



**AUDITED
FINANCIAL STATEMENTS**

JUNE 30, 2019 AND 2018

ARTS CLEVELAND

INDEX

JUNE 30, 2019

(With Summarized Comparative Financial Information
for the Year Ended June 30, 2018)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Arts Cleveland

Report on the Financial Statements

We have audited the accompanying financial statements of Arts Cleveland (a nonprofit organization), which comprise the statement of financial position as of June 30, 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.

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 Arts Cleveland as of June 30, 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 of Summarized Comparative Information

We have previously audited Arts Cleveland's 2018 financial statements, and we have expressed an unmodified audit opinion on those audited financial statements in our report dated December 13, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statement from which it has been derived.

Cleveland, Ohio
_____, 2019

H&J
Certified Public Accountants



ARTS CLEVELAND

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019

(WITH COMPARATIVE TOTALS FOR 2018)

	WITH DONOR RESTRICTIONS	WITHOUT DONOR RESTRICTIONS	2019	2018
ASSETS:				
Cash & Cash Equivalents	\$ 173,412	\$ 465,841	\$ 639,253	\$ 884,379
Contributions Receivable	-	4,299	4,299	1,512
Grants Receivable	58,787	27,244	86,031	163,185
Prepaid Expenses & Other	-	4,809	4,809	3,113
Investments	-	722,771	722,771	689,775
Property & Equipment	-	2,756	2,756	7,476
TOTAL ASSETS	\$ 232,199	\$ 1,227,720	\$ 1,459,919	\$ 1,749,440
LIABILITIES:				
Accounts Payable	\$ -	\$ 8,983	\$ 8,983	\$ 35,146
Fiscal Sponsorship Payable	-	40,238	40,238	-
Accrued Vacation	-	10,752	10,752	8,739
TOTAL LIABILITIES	-	59,973	59,973	43,885
NET ASSETS:				
Without Donor Restrictions:				
Undesignated	-	444,976	444,976	705,115
Board-Designated	-	722,771	722,771	689,775
	-	1,167,747	1,167,747	1,394,890
With Donor Restrictions	232,199	-	232,199	310,665
	232,199	1,167,747	1,399,946	1,705,555
TOTAL LIABILITIES & NET ASSETS	\$ 232,199	\$ 1,227,720	\$ 1,459,919	\$ 1,749,440

See accompanying notes.

ARTS CLEVELAND

STATEMENTS OF ACTIVITIES

YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	WITH DONOR RESTRICTIONS	WITHOUT DONOR RESTRICTIONS	2019	2018
SUPPORT				
Grants	\$ 254,672	\$ 117,446	\$ 372,118	\$ 684,022
Contributions	1,560	30,988	32,548	12,247
Net Assets Released from Restrictions	(334,698)	334,698	-	-
Total Support	(78,466)	483,132	404,666	696,269
REVENUE				
Fees and Other Income	-	13,137	13,137	6,747
Investment Income	-	4,229	4,229	2,453
Total Revenue	-	17,366	17,366	9,200
TOTAL SUPPORT & REVENUE	(78,466)	500,498	422,032	705,469
EXPENSES				
Program Services	-	537,209	537,209	610,125
Management & General	-	149,998	149,998	202,700
Fundraising	-	73,729	73,729	45,280
Ballot Initiatives	-	-	-	1,000
TOTAL EXPENSES	-	760,936	760,936	859,105
Change in Net Assets from Operating Activities	(78,466)	(260,438)	(338,904)	(153,636)
NON-OPERATING ACTIVITIES				
Investment Income - Board-Designated	-	33,295	33,295	51,561
Change in Net Assets	(78,466)	(227,143)	(305,609)	(102,075)
Net Assets - Beginning	310,665	1,394,890	1,705,555	1,807,630
Net Assets - Ending	\$ 232,199	\$ 1,167,747	\$ 1,399,946	\$ 1,705,555

See accompanying notes.

