
CREATIVE CAPITAL FOUNDATION

Financial Statements

For the years ended June 30, 2010 and 2009

CREATIVE CAPITAL FOUNDATION

Contents

	Page
Independent Auditors' Report.....	1
Statement of Financial Position	2
Statement of Activities and Change in Net Assets for the year ended June 30, 2010	3
Statement of Activities and Change in Net Assets for the year ended June 30, 2009	4
Statement of Functional Expenses for the year ended June 30, 2010	5
Statement of Functional Expenses for the year ended June 30, 2009	6
Statement of Cash Flows	7
Notes to Financial Statements.....	8-15

N. CHENG & CO. P.C.
Certified Public Accountants

40 Exchange Place
Suite 1206
New York, New York 10005
Voice (212) 785.0100
Fax (212) 785.9168
www.ncheng.com



Independent Auditors' Report

To the Board of Directors
Creative Capital Foundation
New York, New York

We have audited the accompanying statement of financial position of Creative Capital Foundation as of June 30, 2010 and 2009 and the related statements of activities and change in net assets and cash flows for the years then ended. These financial statements are the responsibility of Creative Capital Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Creative Capital Foundation as of June 30, 2010 and 2009 and the statement of activities and the changes in its net assets and its cash flows for the years ended in conformity with accounting principles generally accepted in the United States of America.

N. Cheng & Co., P.C.

New York, New York
October 5, 2010

CREATIVE CAPITAL FOUNDATION**Statement of Financial Position**

As of June 30,

	<u>2010</u>	<u>2009*</u>
<u>Assets</u>		
Current assets		
Cash	\$ 4,574,766	\$ 2,525,315
Investments - Note 8	1,774,425	3,602,637
Short-term contributions and grants receivable - Note 9	1,785,000	2,920,000
Other receivables	24,542	6,660
Equipment - at cost - net of accumulated depreciation of \$122,603	21,702	32,511
Artwork - Note 7	125,000	125,000
Prepaid expenses	16,584	17,151
Security deposit	3,200	3,200
Total current assets	<u>8,325,219</u>	<u>9,232,474</u>
Long-term assets		
Long-term contributions and grants receivable - Note 9	3,768,398	2,997,666
Long-term investment - Note 8	<u>1,026,000</u>	<u>1,026,000</u>
Total non-current assets	<u>4,794,398</u>	<u>4,023,666</u>
Total assets	<u>\$ 13,119,617</u>	<u>\$ 13,256,140</u>
<u>Liabilities and net assets</u>		
Liabilities		
Accounts and accrued expenses payable	\$ 431,486	\$ 76,355
Grants payable	<u>113,103</u>	<u>303,019</u>
Total liabilities	<u>544,589</u>	<u>379,374</u>
Net assets		
Unrestricted	1,289,038	572,675
Unrestricted - reserved - Note 5	<u>135,097</u>	<u>110,710</u>
Total unrestricted net assets - Note 5	1,424,135	683,385
Temporarily restricted - Note 3	10,124,893	11,167,381
Permanently restricted - Note 4	<u>1,026,000</u>	<u>1,026,000</u>
Total net assets	<u>12,575,028</u>	<u>12,876,766</u>
Total liabilities and net assets	<u>\$ 13,119,617</u>	<u>\$ 13,256,140</u>

* Regrouped for comparative purposes

See notes to the financial statements.

CREATIVE CAPITAL FOUNDATION
Statement of Activities and Change in Net Assets
For the year ended June 30, 2010

