



AUDITED
FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

THE COMMUNITY PARTNERSHIP FOR ARTS AND CULTURE

INDEX

JUNE 30, 2018

(With Summarized Comparative Financial Information
for the Year Ended June 30, 2017)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Community Partnership for Arts and Culture

Report on the Financial Statements

We have audited the accompanying financial statements of The Community Partnership for Arts and Culture (CPAC), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. The prior-year summarized information has been derived from CPAC's 2017 financial statements and, in our report dated December 11, 2017, we expressed an unmodified opinion on those 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.

Auditor's 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 of 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 auditor's 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 CPAC as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Cleveland, Ohio
December 14, 2018

H&J
Certified Public Accountants



THE COMMUNITY PARTNERSHIP FOR ARTS AND CULTURE

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018

(WITH COMPARATIVE TOTALS FOR 2017)

	TEMPORARILY RESTRICTED	UNRESTRICTED	2018	2017
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS:				
Cash & Cash Equivalents	\$ 176,878	\$ 707,501	\$ 884,379	\$ 1,111,715
Receivables	133,787	30,910	164,697	78,710
Prepaid Expenses & Other	-	3,113	3,113	6,512
Investments	-	689,775	689,775	638,214
Property & Equipment	-	7,476	7,476	18,385
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 310,665</u>	<u>\$ 1,438,775</u>	<u>\$ 1,749,440</u>	<u>\$ 1,853,536</u>
LIABILITIES:				
Accounts Payable	\$ -	\$ 35,146	\$ 35,146	\$ 31,026
Accrued Vacation	-	8,739	8,739	14,880
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	-	43,885	43,885	45,906
NET ASSETS:				
Unrestricted:				
Undesignated	-	705,115	705,115	957,240
Board-Designated	-	689,775	689,775	638,214
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	-	1,394,890	1,394,890	1,595,454
Temporarily Restricted	310,665	-	310,665	212,176
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	310,665	1,394,890	1,705,555	1,807,630
TOTAL LIABILITIES & NET ASSETS	<u>\$ 310,665</u>	<u>\$ 1,438,775</u>	<u>\$ 1,749,440</u>	<u>\$ 1,853,536</u>

See accompanying notes.

THE COMMUNITY PARTNERSHIP FOR ARTS AND CULTURE

STATEMENTS OF ACTIVITIES

YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

	TEMPORARILY RESTRICTED	UNRESTRICTED	2018	2017
SUPPORT				
Grants	\$ 477,574	\$ 206,448	\$ 684,022	\$ 706,167
Contributions	-	12,247	12,247	11,024
Net Assets Released from Restrictions	(379,085)	379,085	-	-
Total Support	<u>98,489</u>	<u>597,780</u>	<u>696,269</u>	<u>717,191</u>
REVENUE				
Fees and Other Income	-	6,747	6,747	4,067
Interest Income	-	2,453	2,453	1,760
Total Revenue	<u>-</u>	<u>9,200</u>	<u>9,200</u>	<u>5,827</u>
TOTAL SUPPORT & REVENUE	98,489	606,980	705,469	723,018
EXPENSES				
Program Services	-	610,125	610,125	955,865
Management & General	-	202,700	202,700	181,671
Fundraising	-	45,280	45,280	22,290
Ballot Initiatives	-	1,000	1,000	500
	-	-	-	-
TOTAL EXPENSES	<u>-</u>	<u>859,105</u>	<u>859,105</u>	<u>1,160,326</u>
Change in Net Assets from Operating Activities	98,489	(252,125)	(153,636)	(437,308)
NON-OPERATING ACTIVITIES				
Investment Income - Board-Designated	-	51,561	51,561	74,618
Change in Net Assets	98,489	(200,564)	(102,075)	(362,690)
Net Assets - Beginning	<u>212,176</u>	<u>1,595,454</u>	<u>1,807,630</u>	<u>2,170,320</u>
Net Assets - Ending	<u>\$ 310,665</u>	<u>\$ 1,394,890</u>	<u>\$ 1,705,555</u>	<u>\$ 1,807,630</u>

See accompanying notes.