ARTS CLEVELAND

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

EXPENSES	PROGRAM	MANAGEMENT	FUNDRAISING	2019	2018
	SERVICES	AND GENERAL			
Personnel Costs	\$ 335,502	\$ 70,272	\$ 21,671	\$ 427,445	\$ 511,046
Professional Fees - Consulting	63,150	37,450	46,500	147,100	149,943
Catering and Hospitality	39,454	1,294	20	40,768	10,798
Occupancy	24,674	4,318	1,332	30,324	25,709
Accounting, Audit & Banking Fees	5	16,165	-	16,170	20,178
Legal Fees	13,198	459	-	13,657	4,928
Office Supplies and Miscellaneous	8,109	4,381	96	12,586	11,962
Advertising and Marketing	11,657	-	-	11,657	5,768
Web Hosting	8,449	1,744	-	10,193	8,525
Printing	4,834	1,259	2,861	8,954	23,214
Equipment Rental	6,343	1,329	410	8,082	6,313
Lodging and Travel	6,693	37	15	6,745	6,625
Professional Fees - Contract	4,782	1,800	-	6,582	13,725
Telephone Services	4,201	880	271	5,352	5,742
Investment Fees	-	4,957	-	4,957	6,477
Insurance	2,180	2,179	-	4,359	3,966
Postage and Shipping	1,841	723	378	2,942	1,558
Depreciation	2,012	421	130	2,563	10,909
Professional Development	-	330	45	375	464
Professional Fees - Research	125	-	-	125	29,755
Donation	-	-	-	-	500
TOTAL OPERATING EXPENSES	537,209	149,998	73,729	760,936	858,105
Ballot Initiative Contributions	-	-	-	-	1,000
TOTAL EXPENSES	\$ 537,209	\$ 149,998	\$ 73,729	\$ 760,936	\$ 859,105

See accompanying notes.

ARTS CLEVELAND

STATEMENTS OF CASH FLOWS

YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	WITH DONOR RESTRICTIONS	WITHOUT DONOR RESTRICTIONS	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:				
Change in Net Assets	\$ (78,466)	\$ (227,143)	\$ (305,609)	\$ (102,075)
Adjustments to Reconcile Change in Net Assets to Cash Used by Operating Activities:				
Depreciation	-	2,563	2,563	10,909
Reinvested Gains and Income	-	(45,397)	(45,397)	(11,492)
Unrealized Loss (Gain) Investments	-	12,401	12,401	(40,069)
Impact on Cash & Cash Equivalents:				
Receivables	75,000	(633)	74,367	(85,987)
Prepaid Expenses & Other	-	(1,696)	(1,696)	3,399
Accounts Payable	-	(26,163)	(26,163)	4,120
Fiscal Sponsorship Payable	-	40,238	40,238	-
Accrued Vacation	-	2,013	2,013	(6,141)
Total Adjustments	<u>75,000</u>	<u>(16,674)</u>	<u>58,326</u>	<u>(125,261)</u>
Cash Used by Operating Activities	(3,466)	(243,817)	(247,283)	(227,336)
NET DECREASE IN CASH & CASH EQUIVALENTS	(3,466)	(243,817)	(247,283)	(227,336)
CASH & CASH EQUIVALENTS – Beginning of Year	<u>176,878</u>	<u>707,501</u>	<u>884,379</u>	<u>1,111,715</u>
CASH & CASH EQUIVALENTS – End of Year	<u>\$ 173,412</u>	<u>\$ 463,684</u>	<u>\$ 637,096</u>	<u>\$ 884,379</u>

See accompanying notes.

ARTS CLEVELAND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

1. ORGANIZATION

Arts Cleveland was founded in 1997 and incorporated as a not-for-profit organization in the State of Ohio on July 12, 2000.

In August 2018, Arts Cleveland, formerly Community Partnership for Arts and Culture, launched a new name and logo, Arts Cleveland. A legal name change with the State of Ohio was filed in January 2019.

MISSION

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

Arts Cleveland's website address is artscleveland.org.

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

The financial statements of Arts Cleveland have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2017, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-For-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

Under provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Arts Cleveland and changes therein are classified as follows:

Net assets without donor restrictions: Net assets are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Arts Cleveland. Arts Cleveland's board may designate assets without restrictions for specific operational purposes from time to time.