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
<u>Revenue</u>				
Contributions - Note 3	\$ 470,086	\$ 4,844,621		\$ 5,314,707
Program service fees	280,281			280,281
In-kind contributions	227,729			227,729
Interest income	18,964			18,964
Net investment income - Note 8	198,974			198,974
Fundraising- net of direct expenses	(67,575)			(67,575)
Other - Note 10	36,355			36,355
Total revenue	1,164,814	4,844,621		6,009,435
Net assets released from restrictions	5,887,109	(5,887,109)		-
Total revenue	<u>7,051,923</u>	<u>(1,042,488)</u>		<u>6,009,435</u>
 <u>Expenses</u>				
Program services - Note 1				
Grant making	3,863,727			3,863,727
Artist services	982,925			982,925
Artist career development	800,568			800,568
Total program services	<u>5,647,220</u>			<u>5,647,220</u>
 Supporting services				
Management and general	241,243			241,243
Fundraising	422,710			422,710
Total supporting services	<u>663,953</u>			<u>663,953</u>
Total expenses	<u>6,311,173</u>			<u>6,311,173</u>
Change in net assets	740,750	(1,042,488)		(301,738)
Net assets as of June 30, 2009	683,385	11,167,381	\$ 1,026,000	12,876,766
Net assets as of June 30, 2010	<u>\$ 1,424,135</u>	<u>\$ 10,124,893</u>	<u>\$ 1,026,000</u>	<u>\$ 12,575,028</u>

See notes to the financial statements.

CREATIVE CAPITAL FOUNDATION
Statement of Activities and Change in Net Assets
For the year ended June 30, 2009

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
<u>Revenue</u>				
Contributions - Note 3	\$ 558,976	\$ 8,362,995		\$ 8,921,971
Program service fees	277,708			277,708
In-kind contributions	133,386			133,386
Interest income	14,397			14,397
Net investment income - Note 8	(211,133)			(211,133)
Other - Note 10	39,792			39,792
	<hr/>	<hr/>		<hr/>
Total revenue	813,126	8,362,995		9,176,121
Net assets released from restrictions	4,547,264	(4,547,264)		-
	<hr/>	<hr/>		<hr/>
Total revenue	5,360,390	3,815,731		9,176,121
<u>Expenses</u>				
Program services - Note 1				
Grant making	3,777,688			3,777,688
Artist services	904,637			904,637
Artist career development	610,452			610,452
	<hr/>			<hr/>
Total program services	5,292,777			5,292,777
Supporting services				
Management and general	152,799			152,799
Fundraising	335,490			335,490
	<hr/>			<hr/>
Total supporting services	488,289			488,289
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	5,781,066			5,781,066
Change in net assets	(420,676)	3,815,731	\$ -	3,395,055
Net assets as of June 30, 2008	1,104,061	7,351,650	1,026,000	9,481,711
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets as of June 30, 2009	\$ 683,385	\$ 11,167,381	\$ 1,026,000	\$ 12,876,766
	<hr/>	<hr/>	<hr/>	<hr/>

See notes to the financial statements.

CREATIVE CAPITAL FOUNDATION
Statement of Functional Expenses
For the year ended June 30, 2010

	Program services			Management and general	Supporting services		Total program and supporting services
	Grant making	Artist services	Artist career development		Fund raising	Total	
Salaries	\$ 361,702	\$ 500,524	\$ 301,104	\$ 174,600	\$ 305,041	\$ 479,641	\$ 1,642,971
Fringe benefits	64,352	89,016	53,559	31,067	54,259	85,326	292,253
Total personnel	426,054	589,540	354,663	205,667	359,300	564,967	1,935,224
Grants	3,154,210	-	-	-	-	-	3,154,210
Professional fees	12,927	13,344	7,923	2,502	5,004	7,506	41,700
Consulting fees	57,947	53,690	298,212	8,039	-	8,039	417,888
Administrative fees	36,136	-	-	-	-	-	36,136
Occupancy	52,839	54,543	32,385	10,227	20,453	30,680	170,447
Office supplies	6,870	7,092	4,211	1,330	2,659	3,989	22,162
Website	4,091	4,223	2,507	792	1,584	2,376	13,197
Postage and mailing	4,600	4,748	2,819	890	1,781	2,671	14,838
Printing and duplication	2,293	2,367	16,976	1,368	1,368	2,736	24,372
Telephone	4,435	4,579	2,719	858	1,717	2,575	14,308
Design	3,209	3,311	1,967	621	1,242	1,863	10,350
Honorariums	43,305	17,150	-	-	-	-	60,455
Promotions	1,820	1,879	1,116	352	705	1,057	5,872
Grantee conference	-	181,560	-	-	-	-	181,560
Repairs and maintenance	1,941	2,003	1,190	376	751	1,127	6,261
Conferences and meetings	12,324	9,994	1,356	3,140	511	3,651	27,325
Travel	24,538	18,334	64,619	2,794	5,037	7,831	115,322
Dues and subscriptions	3,707	3,827	2,272	718	1,435	2,153	11,959
Insurance	1,049	1,082	643	203	406	609	3,383
Special events	-	-	-	-	16,026	16,026	16,026
Advertising	1,840	1,899	1,127	356	712	1,068	5,934
Refunds and contingencies	2,375	2,375	665	-	-	-	5,415
Depreciation	5,217	5,385	3,198	1,010	2,019	3,029	16,829
Total	\$ 3,863,727	\$ 982,925	\$ 800,568	\$ 241,243	\$ 422,710	\$ 663,953	\$ 6,311,173