THE COMMUNITY PARTNERSHIP FOR ARTS AND CULTURE

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

EXPENSES	MANAGEMENT AND			2018	2017
	PROGRAM SERVICES	GENERAL	FUNDRAISING		
Personnel Costs	\$ 401,069	\$ 96,281	\$ 13,696	\$ 511,046	\$ 615,644
Professional Fees - Consulting	71,498	48,226	30,219	149,943	163,433
Professional Fees - Research	29,755	-	-	29,755	68,060
Occupancy	20,176	4,843	690	25,709	31,131
Printing	21,565	1,649	-	23,214	20,836
Accounting, Audit & Banking Fees	43	20,135	-	20,178	23,161
Professional Fees - A/V	13,600	125	-	13,725	6,203
Office Supplies and Miscellaneous	8,868	3,094	-	11,962	5,873
Depreciation	8,561	2,055	293	10,909	19,255
Catering and Hospitality	5,406	5,392	-	10,798	10,318
Web Hosting	5,786	2,739	-	8,525	8,114
Lodging and Travel	6,426	156	43	6,625	3,064
Investment Fees	-	6,477	-	6,477	5,753
Equipment Rental	4,954	1,190	169	6,313	6,111
Advertising and Marketing	4,993	1,275	-	6,268	19,448
Telephone Services	4,506	1,082	154	5,742	5,154
Legal Fees	-	4,928	-	4,928	5,667
Insurance	1,983	1,983	-	3,966	3,996
Postage and Shipping	871	671	16	1,558	2,730
Professional Development	65	399	-	464	2,153
Grant Awards	-	-	-	-	127,222
TOTAL OPERATING EXPENSES	610,125	202,700	45,280	858,105	1,159,826
Ballot Initiative Contributions	1,000	-	-	1,000	500
TOTAL EXPENSES	\$ 611,125	\$ 202,700	\$ 45,280	\$ 859,105	\$ 1,160,326

See accompanying notes.

THE COMMUNITY PARTNERSHIP FOR ARTS AND CULTURE

STATEMENTS OF CASH FLOWS

YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

	TEMPORARILY RESTRICTED	UNRESTRICTED	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:				
Change in Net Assets	\$ 98,489	\$ (200,564)	\$ (102,075)	\$ (362,690)
Adjustments to Reconcile Change in Net Assets to Cash Provided by (Used by) by Operating Activities:				
Depreciation	-	10,909	10,909	19,255
Reinvested Gains and Income	-	(11,492)	(11,492)	(15,556)
Unrealized Gain Investments	-	(40,069)	(40,069)	(59,062)
Impact on Cash and Cash Equivalents:				
Receivables	(87,529)	1,542	(85,987)	389,512
Prepaid Expenses & Other	-	3,399	3,399	26,282
Accounts Payable	-	4,120	4,120	(1,620)
Accrued Vacation	-	(6,141)	(6,141)	(1,350)
Grants Payable	-	-	-	(25,100)
Total Adjustments	<u>(87,529)</u>	<u>(37,732)</u>	<u>(125,261)</u>	<u>332,361</u>
Cash Provided by (Used by) Operating Activities	10,960	(238,296)	(227,336)	(30,329)
NET INCREASE(DECREASE) IN CASH & CASH EQUIVALENTS	10,960	(238,296)	(227,336)	7,500
CASH & CASH EQUIVALENTS – Beginning of Year	<u>165,918</u>	<u>945,797</u>	<u>1,111,715</u>	<u>1,104,215</u>
CASH & CASH EQUIVALENTS – End of Year	<u>\$ 176,878</u>	<u>\$ 707,501</u>	<u>\$ 884,379</u>	<u>\$ 1,111,715</u>

See accompanying notes.

THE COMMUNITY PARTNERSHIP FOR ARTS AND CULTURE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

1. ORGANIZATION

The Community Partnership for Arts and Culture (CPAC) was founded in 1997 and incorporated as a not-for-profit organization in the State of Ohio on July 12, 2000.

MISSION

To advance the arts and culture community in Cleveland and Cuyahoga County.

VISION

Every resident values arts and culture as an essential part of personal and community quality of life.

CPAC's website address is artscleveland.org.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**BASIS OF ACCOUNTING**

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

BASIS OF PRESENTATION

CPAC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

SUMMARIZED COMPARATIVE TOTALS

The financial statements include certain prior year summarized comparative in total but not by class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such amounts should be read in conjunction with CPAC's financial statements for the year ended June 30, 2017, from which the comparative total amounts were derived.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

INCOME TAXES

CPAC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code") as a charitable organization whereby only unrelated business income, as defined by Section 509(a)(1) of the Code, is subject to federal income tax. CPAC currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

CPAC's policy is to record a liability for any tax position taken that is beneficial to CPAC, including penalties and interest, when it is more likely than not the position taken will be overturned by a taxing authority upon examination. Management believes there are no such positions as of June 30, 2018 and, accordingly, no liability has been accrued.

THE COMMUNITY PARTNERSHIP FOR ARTS AND CULTURE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

ADVERTISING

Advertising costs are charged to operations in the period in which the advertisement is placed. Advertising expense was approximately \$3,000 for 2018 and \$20,000 for 2017.

