

CREATIVE CAPITAL FOUNDATION

***FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS***

YEARS ENDED JUNE 30, 2017 AND 2016

CREATIVE CAPITAL FOUNDATION

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

We have audited the accompanying financial statements of Creative Capital Foundation which comprise the statement of financial position as of June 30, 2017 and 2016, and the related statements of activities, and of cash flows for the years 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 includes 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 of our audit opinion.

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, 2017 and 2016, and the changes in its net assets, and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Tait, Weller & Baker LLP

**Philadelphia, Pennsylvania
February 1, 2018**

CREATIVE CAPITAL FOUNDATION

STATEMENTS OF FINANCIAL POSITION

June 30, 2017 And 2016

| | <u>2017</u> | <u>2016</u> |
|---|---------------------|----------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 2,195,495 | \$ 3,242,199 |
| Short-term contributions and grants receivable (<i>Note 3</i>) | 1,051,283 | 2,972,311 |
| Investments (<i>Note 4</i>) | 3,535,390 | 3,945,682 |
| Other receivables | 3,550 | 3,150 |
| Prepaid expenses | <u>56,506</u> | <u>91,189</u> |
| Total Current Assets | <u>6,842,224</u> | <u>10,254,531</u> |
| NON-CURRENT ASSETS | | |
| Long-term contributions and grants receivable – (<i>Note 3</i>) | 987,661 | 331,284 |
| Long-term investments (<i>Note 4</i>) | 1,685,758 | 1,498,718 |
| Equipment – at cost – net of accumulated depreciation of \$447,296 in 2017 and \$299,730 in 2016 | 16,173 | 153,270 |
| Artwork | - | 15,000 |
| Security deposit | <u>54,082</u> | <u>54,082</u> |
| Total Non-Current Assets | <u>2,743,674</u> | <u>2,052,354</u> |
| Total Assets | <u>\$ 9,585,898</u> | <u>\$ 12,306,885</u> |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Accounts payable and accrued expenses payable | \$ 381,857 | \$ 861,179 |
| Grants payable | <u>293,537</u> | <u>478,981</u> |
| Total Liabilities | <u>675,394</u> | <u>1,340,160</u> |
| NET ASSETS | | |
| Unrestricted | 1,570,248 | 2,130,983 |
| Temporarily restricted – (<i>Note 6</i>) | 6,314,256 | 7,809,742 |
| Permanently restricted – (<i>Note 6</i>) | <u>1,026,000</u> | <u>1,026,000</u> |
| Total Net Assets | <u>8,910,504</u> | <u>10,966,725</u> |
| Total Liabilities and Net Assets | <u>\$ 9,585,898</u> | <u>\$ 12,306,885</u> |

CREATIVE CAPITAL FOUNDATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For The Year Ended June 30, 2017

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|-----------------------------------|------------------|
| Revenue | | | | |
| Contributions – Core | | | | |
| General Support | \$ 272,246 | \$ 2,488,186 | \$ - | \$ 2,760,432 |
| Artist Services | - | 1,440,797 | - | 1,440,797 |
| Grantee Support | - | - | - | - |
| Government Support | 53,591 | - | - | 53,591 |
| In-kind contributions (<i>Note 8</i>) | 19,434 | - | - | 19,434 |
| Fundraising – net of direct expenses | <u>35,689</u> | <u>-</u> | <u>-</u> | <u>35,689</u> |
| Core Subtotal | <u>380,960</u> | <u>3,928,983</u> | <u>-</u> | <u>4,309,943</u> |
| Contributions – Special Projects | | | | |
| Artist Career Development | - | 160,688 | - | 160,688 |
| DDPAA | - | - | - | - |
| Arts Writers Grant Program | - | - | - | - |
| MAP Fund | - | - | - | - |
| Program service fees | <u>278,792</u> | <u>-</u> | <u>-</u> | <u>278,792</u> |
| Special Projects Subtotal | <u>278,792</u> | <u>160,688</u> | <u>-</u> | <u>439,480</u> |
| Interest income | 2,032 | - | - | 2,032 |
| Investment return on short-term investments (<i>Note 4</i>) | 362,103 | - | - | 362,103 |
| Other (<i>Note 7</i>) | <u>55,161</u> | <u>-</u> | <u>-</u> | <u>55,161</u> |
| Total revenue | 1,079,048 | 4,089,671 | - | 5,168,719 |
| Net assets released from restrictions | <u>5,772,197</u> | <u>(5,772,197)</u> | <u>-</u> | <u>-</u> |
| Total revenue | <u>6,851,245</u> | <u>(1,682,526)</u> | <u>-</u> | <u>5,168,719</u> |

CREATIVE CAPITAL FOUNDATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS – (Continued)