See notes to the financial statements.

CREATIVE CAPITAL FOUNDATION
Statement of Functional Expenses
For the year ended June 30, 2009

	Program services			Supporting services		Total program and supporting services
	Grant making	Artist services	Artist career development	Management and general	Fund raising	
Salaries	\$ 372,152	\$ 351,633	\$ 212,392	\$ 100,811	\$ 224,406	\$ 1,261,394
Fringe benefits	72,912	68,892	41,615	19,756	43,967	247,142
Total personnel	445,064	420,525	254,007	120,567	268,373	1,508,536
Grants	2,982,564					2,982,564
Professional fees	13,254	13,682	8,123	2,565	5,131	42,755
Consulting fees	65,988	55,922	219,824	7,840		349,574
Administrative fees	34,415					34,415
Occupancy	52,159	53,842	31,968	10,095	20,191	168,255
Office supplies	6,875	7,096	4,213	1,332	2,661	22,177
Website	3,731	3,852	2,287	722	1,444	12,036
Postage and mailing	7,428	7,668	4,553	1,438	2,875	23,962
Printing and duplication	5,768	6,060	9,294	1,188	1,774	24,084
Telephone	4,556	4,703	2,793	882	1,764	14,698
Design		850				850
Honorariums	71,180					71,180
Promotion	4,889	5,047	2,996	946	1,893	15,771
Grantee Conference		221,736				221,736
Repairs and maintenance	3,228	3,332	1,978	625	1,249	10,412
Conferences and meetings	18,669	56,394	4,132	2,700	1,119	83,014
Travel	48,109	33,800	58,270		5,153	145,332
Dues and subscriptions	2,149	2,218	1,317	416	832	6,932
Insurance	1,537	1,587	942	298	595	4,959
Special events					18,065	18,065
Advertising	2,078	2,145	1,274	402	804	6,703
Depreciation	4,047	4,178	2,481	783	1,567	13,056
Total	\$ 3,777,688	\$ 904,637	\$ 610,452	\$ 152,799	\$ 335,490	\$ 5,781,066

See notes to the financial statements.

CREATIVE CAPITAL FOUNDATION**Statement of Cash Flows**

For the year ended June 30, 2010

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities		
Change in net assets	(\$ 301,738)	\$ 3,395,055
Adjustments to reconcile change in net assets to net cash (used in)/provided by operating activities:		
Depreciation	16,829	13,056
Unrealized (gain)/loss on investments	(258,333)	258,333
Change in contributions and grants receivable	364,268	(3,242,995)
Change in others receivable	(17,882)	(6,660)
Change in artwork		(125,000)
Change in prepaid expenses	567	502
Change in accounts and accrued expenses payable	355,131	27,017
Change in grants payable	(189,916)	56,965
Net cash (used in)/provided by operating activities	(31,074)	376,273
Cash flows from investing activities		
Purchase of investments	(1,589,021)	(2,885,201)
Sale of investments	3,675,566	3,139,430
Acquisition of fixed assets	(6,020)	(7,290)
Net cash provided by investing activities	2,080,525	246,939
Net increase in cash	2,049,451	623,212
Cash balance as of June 30, 2009 and 2008	2,525,315	1,902,103
Cash balance as of June 30, 2010 and 2009	<u>\$ 4,574,766</u>	<u>\$ 2,525,315</u>

See notes to the financial statements.