RECOGNITION OF CONTRIBUTION REVENUE

Contributions received are recorded as unrestricted, temporarily restricted, and permanently restricted support depending on the existence and/or nature of any donor restrictions. Temporarily restricted net assets are reclassified to unrestricted net assets upon satisfaction of time or purpose restrictions. Permanently restricted net assets, if any, represent endowment funds which are subject to donor restrictions that the contributed principal be invested in perpetuity and only the income be utilized.

CPAC considers all contributions to be unrestricted unless specifically restricted by the donor.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the net present value of their estimated future cash flows. The discounts on those amounts are computed using the risk-free interest rates applicable for the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Contributions of cash or other assets restricted to the acquisition of long-lived assets are recorded as temporarily restricted contributions. If there are no donor restrictions on the long-lived asset's use, the donor restrictions are considered met once the long-lived assets are acquired and the temporarily restricted net assets are reclassified to the unrestricted net asset class.

RECOGNITION OF FEES FOR SERVICES

Revenue from fees for services is earned as services are provided and is reported at estimated net realizable amounts due from clients, third-party payers, and others for services rendered.

ACCOUNTS RECEIVABLE

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable collectible amounts through a provision for bad debt expense based on its assessment of the current status of individual receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts. The allowance for doubtful accounts at June 30, 2018 and 2017 was \$-0-.

PROPERTY AND EQUIPMENT

Costs of property and equipment are charged against income over their estimated useful lives using straight line methods for both federal and financial reporting purposes. The policy of CPAC is to capitalize personal property purchases over \$5,000 and real property purchases over \$10,000. The estimated useful lives are from five to seven years using the straight-line method. Leasehold improvements are amortized over the life of the lease.

Repairs and maintenance, which are not considered betterments and do not extend the useful life of property, are charged to expense as incurred. When property and equipment are retired or otherwise disposed of, the asset and accumulated depreciation are removed from the accounts and the resulting profit or loss is reflected in income.

CONTRIBUTIONS

All contributions are considered unrestricted unless specifically restricted by the donor. Donated items are reflected as contributions at their estimated fair market value at the time of donation.

THE COMMUNITY PARTNERSHIP FOR ARTS AND CULTURE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

CONTRIBUTED GOODS AND SERVICES

Contributed goods and services are reflected as both contribution revenue and expenses if they meet the criteria defined in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"), "Not-for-Profit Entities," in the accompanying statement of activities at their estimated fair value at date of receipt. The contributions of services are recognized if (a) the services received create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those assets and would typically need to be purchased if not provided. Generally, such services include speakers and trainers.

In addition, CPAC receives services from volunteers who give significant amounts of their time to CPAC's programs, fund raising campaigns, and management. No amounts have been reflected for these types of donated services as they do not meet the criteria for recognition.

CASH AND CASH EQUIVALENTS

For financial statement purposes, CPAC includes cash accounts and short-term investments held outside of investment portfolios to be cash and cash equivalents. At June 30, 2018 and 2017, cash and cash equivalents were comprised of bank deposits and money market funds.

CONCENTRATIONS

At times during the year, cash balances may exceed the related amount of federal depository insurance. CPAC has cash balances in its banks in excess of amounts federally insured. The uninsured balances totaled approximately \$163,000 at June 30, 2018. CPAC maintains its cash with high quality financial institutions which CPAC believes limit these risks.

CPAC also invests funds in a professionally managed portfolio that contains various securities detailed in Note 7. Such investments are exposed to various risks, such as fluctuations in market value and credit risk. The investment balances reported in the accompanying financial statements may not be reflective of the portfolio's value during subsequent periods.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

MAJOR FUNDERS

Major funders, defined by CPAC as annual grants or gifts amounting to \$5,000 and above, consist of the following:

- Cleveland Foundation
- Cuyahoga Arts and Culture
- The Educational Foundation of America
- The Char and Chuck Fowler Family Foundation
- The Gund Foundation
- Key Bank
- Kulas Foundation
- John P. Murphy Foundation
- Ohio Arts Council (OAC)

FAIR VALUE OF FINANCIAL INSTRUMENTS

FASB ASC Topic Fair Value Measurements and Disclosures defines fair value and establishes a framework for measuring fair value for those assets and liabilities that are measured at fair value on a recurring basis. In accordance with the Fair Value Measurements and Disclosures Topic, CPAC has categorized its applicable financial instruments into a required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). For CPAC, the financial assets and liabilities reported at fair value are based upon quoted prices for identical assets or liabilities in an active market that CPAC has the ability to access (Level 1). As of and for the years ended June 30, 2018 and 2017, only CPAC's investments were measured at fair value on a recurring basis and are subject to the Fair Value Measurements and Disclosures Topic of FASB ASC.