For The Year Ended June 30, 2017

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|-----------------------------------|---------------------|
| Expenses | | | | |
| Program Services | | | | |
| Artist services | \$ 2,516,375 | \$ - | \$ - | \$ 2,516,375 |
| Artist career development | 973,380 | - | - | 973,380 |
| AWGP | 1,061,123 | - | - | 1,061,123 |
| DDPAA | 338,994 | - | - | 338,994 |
| MAP fund | <u>71,310</u> | <u>-</u> | <u>-</u> | <u>71,310</u> |
| Total program services | <u>4,961,182</u> | <u>-</u> | <u>-</u> | <u>4,961,182</u> |
| Supporting Services | | | | |
| Management and general | 333,767 | - | - | 333,767 |
| Fundraising | <u>494,786</u> | <u>-</u> | <u>-</u> | <u>494,786</u> |
| Total supporting services | <u>828,553</u> | <u>-</u> | <u>-</u> | <u>828,553</u> |
| Total expenses | <u>5,789,735</u> | <u>-</u> | <u>-</u> | <u>5,789,735</u> |
| Excess revenue over expenses before other changes | 1,061,510 | (1,682,526) | - | (621,016) |
| Other Changes | | | | |
| Transfer of MAP fund | (1,622,245) | - | - | (1,622,245) |
| Endowment return in excess of amounts designated for current operations (<i>Note 4</i>) | <u>-</u> | <u>187,040</u> | <u>-</u> | <u>187,040</u> |
| Total other changes | <u>(1,622,245)</u> | <u>187,040</u> | <u>-</u> | <u>(1,435,205)</u> |
| Change in net assets | (560,735) | (1,495,486) | - | (2,056,221) |
| Net assets as of June 30, 2016 | <u>2,130,983</u> | <u>7,809,742</u> | <u>1,026,000</u> | <u>10,966,725</u> |
| Net assets as of June 30, 2017 | <u>\$ 1,570,248</u> | <u>\$ 6,314,256</u> | <u>\$ 1,026,000</u> | <u>\$ 8,910,504</u> |

CREATIVE CAPITAL FOUNDATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS – (Continued)

For The Year Ended June 30, 2016

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|-----------------------------------|------------------|
| Revenue | | | | |
| Contributions – Core | | | | |
| General Support | \$ 268,605 | \$ 2,455,092 | \$ - | \$ 2,723,697 |
| Artist Services | - | 200,000 | - | 200,000 |
| Grantee Support | - | - | - | - |
| Government Support | 119,723 | - | - | 119,723 |
| In-kind contributions (<i>Note 8</i>) | 23,145 | - | - | 23,145 |
| Fundraising – net of direct expenses | <u>63,773</u> | <u>-</u> | <u>-</u> | <u>63,773</u> |
| Core Subtotal | <u>475,246</u> | <u>2,655,092</u> | <u>-</u> | <u>3,130,338</u> |
| Contributions – Special Projects | | | | |
| Artist Career Development | - | 218,712 | - | 218,712 |
| DDPAA | - | 789,694 | - | 789,694 |
| Arts Writers Grant Program | - | 2,173,714 | - | 2,173,714 |
| MAP Fund | - | - | - | - |
| Program service fees | <u>269,286</u> | <u>-</u> | <u>-</u> | <u>269,286</u> |
| Special Projects Subtotal | <u>269,286</u> | <u>3,182,120</u> | <u>-</u> | <u>3,451,406</u> |
| Interest income | 5,721 | - | - | 5,721 |
| Investment return on short-term investments (<i>Note 4</i>) | 149,486 | - | - | 149,486 |
| Other (<i>Note 7</i>) | <u>77,488</u> | <u>-</u> | <u>-</u> | <u>77,488</u> |
| Total revenue | <u>977,227</u> | <u>5,837,212</u> | <u>-</u> | <u>6,814,439</u> |
| Net assets released from restrictions | <u>6,296,118</u> | <u>(6,296,118)</u> | <u>-</u> | <u>-</u> |
| Total revenue | <u>7,273,345</u> | <u>(458,906)</u> | <u>-</u> | <u>6,814,439</u> |

CREATIVE CAPITAL FOUNDATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS – (Continued)

For The Year Ended June 30, 2016

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|-----------------------------------|----------------------|
| Expenses | | | | |
| Program Services | | | | |
| Artist services | \$ 3,286,213 | \$ - | \$ - | \$ 3,286,213 |
| Artist career development | 791,288 | - | - | 791,288 |
| AWGP | 1,172,565 | - | - | 1,172,565 |
| DDPAA | 501,808 | - | - | 501,808 |
| MAP fund | <u>1,640,502</u> | <u>-</u> | <u>-</u> | <u>1,640,502</u> |
| Total program services | <u>7,392,376</u> | <u>-</u> | <u>-</u> | <u>7,392,376</u> |
| Supporting Services | | | | |
| Management and general | 499,071 | - | - | 499,071 |
| Fundraising | <u>528,428</u> | <u>-</u> | <u>-</u> | <u>528,428</u> |
| Total supporting services | <u>1,027,499</u> | <u>-</u> | <u>-</u> | <u>1,027,499</u> |
| Total expenses | <u>8,419,875</u> | <u>-</u> | <u>-</u> | <u>8,419,875</u> |
| Excess revenue over expenses before other changes | (1,146,530) | (458,906) | - | (1,605,436) |
| Other Changes | | | | |
| Endowment return in excess of amounts designated for current operations (<i>Note 4</i>) | <u>-</u> | <u>31,585</u> | <u>-</u> | <u>31,585</u> |
| Total other changes | <u>-</u> | <u>31,585</u> | <u>-</u> | <u>31,585</u> |
| Change in net assets | (1,146,530) | (427,321) | - | (1,573,851) |
| Net assets as of June 30, 2015 | <u>3,277,513</u> | <u>8,237,063</u> | <u>1,026,000</u> | <u>12,540,576</u> |
| Net assets as of June 30, 2016 | <u>\$ 2,130,983</u> | <u>\$ 7,809,742</u> | <u>\$ 1,026,000</u> | <u>\$ 10,966,725</u> |

