5,000 |
| Tennessee Williams Festival | — | 5,000 | 5,000 | 2,500 |
| The Angel Band Project | 8,500 | — | 8,500 | — |
| Union Avenue Opera | — | 2,500 | 2,500 | — |
| Upstream Theater | — | — | — | 2,500 |
| Warren County Fine Arts Council | — | — | — | 5,000 |
| Willow Brook Elementary School | — | — | — | 1,250 |
| | \$ 115,000 | \$ 69,462 | \$ 184,462 | \$ 689,403 |

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

**SCHEDULE OF BUILDING INCOME AND EXPENSES
For The Year Ended December 31, 2020
(With Summarized Financial Information
For The Year Ended December 31, 2019)**

| | <u>2020</u> | <u>2019</u> |
|---|---------------------|---------------------|
| Revenues | | |
| Rental income | \$ 130,317 | \$ 118,284 |
| Other building income | 18,002 | 23,275 |
| Total Revenues | 148,319 | 141,559 |
| Expenses | | |
| Depreciation and amortization | 110,018 | 101,974 |
| Commercial insurance | 15,342 | 15,430 |
| Interest | 97,356 | 96,327 |
| Maintenance, equipment and building operating costs | 81,875 | 118,865 |
| Payroll taxes | 1,199 | 742 |
| Employee benefits | 2,323 | 1,157 |
| Salaries | 16,883 | 9,888 |
| Telephone and internet access | 28,386 | 38,804 |
| Utility services | 72,543 | 67,303 |
| Total Expenses | 425,925 | 450,490 |
| Net Loss | \$ (277,606) | \$ (308,931) |