THE COMMUNITY PARTNERSHIP FOR ARTS AND CULTURE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance, and requires significantly expanded disclosures about revenue recognition. The core principle of the revenue model is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU, as deferred one year by ASU No. 2016-04, is effective for annual reporting periods beginning after December 15, 2018. The Organization is currently evaluating the impact on the financial statements and the options of adopting using either a full retrospective or a modified approach.

In February 2016, the FASB issued ASU 2016-02, *Leases*. This ASU requires lessees to recognize assets and liabilities on the balance sheet for leases with lease terms greater than twelve months. The recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. This amends current guidance that requires only capital leases to be recognized on the lessee balance sheet. ASU 2016-02 will also require additional disclosures on the amount, timing and uncertainty of cash flows arising from leases. The guidance is effective for the Organization for reporting periods beginning after December 15, 2019 with early adoption permitted. The Organization is currently evaluating the impact that ASU 2016-02 will have on its financial statements and will adopt the provisions upon the effective date.

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. This standard intends to make certain improvements to the current reporting requirements for not-for-profit entities. This standard sets forth changes to net asset classification requirements and the information presented about a not-for-profit entity's liquidity, financial performance and cash flows. ASU 2016-14 is effective for the Organization for reporting periods beginning after December 15, 2017. The Organization is currently evaluating the impact that ASU 2016-14 will have on its financial statements and will adopt the provisions upon the effective date.

SUBSEQUENT EVENTS

In August 2018, CPAC launched a new name and logo, Arts Cleveland. A legal name change with the State of Ohio will be filed in 2019.

CPAC has evaluated its subsequent events for potential recognition and/or disclosure in the June 30, 2018 financial statements through December 14, 2018, the date that the financial statements were available to be issued.

3. PROPERTY & EQUIPMENT

At June 30, the major classes of property and equipment are as follows:

	2018	2017
Leasehold Improvements	\$ 50,076	\$ 50,076
Computer Equipment	12,816	12,816
Furniture, Fixtures, & Office Equipment	6,505	6,505
	69,397	69,397
Less Accumulated Depreciation	(61,921)	(51,012)
Property, Plant & Equipment – Net	<u>\$ 7,476</u>	<u>\$ 18,385</u>

Depreciation expense amounted to \$10,909 and \$19,255 in 2018 and 2017, respectively.

4. RETIREMENT PLAN

CPAC has a 403(b) defined contribution retirement plan. CPAC's contribution to the plan was approximately \$37,000 (2018) and \$46,000 (2017).

THE COMMUNITY PARTNERSHIP FOR ARTS AND CULTURE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

5. GRANT AWARDS

In 2016, CPAC awarded \$15,000 to 40 different fellowship grant recipients totaling \$600,000. Under the Creative Workforce Fellowship Agreement, award conditions include a monthly presentation of eligible reimbursable expenses. Monthly reimbursements to each awardee is capped at \$3,000. Grant expense related to this grant program amounted to \$-0- (2018) and \$127,722 (2017).

6. DESCRIPTION OF PROGRAM SERVICES

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

- Provide counsel and resources to individual artists, arts and cultural organizations and others engaged in arts and cultural programming
- License entrepreneurial training (Artist as an Entrepreneur Institute) for presentation locally, regionally and nationally; develop online program
- Conduct research analysis of the arts and culture industry, e.g. economic, marketing, and programming (Inside the Margins)
- Complete documentary short focused on the connection of arts and culture to public safety (At Its Very Best)
- Facilitate public forums and present public presentations regarding the arts and culture sector
- Conduct outreach and provide counsel and resources regarding the intersection of arts and culture with other industries
- Implement and update organizational website (Cultureforward.org) and online clearinghouse of resources and information for artists (MyCreativeCompass.org)
- Conduct public officials breakfast for arts and culture sector
- Prepare a service organization's guide to creative placemaking (Elevating the Influence of Arts and Culture: A Cleveland Playbook)

7. INVESTMENTS

Investments consist of the following as of June 30:

	2018		2017	
	Market	Cost	Market	Cost
Equities	\$ 463,087	\$ 399,321	\$ 443,694	\$ 393,188
Fixed Income	182,591	186,808	165,868	166,981
Other Assets	26,289	26,828	17,979	19,094
Cash Equivalents	17,808	17,808	10,673	10,673
	\$ 689,775	\$ 630,765	\$ 638,214	\$ 589,936

Investment fees amounting to \$6,477 (2018) and \$5,753 (2017) and are included in the Statement of Functional Expenses.