CREATIVE CAPITAL FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended June 30, 2017

| | Program Services | | | | | Supporting Services | | | Total Program And Supporting Services | |
|--------------------------|----------------------------|---------------------------------|----------------------------|--------------------------|-------------------------|----------------------------|------------------------------|--------------------------|---|----------------------------|
| | Artist Services | Artist Career Development | AWGP | DDPAA | MAP Fund | Total | Management And General | Fund- Raising | | Total |
| Salaries | \$ 550,182 | \$ 396,956 | \$ 177,915 | \$ 178,910 | \$36,723 | \$ 1,340,686 | \$ 123,300 | \$ 331,020 | \$ 454,320 | \$ 1,795,006 |
| Fringe benefits | <u>139,423</u> | <u>103,245</u> | <u>45,079</u> | <u>45,308</u> | <u>9,462</u> | <u>342,517</u> | <u>33,289</u> | <u>79,083</u> | <u>112,372</u> | <u>454,889</u> |
| Total personnel | 689,605 | 500,201 | 222,994 | 224,218 | 46,185 | 1,683,203 | 156,589 | 410,103 | 566,692 | 2,249,895 |
| Grants | 1,064,555 | - | 695,000 | - | - | 1,759,555 | - | - | - | 1,759,555 |
| Professional fees | 17,888 | 14,907 | 5,970 | - | 660 | 39,425 | 14,907 | 11,925 | 26,832 | 66,257 |
| Consulting fees | 126,876 | 243,306 | 31,275 | 14,327 | 4,200 | 419,984 | 99,021 | - | 99,021 | 519,005 |
| Administration | - | - | - | 50,000 | 4,000 | 54,000 | - | - | - | 54,000 |
| Occupancy | 118,332 | 75,732 | 24,727 | 24,728 | 4,818 | 248,337 | 14,200 | 28,400 | 42,600 | 290,937 |
| Office supplies | 9,243 | 3,421 | 1,563 | 1,221 | 63 | 15,511 | 880 | 1,761 | 2,641 | 18,152 |
| Website | 12,084 | 6,354 | 1,386 | 3,630 | 3,963 | 27,417 | 1,151 | 2,302 | 3,453 | 30,870 |
| Postage and mailing | 1,383 | 545 | 393 | 9 | 58 | 2,388 | 172 | 344 | 516 | 2,904 |
| Printing and duplication | 1,797 | 16,661 | 5,676 | - | 35 | 24,169 | 537 | 499 | 1,036 | 25,205 |
| Telephone | 3,476 | 1,494 | 1,026 | 2,037 | - | 8,033 | 331 | 662 | 993 | 9,026 |
| Honorariums | - | - | 52,125 | - | - | 52,125 | - | - | - | 52,125 |
| Grantee Conference | 324,303 | - | - | 826 | - | 325,129 | - | - | - | 325,129 |
| Conferences and meetings | 5,227 | 15,245 | 5,585 | 5,750 | 3,676 | 35,483 | 18,520 | 1,777 | 20,297 | 55,780 |
| Travel | 43,001 | 45,785 | 4,338 | 8,877 | 3,586 | 105,587 | 13,232 | 10,826 | 24,058 | 129,645 |
| Dues and subscriptions | 1,815 | 1,363 | 2,706 | 300 | - | 6,184 | 4,963 | 1,694 | 6,657 | 12,841 |
| Insurance | 5,573 | 1,826 | 480 | - | - | 7,879 | 576 | 1,153 | 1,729 | 9,608 |
| Advertising | 1,970 | 2,414 | 2,928 | 120 | 66 | 7,498 | 188 | 1,619 | 1,807 | 9,305 |
| Special events | - | - | - | - | - | - | - | 4,721 | 4,721 | 4,721 |
| Refunds | - | 17,210 | - | - | - | 17,210 | - | - | - | 17,210 |
| Depreciation | <u>89,247</u> | <u>26,916</u> | <u>2,951</u> | <u>2,951</u> | <u>-</u> | <u>122,065</u> | <u>8,500</u> | <u>17,000</u> | <u>25,500</u> | <u>147,565</u> |
| Total | <u>\$ 2,516,375</u> | <u>\$ 973,380</u> | <u>\$ 1,061,123</u> | <u>\$ 338,994</u> | <u>\$ 71,310</u> | <u>\$ 4,961,182</u> | <u>\$ 333,767</u> | <u>\$ 494,786</u> | <u>\$ 828,553</u> | <u>\$ 5,789,735</u> |

See notes to the financial statements.