CREATIVE CAPITAL FOUNDATION

Notes to Financial Statements

June 30, 2010

Note 1 Organization

Creative Capital Foundation (“CCF”) was incorporated in the State of New York in May 1998 as a not-for-profit organization. CCF concentrates its efforts towards the support of artists creating original innovative work in visual, performing, media, literature, and interdisciplinary arts. In addition to financial support, CCF provides its participating grantees with career and promotional services and other pertinent advice through its artist services activities. As part of its support to the community of artists nationwide, CCF’s professional development program makes available throughout the U.S. career development workshops in fundraising, promotion, and strategic planning.

Since 2001, CCF has administered the Multi-Arts Production (MAP) grant program which was initially funded solely by the Rockefeller Foundation. In 2007, CCF received additional funding for the administration of the MAP fund from the Doris Duke Foundation. In 2006, CCF also began administering the Arts’ Writers Grant Program for the Andy Warhol Foundation for the Visual Arts.

CCF is exempt from Federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and is classified as a publicly supported organization as described in Sections 509(a)(1) and 170(b)(1)(a)(vi).

Note 2 Summary of significant accounting policies

Accrual basis. The financial statements have been prepared using the accrual basis of accounting, in accordance with the AICPA’s Audit and Accounting Guide “Not-for-Profit Organizations.”

Net assets. Net assets are classified and reported as follows:

Unrestricted - this class includes net assets from unrestricted contributions and from other resources not subject to donor-imposed stipulations.

Temporarily restricted - this class includes net assets that are subject to donor-imposed stipulations that either expire by the passage of time or can be fulfilled by actions of CCF pursuant to these stipulations.

Permanently restricted - this class represents donations which have been accepted with the donor-stipulation that the principal be maintained intact in perpetuity while permitting CCF to use or expend all of the income derived from the donated assets.

In addition, in August 2008, the FASB released a Staff Position document (“FSP”), SFAS No. 117-1, “Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enhanced Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and Enhanced Disclosures for All Endowment Funds.” The FSP requires expanded disclosures about the activities in an organization’s endowment funds (both donor restricted and board designated) and is effective for operating years ending after December 15, 2008 (see Note 3, 4 and 5). New York state has not adopted UPMIFA.

CREATIVE CAPITAL FOUNDATION

Notes to Financial Statements

June 30, 2010

Note 2 Summary of significant accounting policies (continued)

Fixed assets. Equipment is recorded at cost and depreciated over the estimated useful lives of 3 to 5 years using the straight line method.

Investments. Investments in marketable securities are maintained in investment accounts held as available for sale and are reported at their fair values at fiscal year end. Gains or losses and investment income on investments are reported in the statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations.

Cash and cash equivalents. All highly liquid investments with maturity of three months or less when purchased are considered to be cash equivalents. CCF maintains its cash and cash equivalents in what it believes to be quality financial institutions. Accounts are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 effective through December 31, 2013. CCF is exposed to credit risk for amounts held in excess of the FDIC limit.

Support. Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions.

Gifts of goods and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

In the absence of explicit donor stipulations about how long those long-lived assets must be maintained, CCF reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributions receivable. 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 present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to 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.

Subsequent events. CCF evaluated its June 30, 2010 financial statements for subsequent events through November 10, 2010, the date the financial statements were available to be issued. CCF is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

CREATIVE CAPITAL FOUNDATION

Notes to Financial Statements

June 30, 2010

Note 2 Summary of significant accounting policies (continued)

Use of estimates. The preparation of financial statements in conformity with generally accepted accounting principles 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.