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 Arts Cleveland or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

PRIOR-PERIOD INFORMATION

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such amounts should be read in conjunction with Arts Cleveland's financial statements for the year ended June 30, 2018, from which the summarized comparative total amounts were derived.

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.

CASH FLOWS

For purposes of reporting cash flows, cash and cash equivalents include cash on hand and amounts on deposit that can be withdrawn on demand or mature within three months.

ARTS CLEVELAND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

CONCENTRATIONS

At times during the year, cash balances may exceed the related amount of federal depository insurance. At June 30, 2019, Arts Cleveland was fully insured. Arts Cleveland has not experienced any losses on these accounts.

Arts Cleveland also invests funds in a professionally managed portfolio that contains various securities detailed in Note 5. 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.

RECEIVABLES

Accounts and grants receivable are stated at the amount management expects to collect. Management provides for uncollectible accounts 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 allowance for doubtful accounts.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair value amounts for specific groups of financial instruments are presented within the notes applicable to such items. Cash and cash equivalents, receivables, and accounts payable are stated at cost, which approximates fair value, due to their short term maturity.

FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). Arts Cleveland groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- | | |
|---------|--|
| Level 1 | Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date. |
| Level 2 | Other observable inputs, either directly or indirectly, including: <ul style="list-style-type: none"> • Quoted prices for similar assets/liabilities in active markets; • Quoted prices for identical or similar assets in non-active markets; • Inputs other than quoted prices that are observable for the asset/liability; and, • Inputs that are derived principally from or corroborated by other observable market data. |
| Level 3 | Unobservable inputs that cannot be corroborated by observable market data. |

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 Arts Cleveland 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.

ARTS CLEVELAND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

REVENUE RECOGNITION

Program fees are reported at the estimated net realizable amounts due from customers, third-party payers, and others for services rendered.

SUPPORT FROM PUBLIC AND GOVERNMENTAL AGENCIES

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

CONTRIBUTED MATERIAL AND SERVICES

Donated services that are recognized in the financial statements either (a) create or enhance non-financial assets or (b) require specialized skills, provided by entities or persons possessing those skills that would be purchased if not donated. Arts Cleveland receives donated services from volunteers who assist in programs, fund raising, and special projects.

MAJOR FUNDERS

Major funders, defined by Arts Cleveland 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
- National Endowment for the Arts
- Ohio Arts Council (OAC)

FUNCTIONAL EXPENSE ALLOCATIONS

Expenses are charged to functional areas based on specific identification when possible. Expenses that cannot be specifically identified to a function are allocated to the functional areas based on factors such as direct relationship of expenses, time spent by employees, and square footage of space used for various programs.

ADVERTISING

Advertising costs are charged to operations in the period in which the advertisement is placed. Advertising expense was approximately \$10,000 for 2019 and \$3,000 for 2018.

INCOME TAXES

Arts Cleveland 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. Arts Cleveland currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

Arts Cleveland's policy is to record a liability for any tax position taken that is beneficial to Arts Cleveland, 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, 2019 and, accordingly, no liability has been accrued.

ARTS CLEVELAND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

ACCOUNTING GUIDANCE ADOPTED IN 2019

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Arts Cleveland has adjusted the presentation of the financial statements and footnotes accordingly. The ASU has been applied retrospectively to all periods presented.

ACCOUNTING GUIDANCE PENDING ADOPTION

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. Arts Cleveland 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 Arts Cleveland for reporting periods beginning after December 15, 2020 with early adoption permitted. Arts Cleveland is currently evaluating the impact that ASU 2016-02 will have on its financial statements and will adopt the provisions upon the effective date.