CREATIVE CAPITAL FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES – (Continued)

For The Year Ended June 30, 2016

| | Program Services | | | | | | Supporting Services | | | Total Program And Supporting Services |
|--------------------------|---------------------|---------------------------------|---------------------|------------------|---------------------|---------------------|------------------------------|-------------------|---------------------|---|
| | Artist Services | Artist Career Development | AWGP | DDPAA | MAP Fund | Total | Management And General | Fund- Raising | Total | |
| Salaries | \$ 704,913 | \$320,356 | \$ 190,252 | \$223,067 | \$ 201,592 | \$ 1,640,180 | \$ 242,632 | \$ 357,255 | \$ 599,887 | \$ 2,240,067 |
| Fringe benefits | <u>149,876</u> | <u>68,113</u> | <u>40,451</u> | <u>47,428</u> | <u>42,862</u> | <u>348,730</u> | <u>51,588</u> | <u>75,957</u> | <u>127,545</u> | <u>476,275</u> |
| Total personnel | 854,789 | 388,469 | 230,703 | 270,495 | 244,454 | 1,988,910 | 294,220 | 433,212 | 727,432 | 2,716,342 |
| Grants | 1,609,171 | - | 782,000 | - | 1,193,900 | 3,585,071 | - | - | - | 3,585,071 |
| Professional fees | 12,461 | 10,482 | 5,241 | 5,241 | 13,982 | 47,407 | 6,251 | 8,251 | 14,502 | 61,909 |
| Consulting fees | 110,316 | 235,026 | 56,990 | 21,874 | 43,762 | 467,968 | 164,402 | 440 | 164,842 | 632,810 |
| Administration | - | - | - | 50,000 | 20,000 | 70,000 | - | - | - | 70,000 |
| Occupancy | 97,705 | 55,405 | 23,450 | 23,450 | 23,500 | 223,510 | 15,941 | 31,368 | 47,309 | 270,819 |
| Office supplies | 10,353 | 4,044 | 2,289 | 547 | 2,259 | 19,492 | 1,951 | 1,972 | 3,923 | 23,415 |
| Website | 18,107 | 5,461 | 3,063 | 1,541 | 5,625 | 33,797 | 1,725 | 5,421 | 7,146 | 40,943 |
| Postage and mailing | 2,644 | 1,156 | 815 | 50 | 60 | 4,725 | 252 | 503 | 755 | 5,480 |
| Printing and duplication | 11,389 | 12,920 | 200 | 308 | 1 | 24,818 | 1,085 | 4,232 | 5,317 | 30,135 |
| Telephone | 3,599 | 1,495 | 1,012 | 3,306 | - | 9,412 | 343 | 686 | 1,029 | 10,441 |
| Honorariums | 29,350 | - | 48,540 | 22,500 | 42,688 | 143,078 | - | - | - | 143,078 |
| Grantee Conference | 359,663 | - | - | - | - | 359,663 | - | - | - | 359,663 |
| Conferences and meetings | 45,657 | 12,820 | 2,943 | 50,605 | 16,826 | 128,851 | 6,311 | 4,703 | 11,014 | 139,865 |
| Travel | 74,143 | 45,185 | 9,443 | 46,284 | 27,479 | 202,534 | 4,906 | 6,788 | 11,694 | 214,228 |
| Dues and subscriptions | 7,180 | 2,850 | 1,351 | 2,919 | 3,323 | 17,623 | 541 | 1,082 | 1,623 | 19,246 |
| Insurance | 6,745 | 2,101 | 222 | - | - | 9,068 | 663 | 1,327 | 1,990 | 11,058 |
| Advertising | 2,191 | 662 | 2,515 | 900 | 855 | 7,123 | 209 | 417 | 626 | 7,749 |
| Special events | - | - | - | - | - | - | - | 22,564 | 22,564 | 22,564 |
| Loan Fund | 2,073 | - | - | - | - | 2,073 | - | - | - | 2,073 |
| Refunds | - | 4,562 | - | - | - | 4,562 | - | - | - | 4,562 |
| Depreciation | <u>28,677</u> | <u>8,650</u> | <u>1,788</u> | <u>1,788</u> | <u>1,788</u> | <u>42,691</u> | <u>271</u> | <u>5,462</u> | <u>5,733</u> | <u>48,424</u> |
| Total | <u>\$ 3,286,213</u> | <u>\$791,288</u> | <u>\$ 1,172,565</u> | <u>\$501,808</u> | <u>\$ 1,640,502</u> | <u>\$ 7,392,376</u> | <u>\$ 499,071</u> | <u>\$ 528,428</u> | <u>\$ 1,027,499</u> | <u>\$ 8,419,875</u> |