Functional allocations. The costs of providing the organization's programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Gifts of artwork. CCF established a policy starting in 2008 regarding gifts of artwork. These gifts will be accepted from the donor in lieu of a cash contribution and treated as an asset that can be sold at any time with prior board approval.

FASB interpretation No. 48 – Accounting for uncertainty in income taxes – an interpretation of FASB statement No. 109 (FIN 48). Management has considered possible areas of uncertain tax positions and possible areas of risk to its tax-exempt status. Management has concluded that CCF has no uncertain tax positions and that a tax examination would sustain CCF's tax exempt status.

Fair value measurements. CCF adopted SFAS 157 which requires classification of assets and liabilities based on valuation methods using three levels. Level 1 values are based on quoted prices in active markets for identical securities. Level 2 values are based on significant observable market inputs, such as quoted prices for similar securities and quoted prices in inactive markets. Level 3 values are based on significant unobservable inputs that reflect the fund's determination of assumptions that market participants might reasonably use in valuing the securities. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying investment.

The following table presents CCF's valuation levels of investments as of June 30, 2010:

Level 1 Quoted prices	\$ 2,800,425
Level 2 Other significant observable inputs	-
Level 3 Unobservable inputs	-
Total	<u>\$ 2,800,425</u>

CREATIVE CAPITAL FOUNDATION

Notes to Financial Statements

June 30, 2010

Note 3 Temporarily restricted net assets

	2010			
	<u>Beginning balances</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending balances</u>
The Emily Hall Tremaine Foundation		\$ 50,000	\$ 50,000	\$ -
The Doris Duke Charitable Foundation	\$ 3,234,531	427,800	1,908,059	1,754,272
The Andy Warhol Foundation for the Visual Arts:				
General support *	1,000,000	1,500,000	1,500,000	1,000,000
Cash reserve *	1,000,000			1,000,000
Arts' Writers Grant Program	4,638,872		1,098,347	3,540,525
The William and Flora Hewlett Foundation	172,333		125,000	47,333
The Muriel Pollia Foundation	100,000		50,000	50,000
The Ford Foundation	91,667		91,667	-
James Irvine Foundation	102,000		102,000	-
Rockefeller MAP Fund	631,845		466,666	165,179
Rockefeller Cultural Innovation		149,655	43,733	105,922
Mellon Foundation		250,000		250,000
The Nathan Cummings Foundation		100,000	20,000	80,000
Concordia Foundation		25,000	25,000	-
Met Life Foundation	25,000		25,000	-
LEF Foundation	171,133		25,000	146,133
The Kresge Foundation		1,463,280	189,137	1,274,143
Cordish Family Fund		115,680	25,000	90,680
Jeffrey and Catharine Soros		231,360	50,000	181,360
Ronald Feldman		23,568	5,000	18,568
Ed and Eve Colloton Family Fund		27,430	5,000	22,430
James Schamus		4,627	1,000	3,627
Rappaport Family Foundation		73,860	25,000	48,860
Ruby Lerner		6,890	1,500	5,390
Stephen Reily		127,596	5,000	122,596
William K. Bowes Jr. Foundation		267,875	50,000	217,875
Sub-total	11,167,381	4,844,621	5,887,109	10,124,893
Net investment	-	87,154	87,154	-
Total temporarily restricted contributions	<u>\$ 11,167,381</u>	<u>4,931,775</u>	<u>\$ 5,974,263</u>	<u>\$ 10,124,893</u>

CREATIVE CAPITAL FOUNDATION

Notes to Financial Statements

June 30, 2010

Note 3 Temporarily restricted net assets (continued)