SUBSEQUENT EVENTS

Arts Cleveland has evaluated its subsequent events for potential recognition and/or disclosure in the June 30, 2019 financial statements through _____, 2019, 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:

	<u>2019</u>	<u>2018</u>
Leasehold Improvements	\$ 50,076	\$ 50,076
Computer Equipment	12,816	12,816
Furniture, Fixtures, & Office Equipment	<u>6,505</u>	<u>6,505</u>
	69,397	69,397
Less Accumulated Depreciation	<u>(64,484)</u>	<u>(61,921)</u>
Property, Plant & Equipment – Net	<u>\$ 4,913</u>	<u>\$ 7,476</u>

Depreciation expense amounted to \$2,563 and \$10,909 in 2019 and 2018, respectively.

4. RETIREMENT PLAN

Arts Cleveland has a 403(b) defined contribution retirement plan. Arts Cleveland's contribution to the plan was approximately \$27,000 (2019) and \$37,000 (2018).

ARTS CLEVELAND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

5. INVESTMENTS

Investments consist of the following as of June 30:

	2019		2018	
	Market	Cost	Market	Cost
Equities	\$ 469,510	\$ 441,684	\$ 463,087	\$ 399,321
Fixed Income	194,893	193,237	182,591	186,808
Other Assets	34,225	34,630	26,289	26,828
Cash Equivalents	24,143	24,143	17,808	17,808
	\$ 722,771	\$ 693,694	\$ 689,775	\$ 630,765

Investment fees amounting to \$4,957 (2019) and \$6,477 (2018) and are included in the Statement of Functional Expenses.

6. FISCAL SPONSORSHIP

Arts Cleveland fiscally sponsors art and cultural projects in Northeast Ohio across many disciplines - from visual art to performance to arts education and advocacy. Fiscal sponsorship encourages funding agencies and contributors to take risks in financially supporting new projects and emerging artists, ensuring that money is well-managed and spent according to guidelines. Arts Cleveland provides assistance in funding, developing and promoting artistic work, as well as providing low-cost office space in Cleveland.

Arts Cleveland's staff reviews each potential fiscal sponsor program (FSP) application for sponsorship before accepting them as an FSP, verifying that their charitable purpose is consistent with Arts Cleveland's nonprofit purpose, that they have viable plans for raising funds, and have a committed project director.

All of the financial activity of Arts Cleveland's FSPs is combined for financial statement purposes. However, each FSP's funds are accounted for separately in Arts Cleveland's books and records. Because of the nature of the business of fiscal sponsorship, Arts Cleveland's portfolio of FSPs is volatile, with time-limited projects completing, with maturing projects receiving their own 501(c)(3) status, and with new projects coming on board throughout the year. As such, individual line items may vary considerably from year to year, and typical financial analyses are not always meaningful.

Fiscal sponsorship payable represents the total net assets due an FSP under the terms of the individual FSP agreement.

In 2019, expenses incurred under FSP agreements are as follows:

Catering and Hospitality	\$ 29,648
Professional Fees - Consulting	5,910
Lodging and Travel	4,408
Occupancy	3,600
Honoraria	2,325
Professional Fees - Contract	1,157
Advertising and Marketing	119
Office Supplies and Miscellaneous	75
Accounting, Audit & Banking Fees	5
	\$ 47,247

ARTS CLEVELAND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

7. OPERATING LEASE COMMITMENTS

Arts Cleveland operates at its office in The Tower Press Building, Cleveland, Ohio, providing easy access for clients located in an arts and cultural district. The office lease calls for monthly payments of \$2,059 through December 31, 2020. Arts Cleveland also leases certain office equipment through November 2023. The office equipment lease commitment amounts to approximately \$3,200 in each of the years 2020 through 2023, and \$1,300 in 2024.

Rent expense, including short-term rentals, amounted to approximately \$29,000 (2019) and \$31,000 (2018).

8. 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.