CREATIVE CAPITAL FOUNDATION

STATEMENTS OF CASH FLOWS

For The Years Ended June 30, 2017 And 2016

| | <u>2017</u> | <u>2016</u> |
|---|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$(2,056,221) | \$(1,573,851) |
| Adjustments to reconcile change in net assets to net cash used by operating activities: | | |
| Depreciation | 147,565 | 48,424 |
| Realized/unrealized (gain) loss on investments | (440,175) | (63,085) |
| Loss on sale of artwork | 6,200 | - |
| Change in contributions and grants receivable | 1,264,651 | 27,439 |
| Change in other receivables | (400) | 1,242 |
| Change in prepaid expenses | 34,683 | 7,302 |
| Change in security deposit | - | - |
| Change in accounts and accrued expenses payable | (479,322) | 105,545 |
| Change in grants payable | <u>(185,444)</u> | <u>48,420</u> |
| Net cash used for operating activities | <u>(1,708,463)</u> | <u>(1,398,564)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of investments | (156,997) | (4,573,279) |
| Proceeds from sale of investments | 820,424 | 3,454,250 |
| Purchases of fixed assets | (10,468) | (19,820) |
| Proceeds from sale of artwork | <u>8,800</u> | <u>-</u> |
| Net cash used for investing activities | <u>661,759</u> | <u>(1,138,849)</u> |
| Net decrease in cash | (1,046,704) | (2,537,413) |
| CASH AND CASH EQUIVALENTS | | |
| Beginning of year | <u>3,242,199</u> | <u>5,779,612</u> |
| End of year | <u>\$ 2,195,495</u> | <u>\$ 3,242,199</u> |

CREATIVE CAPITAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

(1) ORGANIZATION

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

Since 2006, CCF has administered the Arts Writers Grant Program for the Andy Warhol Foundation for the Visual Arts. In September 2016, after 15 years of being administered by CCF, the Multi-Arts Production Fund (MAP) was spun off as a separately incorporated entity. From July 2011 until June 2017, CCF administered the Doris Duke Performing Artists Awards program funded by the Doris Duke Charitable Foundation.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The accompanying financial statements are prepared on the accrual basis of accounting.

ACCOUNTING ESTIMATES

The preparation of the financial statements in conformity with U.S. 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.

CONCENTRATION OF CREDIT RISK

CCF’s principal financial instruments subject to credit risk are its cash, investments, and receivables. CCF occasionally maintains deposits in excess of federally insured limits. Accounting Standards Codification (“*ASC*”) 825, “*Financial Instruments*”, identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by monitoring the financial institutions in which deposits are made.

The investments are managed by professional investment managers. The degree and concentration of credit risk varies by the type of investment.

Receivables result primarily from unconditional promises to give, which are from foundations and individuals.

CREATIVE CAPITAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2017

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include money market funds and highly liquid instruments purchased with a maturity of three months or less.

NET ASSETS

CCF's net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of CCF and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of CCF and/or the passage of time.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by CCF. Generally, the donors of these assets permit CCF to use all or part of the income earned on related investments for general or specific purposes.

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

CCF records its investments in securities at fair value with the resulting gains and losses reported in the statement of activities. The fair value of investments traded on a securities exchange is determined based as quoted market prices and at appraised value for donated securities.

CONTRIBUTIONS

CCF reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated 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 reported in the statement of activities 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.

CREATIVE CAPITAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2017

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.

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.

INCOME TAXES

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). Management has reviewed the tax positions for each of the open tax years (2013 – 2015) or expected to be taken in CCF's 2016 tax return and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

(3) CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable at June 30, 2017 and 2016 are expected to be realized as follows:

| | <u>2017</u> | <u>2016</u> |
|---|---------------------|---------------------|
| In one year or less | \$ 1,051,283 | \$ 2,972,311 |
| In one to five years | <u>1,055,500</u> | <u>361,000</u> |
| | 2,106,783 | 3,333,311 |
| Less: discount | <u>(67,839)</u> | <u>(29,716)</u> |
| Net contributions and grants receivable | <u>\$ 2,038,944</u> | <u>\$ 3,303,595</u> |

In determining the present value of the expected future cash flows, a discount rate of 3% was applied at June 30, 2017 and 2016.

As of June 30, 2017 and 2016, all contributions receivable are considered temporarily restricted. Management expects all pledges to be fully collected and, accordingly, no allowance for doubtful pledges has been provided.

Contributions receivable of approximately \$1,060,000, designated for the MAP fund, were transferred in 2017 to the separately incorporated MAP entity.

CREATIVE CAPITAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2017

(4) INVESTMENTS

Investments are carried at fair value unless otherwise indicated. A summary of investments, including cost and cash equivalents at June 30, 2017 and 2016 are as follows:

| | <u>2017</u> | <u>2016</u> |
|--|---------------------|---------------------|
| Cash and cash equivalent | \$ - | \$ 1,719 |
| Fixed income funds | 2,051,856 | 2,195,610 |
| Equity funds | <u>3,169,292</u> | <u>3,247,071</u> |
| Total | <u>\$ 5,221,148</u> | <u>\$ 5,444,400</u> |
| Investments are classified as follows: | | |
| Short-term investments | \$ 3,535,390 | \$ 3,945,682 |
| Long-term investments: | <u>1,685,758</u> | <u>1,498,718</u> |
| Total | <u>\$ 5,221,148</u> | <u>\$ 5,444,400</u> |
| Investment return: | | |
| Interest and dividends, net of investment expenses of \$21,925 and \$16,426, respectively | \$ 108,968 | \$ 117,986 |
| Realized gains on investments | 73,094 | 215,133 |
| Unrealized gains (losses) on investments | <u>367,081</u> | <u>(152,048)</u> |
| Total investment return | 549,143 | 181,071 |
| Investment return allocated to long-term investments | <u>(187,040)</u> | <u>(31,585)</u> |
| Investment return on short-term investments | <u>\$ 362,103</u> | <u>\$ 149,486</u> |