	2009			
	Beginning balances	Additions	Releases	Ending balances
The Emily Hall Tremaine Foundation	\$ 100,000		\$ 100,000	
The Doris Duke Charitable Foundation	3,284,671	\$ 1,622,400	1,672,540	\$ 3,234,531
The Andy Warhol Foundation for the Visual Arts:				
General support *	500,000	1,500,000	1,000,000	1,000,000
Cash reserve *	1,000,000			1,000,000
Arts' Writers grant program	585,082	4,824,462	770,672	4,638,872
The William and Flora Hewlett Foundation	297,333		125,000	172,333
New York Community Trust – Van Lier Fund	6,250		6,250	
The Muriel Pollia Foundation	150,000		50,000	100,000
The Ford Foundation	91,667	100,000	100,000	91,667
James Irvine Foundation	208,000		106,000	102,000
Rockefeller MAP Fund	1,128,647		496,802	631,845
The Nathan Cummings Foundation		100,000	100,000	
Met Life Foundation		25,000		25,000
LEF Foundation		171,133		171,133
Various donors		20,000	20,000	
Sub-total	7,351,650	8,362,995	4,547,264	11,167,381
Net investment	-	(103,268)	(103,268)	-
Total temporarily restricted contributions	<u>\$ 7,351,650</u>	<u>\$ 8,259,727</u>	<u>\$ 4,443,996</u>	<u>\$ 11,167,381</u>

* In 2001, the Andy Warhol Foundation for the Visual Arts made a \$10 million commitment to help CCF launch an endowment campaign to ensure the organization's performance. The commitment was issued as a challenge grant to be matched dollar-for-dollar by May 2004. With the stock market's poor performance in 2001 and not being able to meet the endowment challenge match by 2004, CCF asked and received approval from the Andy Warhol Foundation to reconfigure the grant as follows: The new challenge would be \$1 million in annual operating support for each of nine years, beginning in 2004 and ending in 2012, plus \$1 million allocated to a CCF cash reserve. Before the Andy Warhol Foundation would release its annual commitment of \$1 million, CCF had to demonstrate that, in the prior calendar year, it generated at least an additional \$800,000 through earned income and contributions from other sources, as well as maintained support to approximately 40 artists per cycle. As of June 30, 2008, CCF had received \$6 million (\$1 million as cash reserve, \$5 million as operating support) of the original \$10 million commitment. In May 2009, the original commitment was terminated and the challenge grant was revised by the Andy Warhol Foundation as follows: The annual contribution would increase to \$1,500,000 through 2018 and would have to be matched dollar-for-dollar by other contributions and earnings including Professional Development Program workshop fees. The level of support to grantees would have to be maintained at current levels with an increase in the number of new grants to artists from approximately 40 to 46 in each of the four grant making years within the CCF artist grantee seven year cycle. If in any single year more funds were raised than were spent to maintain CCF's level of artist support, the surplus can be carried over and applied towards fulfilling the following year's commitment. As of June 30, 2010 CCF had received \$3 million of the new \$15 million commitment.

CREATIVE CAPITAL FOUNDATION**Notes to Financial Statements**

June 30, 2010

Note 4 Permanently restricted net assets

Permanently restricted net assets are comprised of donor-restricted funds stated at the original value of the contribution. Donor-restricted funds are subject to restrictions such that the principal value thereof cannot be used. The income generated from the endowment funds is available for general operations.

Note 5 Unrestricted reserved

For 2010 and 2009, CCF reserved 50% of all unrestricted contributions (both unrestricted and restriction contributions released during the current year) to fund grants to artists as follows:

	<u>2010</u>
Beginning balance	\$ 110,710
Unrestricted contributions received (\$470,086 x 50%)	\$ 235,043
Restricted contributions released (\$5,887,109 x 50%)	<u>2,943,554</u>
Additional reserved	<u>3,178,597</u>
Total reserved contributions available	3,289,307
Grants to artists	(<u>3,154,210</u>)
Net unrestricted reserved balance at end of year	<u>\$ 135,097</u>
	<u>2009</u>
Beginning balance	\$ 540,154
Unrestricted contributions received (\$558,976 x 50%)	\$ 279,488
Restricted contributions released (\$4,547,264 x 50%)	<u>2,273,632</u>
Additional reserved	<u>2,553,120</u>
Total reserved contributions available	3,093,274
Grants to artists	(<u>2,982,564</u>)
Net unrestricted reserved balance at end of year	<u>\$ 110,710</u>

Note 6 Lease commitment

CCF has a two year lease on an office space for the Map Fund at 73 Spring Street that expires on November 30, 2011. Rent expense totaled \$ 41,930 in 2010 and \$ 46,545 in 2009.