THE COMMUNITY PARTNERSHIP FOR ARTS AND CULTURE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

8. OPERATING LEASE COMMITMENTS

CPAC operates at its office in The Tower Press Building, Cleveland, Ohio, providing easy access for clients located in an arts and cultural district. The lease expired on December 31, 2017 and is currently on a month-to-month basis. Management anticipates renewing the lease under similar terms. CPAC also leases certain office equipment through August 2018. Rent expense, including short-term rentals, amounted to approximately \$31,000 (2018) and \$37,000 (2017).

The office equipment lease commitment amounts to \$3,200 in each of the years 2019 through 2023, and \$800 in 2024.

9. TEMPORARILY RESTRICTED NET ASSETS

When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as assets released from restriction. If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted.

Temporarily restricted assets and related activity consist of the following:

Purpose	Funder	2018			
		BEGINNING NET ASSETS	CONTRIBUTIONS	NET ASSETS RELEASED FROM RESTRICTION	ENDING NET ASSETS
Operations	The Gund Foundation	\$ 100,000	\$ 210,000	\$ (205,000)	\$ 105,000
Operations	The Cleveland Foundation	-	200,000	(90,190)	109,810
Creative Communities	LINC	65,918	-	(3,850)	62,068
Organizational Infrastructure	Cuyahoga Arts and Culture	46,258	67,574	(80,045)	33,787
		<u>\$ 212,176</u>	<u>\$ 477,574</u>	<u>\$ (379,085)</u>	<u>\$ 310,665</u>
Purpose	Funder	2017			
		BEGINNING NET ASSETS	CONTRIBUTIONS	NET ASSETS RELEASED FROM RESTRICTION	ENDING NET ASSETS
Operations	The Gund Foundation	\$ 105,000	\$ 200,000	\$ (205,000)	\$ 100,000
Creative Communities	LINC	68,367	-	(2,449)	65,918
Organizational Infrastructure	Cuyahoga Arts and Culture	46,251	92,515	(92,508)	46,258
Operations	The Kresge Foundation	250,000	-	(250,000)	-
Creative Workforce Fellowship IV	Cuyahoga Arts and Culture	176,845	-	(176,845)	-
Public Opinion Research	The Gund Foundation	1,000	-	(1,000)	-
		<u>\$ 647,463</u>	<u>\$ 292,515</u>	<u>\$ (727,802)</u>	<u>\$ 212,176</u>

THE COMMUNITY PARTNERSHIP FOR ARTS AND CULTURE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

For the year ended June 30, 2018, CPAC realized a total decrease in net assets of \$102,075. The total decrease is comprised of 1) an increase in temporarily restricted net assets of \$98,489 (reflected in the above table) resulting from the application of generally accepted principles to grants pledged or received with donor-imposed restrictions, and 2) an unrestricted net asset decrease of \$200,564.

For the year ended June 30, 2017, CPAC realized a total decrease in net assets of \$362,690. The total decrease is comprised of 1) a decrease in temporarily restricted net assets of \$435,287 (reflected in the above table) resulting from the application of generally accepted principles to grants pledged or received with donor-imposed restrictions, and 2) an unrestricted net asset increase of \$72,597.

10. BOARD-DESIGNATED NET ASSETS

In September, 2006, the Board approved a "Projects and Budget Stabilization Fund" to create asset balances to allow for shortfalls from economic fluctuations, single or multi-year project opportunities, or capital expenditures. All withdrawals from the account require Board approval. Interest, gains and earnings from investments accrue to the Fund. All investment fees/expenses and fund-related investment losses, to the extent of cumulative board-designations, are borne by operating assets. The fund is not considered to be an endowment-type fund.

Changes in the designated fund are as follows:

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
Board-Designated Net Assets - July 1, 2016	\$ 563,596	\$ -	\$ -	\$ 563,596
Investment Return:				
Interest and Dividend Income	15,556	-	-	15,556
Unrealized and Realized Gains	<u>59,062</u>	<u>-</u>	<u>-</u>	<u>59,062</u>
Total Investment Return	<u>74,618</u>	<u>-</u>	<u>-</u>	<u>74,618</u>
Board-Designated Net Assets - June 30, 2017	638,214	-	-	638,214
Investment Return:				
Interest and Dividend Income	11,492	-	-	11,492
Unrealized and Realized Gains	<u>40,069</u>	<u>-</u>	<u>-</u>	<u>40,069</u>
Total Investment Return	<u>51,561</u>	<u>-</u>	<u>-</u>	<u>51,561</u>
Board-Designated Net Assets - June 30, 2018	<u>\$ 689,775</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 689,775</u>