The following schedule summarizes investment return allocated to the endowment funds (long-term investments) and its classification in the statement of activities:

| | <u>2017</u> | | |
|--|------------------------------------|--|-------------------|
| | <u>Unrestricted Net Assets</u> | <u>Temporarily Restricted Net Assets</u> | <u>Total</u> |
| Interest and dividends (net of investment expenses of \$5,975) | \$ - | \$ 40,824 | \$ 40,824 |
| Net realized and unrealized losses | <u>-</u> | <u>146,216</u> | <u>146,216</u> |
| Endowment return on long-term investments | - | 187,040 | 187,040 |
| Endowment return designated for current operations | <u>-</u> | <u>-</u> | <u>-</u> |
| Endowment return in excess of amounts designated for current operations | <u>\$ -</u> | <u>\$ 187,040</u> | <u>\$ 187,040</u> |
| | | | |
| | <u>2016</u> | | |
| | <u>Unrestricted Net Assets</u> | <u>Temporarily Restricted Net Assets</u> | <u>Total</u> |
| Interest and dividends (net of investment expenses of \$4,562) | \$ - | \$ 31,325 | \$ 31,325 |
| Net realized and unrealized losses | <u>-</u> | <u>260</u> | <u>260</u> |
| Endowment return on long-term investments | - | 31,585 | 31,585 |
| Endowment return designated for current operations | <u>-</u> | <u>-</u> | <u>-</u> |
| Endowment return in excess of amounts designated for current operations | <u>\$ -</u> | <u>\$ 31,585</u> | <u>\$ 31,585</u> |

CREATIVE CAPITAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2017

(5) FAIR VALUE MEASUREMENTS

The Foundation utilizes various methods to measure the fair value of most of its investments on a recurring basis. Generally accepted accounting principles establish a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are described below:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access.

Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Foundation's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The inputs methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The summary of inputs used to value the Foundation's assets and liabilities that are carried at fair value as of June 30, 2017 and 2016 are as follows:

| | 2017 | | | |
|--------------------|-----------------------------|--|--|---------------------|
| | Level 1 Quoted Prices | Level 2 Significant Observable Inputs | Level 3 Significant Unobservable Inputs | Total |
| Fixed income funds | \$ 2,051,856 | \$ - | \$ - | \$ 2,051,856 |
| Equity funds | <u>3,169,292</u> | <u>-</u> | <u>-</u> | <u>3,169,292</u> |
| | <u>\$ 5,221,148</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,221,148</u> |

| | 2016 | | | |
|-----------------------------|-----------------------------|--|--|---------------------|
| | Level 1 Quoted Prices | Level 2 Significant Observable Inputs | Level 3 Significant Unobservable Inputs | Total |
| Cash and money market funds | \$ 1,719 | \$ - | \$ - | \$ 1,719 |
| Fixed income funds | 2,195,610 | - | - | 2,195,610 |
| Equity funds | <u>3,247,071</u> | <u>-</u> | <u>-</u> | <u>3,247,071</u> |
| | <u>\$ 5,444,400</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,444,400</u> |

There were no transfers between Level 1 and Level 2 during the year ended June 30, 2017 or 2016.

CREATIVE CAPITAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2017

(6) NET ASSETS

TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following for the years ended June 30, 2017 and 2016:

| | 2017 | | | Ending Balances |
|---|--------------------------|---------------------|---------------------|---------------------|
| | Beginning Balances | Additions | Releases | |
| Bloomberg Philanthropies | \$ 48,989 | \$ 1,011 | \$ 50,000 | \$ - |
| The Doris Duke Charitable Foundation | 2,105,551 ^(a) | 1,218,324 | 1,956,053 | 1,367,822 |
| The Geraldine R. Dodge Foundation | 50,000 | 6,000 | 56,000 | - |
| The Andy Warhol Foundation for the Visual Arts: | | | | |
| General support * | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 |
| Occupancy (Note 10) | 154,048 | 209,566 | 233,301 | 130,313 |
| Cash reserve * | 1,000,000 | - | - | 1,000,000 |
| Arts Writers Grant Program | 1,083,714 | - | 1,044,744 | 38,970 |
| Clifton Foundation | - | 30,000 | 15,000 | 15,000 |
| Two Sister and a Wife Foundation | 91,600 | - | 23,733 | 67,867 |
| Mellon Foundation | - | 50,000 | 50,000 | - |
| NYSCA | 20,000 | 40,000 | 60,000 | - |
| NEA | 29,827 | 173 | 30,000 | - |
| Lyda Kuth | 63,200 | - | 26,216 | 36,984 |
| Ronald Feldman | 12,899 | - | - | 12,899 |
| DCA | 2,896 | 13,504 | 16,400 | - |
| Colleen Jennings-Roggensack | 1,443 | - | - | 1,443 |
| Tides and Lambent Foundation | - | 490,199 | 250,000 | 240,199 |
| Hilary Bates and Jerome Simon | - | 37,285 | 10,000 | 27,285 |
| Annie Han | - | 2,182 | 750 | 1,432 |
| Offield Foundation | 20,000 | - | 20,000 | - |
| Howard Gilman Foundation | - | 30,000 | 30,000 | - |
| Catherine & Jeffrey Soros | 96,121 | - | 25,000 | 71,121 |
| Stephen Reily | 114,493 | - | 50,000 | 64,493 |
| The Shelley & Donald Rubin Foundation | - | 25,000 | 25,000 | - |
| William K. Bowes Jr. Foundation | 192,243 | - | 50,000 | 142,243 |
| Paige West | - | 236,427 | 50,000 | 186,427 |
| The TOBY Fund | - | 200,000 | 200,000 | - |
| Westenberger Estate | 750,000 | - | - | 750,000 |
| Accumulated endowment income | <u>472,718</u> | <u>187,040</u> | <u>-</u> | <u>659,758</u> |
| Total temporarily restricted net assets | <u>\$ 7,809,742</u> | <u>\$ 4,276,711</u> | <u>\$ 5,772,197</u> | <u>\$ 6,314,256</u> |