Note 7 Artwork

In fiscal year 2009, CCF received a painting as a donation with an appraised value of \$125,000.

CREATIVE CAPITAL FOUNDATION

Notes to Financial Statements

June 30, 2010

Note 8 Investments

The investment portfolio consists of investments in mutual funds and a long/short domestic equity fund. The fair value of investments is as follows:

	<u>2010</u>	<u>2009</u>
Cash and cash equivalent	\$ 2,800,425	\$ 3,033,104
Mutual funds - ING Principal Protection Fund	-	519,928
Blended funds - included stocks and bonds		
Vanguard Balanced Index Fund (Admiral shares)	-	558,718
Fidelity Puritan Fund	-	516,887
Total	<u>\$ 2,800,425</u>	<u>\$ 4,628,637</u>

Investment classification as follows:

Short term investments	\$ 1,774,425	\$ 3,602,637
Long term investments:		
(Permanently restricted net assets - See Note 4)	<u>1,026,000</u>	<u>1,026,000</u>
Total	<u>\$ 2,800,425</u>	<u>\$ 4,628,637</u>

Investment income net of capital income/(losses):

Interest and dividends	\$ 29,146	\$ 85,879
Realized gain/(loss) on investment transactions	169,828	(38,679)
Unrealized (loss) on investments	-	(258,333)
Total	<u>\$ 198,974</u>	<u>(\$ 211,133)</u>

Allocation of investment income net of capital losses:

	<u>2010</u>			
	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Interest and dividends		\$ 16,065	\$ 13,081	\$ 29,146
Realized/unrealized gain/(loss)		<u>71,089</u>	<u>98,739</u>	<u>169,828</u>
Total investment return		87,154	111,820	198,974
Transfers	<u>\$ 198,974</u>	(<u>87,154</u>)	(<u>111,820</u>)	-
Total allocation	<u>\$ 198,974</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 198,974</u>

CREATIVE CAPITAL FOUNDATION**Notes to Financial Statements**

June 30, 2010

Note 8 Investments (continued)

	<u>2009</u>			
	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Interest and dividends		\$ 60,178	\$ 25,701	\$ 85,879
Realized/unrealized gain/(loss)		(163,446)	(133,566)	(297,012)
Total investment return		(103,268)	(107,865)	(211,133)
Transfers	(\$ 211,133)	103,268	107,865	-
Total allocation	(\$ 211,333)	\$ -	\$ -	(\$ 211,333)

Note 9 Contributions and grants receivable

Contributions and grants receivable are comprised of the unconditional promises to give shown below. Unconditional promises to give are recorded at the present value of their estimated future cash flows. In determining the present value of the expected future cash flows, a discount rate of 0.56% to 3.6% was applied at June 30, 2010.

	<u>2010</u>	<u>2009</u>
Amounts due in		
Short-term receivable-less than one year	\$ 1,785,000	\$ 2,920,000
Long-term receivable- more than one year	4,017,500	3,225,000
Less: discount	(249,102)	(227,334)
	<u>\$ 5,553,398</u>	<u>\$ 5,917,666</u>

As of June 30, 2010, \$5,553,398 of contributions receivable is temporarily restricted. Management expects all pledges to be fully collected and, accordingly, no allowance for doubtful pledges has been provided.

Note 10 Other income

For the fiscal years 2010 and 2009, other income is made up of the following:

	<u>2010</u>	<u>2009</u>
Grantee payback	\$ 219	\$ 112
MAP administrative fee	36,136	34,415
Miscellaneous	-	5,265
Total other income	<u>\$ 36,355</u>	<u>\$ 39,792</u>