9. NET ASSETS WITH DONOR RESTRICTIONS

At June 30, net assets with donor restrictions were as follows:

		2019			
PURPOSE	FUNDER	BEGINNING NET ASSETS	CONTRIBUTIONS	NET ASSETS RELEASED FROM RESTRICTION	ENDING NET ASSETS
Accessibility Research	NEA	\$ -	\$ 10,000	\$ (4,100)	\$ 5,900
Creative Communities	LINC	62,068	-	(2,000)	60,068
Fiscal Sponsorships	Various	-	48,348	(46,214)	2,134
Instrument Repair Fund	Various	-	1,560	-	1,560
Operations	The Gund Foundation	105,000	100,000	(105,000)	100,000
Operations	The Cleveland Foundation	109,810	-	(109,810)	-
Operations	Fowler Foundation	-	28,750	-	28,750
Organizational Infrastructure	Cuyahoga Arts and Culture	33,787	67,574	(67,574)	33,787
		<u>\$ 310,665</u>	<u>\$ 256,232</u>	<u>\$ (334,698)</u>	<u>\$ 232,199</u>
		2018			
PURPOSE	FUNDER	BEGINNING NET ASSETS	CONTRIBUTIONS	NET ASSETS RELEASED FROM RESTRICTION	ENDING NET ASSETS
Creative Communities	LINC	\$ 65,918	\$ -	\$ (3,850)	\$ 62,068
Operations	The Gund Foundation	100,000	180,000	(175,000)	105,000
Operations	The Cleveland Foundation	-	200,000	(90,190)	109,810
Organizational Infrastructure	Cuyahoga Arts and Culture	46,258	67,574	(80,045)	33,787
		<u>\$ 212,176</u>	<u>\$ 447,574</u>	<u>\$ (349,085)</u>	<u>\$ 310,665</u>

For the year ended June 30, 2019, Arts Cleveland realized a total decrease in net assets of \$305,608. The total decrease is comprised of 1) a decrease in net assets with donor restrictions of \$78,466 (reflected in the above table) resulting from the application of generally accepted principles to grants pledged or received with donor-imposed restrictions, and 2) a decrease in net assets without donor restrictions of \$227,142.

ARTS CLEVELAND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

For the year ended June 30, 2018, Arts Cleveland realized a total decrease in net assets of \$102,075. The total decrease is comprised of 1) an increase in net assets with donor restrictions 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) a decrease in net assets without donor restrictions of \$200,564.

Changes in the designated fund are as follows:

Board-Designated Net Assets - July 1, 2017	\$ 638,214
Investment Return:	
Realized Investment Income	11,492
Unrealized Gain	40,069
Total Investment Return	<u>51,561</u>
Board-Designated Net Assets - June 30, 2018	689,775
Investment Return:	
Realized Investment Income	45,397
Unrealized Loss	(12,401)
Total Investment Return	<u>32,996</u>
Board-Designated Net Assets - June 30, 2019	<u><u>\$ 722,771</u></u>

10. AVAILABILITY AND LIQUIDITY

The following represents Arts Cleveland's financial assets available to meet general expenditures over the next twelve months:

Financial Assets at Year-End:	
Cash & Cash Equivalents	\$ 639,253
Contributions Receivable	4,299
Grants Receivable	86,031
Investments	<u>722,771</u>
Total Financial Assets	1,452,354
Less Amounts not Available to be Used Within One Year:	
Net Assets with Donor Restrictions - Cash	(173,412)
Net Assets with Donor Restrictions - Grants Receivable	(58,787)
Net Assets without Donor Restrictions - Board-Designated	<u>(722,771)</u>
	<u>(954,970)</u>
Financial Assets Available to meet General Expenditures Over the Next Twelve Months	<u><u>\$ 497,384</u></u>

Arts Cleveland is substantially supported by contributions and depends on contributions without restrictions to meet its ongoing obligations. As part of Arts Cleveland's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. Arts Cleveland invests cash in excess of daily requirements in short-term investments.

Additionally, Arts Cleveland has Board-Designated net assets without donor restrictions that, while Arts Cleveland does not intend to spend for these purposes other than those identified, the amounts could be made available for current operations, if necessary.

ARTS CLEVELAND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

11. 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; implement online program
- Conduct research analysis of the arts and culture industry, e.g. economic, marketing, and programming
- 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 (ArtsCleveland.org) and online clearinghouse of resources and information for artists (MyCreativeCompass.org)
- Conduct public officials breakfast for arts and culture sector