(a) Balance includes approximately \$1,225,000 designated for the MAP Fund Program which was spun off as a separately incorporated entity in 2017.

CREATIVE CAPITAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2017

| | 2016 | | | Ending Balances |
|---|-----------------------|---------------------|---------------------|---------------------|
| | Beginning Balances | Additions | Releases | |
| Bloomberg Philanthropies | \$ - | \$ 98,989 | \$ 50,000 | \$ 48,989 |
| Booth Ferris | 72,889 | - | 72,889 | - |
| The Doris Duke Charitable Foundation | 3,461,091 | 1,037,167 | 2,392,707 | 2,105,551 |
| Robert Deutsch Foundation | 50,000 | - | 50,000 | - |
| The Geraldine R. Dodge Foundation | 50,000 | - | - | 50,000 |
| The Andy Warhol Foundation for the Visual Arts: | | | | |
| General support * | 1,504,563 | 1,500,000 | 1,504,563 | 1,500,000 |
| Occupancy (Note 10) | 136,835 | 212,521 | 195,308 | 154,048 |
| Cash reserve * | 1,000,000 | - | - | 1,000,000 |
| Arts Writers Grant Program | - | 2,173,714 | 1,090,000 | 1,083,714 |
| Rockefeller Cultural Innovation | 5,512 | - | 5,512 | - |
| Two Sister and a Wife Foundation | 109,600 | - | 18,000 | 91,600 |
| Mellon Foundation | 250,000 | - | 250,000 | - |
| NYSCA | - | 40,000 | 20,000 | 20,000 |
| LEF Foundation | 5,877 | 18,262 | 24,139 | - |
| NEA | - | 64,827 | 35,000 | 29,827 |
| Lyda Kuth | - | 63,200 | - | 63,200 |
| Ronald Feldman | 17,899 | - | 5,000 | 12,899 |
| DCA | - | 14,896 | 12,000 | 2,896 |
| Colleen Jennings-Roggensack | - | 2,443 | 1,000 | 1,443 |
| Offield Foundation | - | 40,000 | 20,000 | 20,000 |
| Catherine & Jeffrey Soros | - | 121,121 | 25,000 | 96,121 |
| Hearst Foundation | 50,000 | - | 50,000 | - |
| Stephen Reily | 114,493 | - | - | 114,493 |
| William K. Bowes Jr. Foundation | - | 242,243 | 50,000 | 192,243 |
| Paige West | 42,171 | 7,829 | 50,000 | - |
| The TOBY Fund | - | 200,000 | 200,000 | - |
| Westenberger Estate | 750,000 | - | - | 750,000 |
| Howard Gilman Foundation | 75,000 | - | 75,000 | - |
| Tides and Lambent Foundation | 100,000 | - | 100,000 | - |
| Accumulated endowment income | <u>441,133</u> | <u>31,585</u> | <u>-</u> | <u>472,718</u> |
| Total temporarily restricted net assets | <u>\$ 8,237,063</u> | <u>\$ 5,868,797</u> | <u>\$ 6,296,118</u> | <u>\$ 7,809,742</u> |

* In May 2009, The Andy Warhol Foundation for the Visual Arts made a \$15,000,000 conditional commitment to CCF to be paid in equal installments of \$1,500,000 over a 10-year period. In order to be eligible for each year's installment, CCF is required to demonstrate that it raised \$1,500,000 for that fiscal year through other contributions and earnings including the Professional Development Program in-person and on-line workshop fees. Additionally, the current level of support to awardees is required to be maintained as well as support to at least 46 new awardees in each of CCF's award making cycles. If, in any single year, more funds were raised than were spent to maintain CCF's level of artist support, the surplus is eligible to be carried over and applied towards fulfilling the following year's commitment. As of June 30, 2017, CCF had received \$13.5 million of the commitment.

CREATIVE CAPITAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2017

PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of the following at June 30, 2017 and 2016:

| | <u>2017</u> | <u>2016</u> |
|--|--------------------|--------------------|
| General endowments – income for general operations | <u>\$1,026,000</u> | <u>\$1,026,000</u> |

ENDOWMENT FUNDS

CCF's endowment funds consist of individual donor restricted funds established to support its general operations. As required by GAAP in the United States, net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions.

INTERPRETATION OF RELEVANT LAW

CCF is incorporated in the state of New York, which has enacted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”). UPMIFA governs donor restricted or permanently restricted endowment funds for not-for-profit corporations. CCF has interpreted the applicable state standards and guidelines for the prudent management of an endowment fund as requiring the preservation of the fair value of the original gift as of the gift date of the endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, CCF classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund (i.e. the accumulated realized and unrealized gains/losses) that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by CCF. CCF considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of CCF
- (7) Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the institution.
- (8) The investment policies of CCF

CREATIVE CAPITAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2017

RETURN OBJECTIVES AND RISK PARAMETERS

According to policy approved by the Board of Directors on August 26, 2015, endowment funds shall be invested in a manner that provides safeguards and diversity that a prudent investor would adhere to, with emphasis on preservation of capital while providing a reasonable return. The investment approach carefully balances the long term potential for appreciation of assets in excess of inflation against the possibility of investment losses. Investments will be diversified with the intent to minimize the risk of large losses to the funds as follows:

1. With the exception of fixed income investments explicitly guaranteed by the U.S. Government, no single investment security shall represent more than 5% of total portfolio assets;
2. With the exception of passively managed investment vehicles seeking to match the returns on broadly diversified market index, no single investment pool or investment company (mutual fund) shall comprise more than 20% of total portfolio assets;
3. With respect to fixed income investments, for individual bonds, the minimum average credit quality of these investments shall be investment grade (Standard & Poor's, BBB, or Moody's Baa or higher).

SPENDING POLICY

CCF's spending policy is to make available for distribution, 5% of the investment income from the endowment fund. The policy is consistent with CCF's objective to maintain the purchasing power of the endowment assets held in perpetuity. The Board of Directors annually reviews and approves all permanently restricted funds in accordance with UPMIFA to determine if it is prudent to spend from the endowment. No distributions were appropriated for the years ending June 30, 2016 and 2015.

The classification by net asset type at June 30, 2017 and 2016 is as follows:

| | 2017 | | | Total |
|----------------------------------|---------------------|-------------------------------|-------------------------------|--------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | |
| Donor-restricted endowment funds | \$ - | \$ 659,758 | \$ 1,026,000 | \$ 1,685,758 |

| | 2016 | | | Total |
|----------------------------------|---------------------|-------------------------------|-------------------------------|--------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | |
| Donor-restricted endowment funds | \$ - | \$ 472,718 | \$ 1,026,000 | \$ 1,498,718 |

CREATIVE CAPITAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2017

Changes in endowment net assets for the years ended June 30, 2017 and 2016:

| | <u>2017</u> | | | <u>Total</u> |
|--|---------------------|-------------------------------|-------------------------------|---------------------|
| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | |
| Endowment net assets, beginning of year | \$ - | \$ 472,718 | \$ 1,026,000 | \$ 1,498,718 |
| Investment income, net | - | 40,824 | - | 40,824 |
| Realized and unrealized gains | - | <u>146,216</u> | - | <u>146,216</u> |
| Endowment net assets, end of year | <u>\$ -</u> | <u>\$ 659,758</u> | <u>\$ 1,026,000</u> | <u>\$ 1,685,758</u> |

| | <u>2016</u> | | | <u>Total</u> |
|--|---------------------|-------------------------------|-------------------------------|---------------------|
| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | |
| Endowment net assets, beginning of year | \$ - | \$ 441,133 | \$ 1,026,000 | \$ 1,467,133 |
| Investment income, net | - | 31,325 | - | 31,325 |
| Realized and unrealized gains | - | <u>260</u> | - | <u>260</u> |
| Endowment net assets, end of year | <u>\$ -</u> | <u>\$ 472,718</u> | <u>\$ 1,026,000</u> | <u>\$ 1,498,718</u> |

(7) OTHER INCOME

For the fiscal years 2017 and 2016, other income consists of the following:

| | <u>2017</u> | <u>2016</u> |
|-------------------------------|------------------|------------------|
| MAP/DDPAA administrative fees | \$ 54,000 | \$ 70,000 |
| Grantee payback | 500 | 1,131 |
| Loss on sale of artwork | (6,200) | - |
| Miscellaneous | <u>6,861</u> | <u>6,357</u> |
| Total other income | <u>\$ 55,161</u> | <u>\$ 77,488</u> |

(8) IN-KIND CONTRIBUTION

For the fiscal years 2017 and 2016, In-kind contributions consists of the following:

| | <u>2017</u> | <u>2016</u> |
|---|------------------|------------------|
| Community Supported Artists In-kind support | \$ 19,134 | \$ 21,820 |
| Individual In-kind support | <u>300</u> | <u>1,325</u> |
| Total other income | <u>\$ 19,434</u> | <u>\$ 23,145</u> |

CREATIVE CAPITAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2017

(9) RETIREMENT PLAN

CCF maintains a defined contribution plan for employees who have completed at least one year and 1,000 hours of service. CCF matches employee salary deferrals up to 7%. For the fiscal years 2017 and 2016, CCF incurred approximately \$91,000 and \$103,000, respectively.

(10) LEASE COMMITMENTS

CCF leases its office facilities in New York City under an operating lease expiring on August 31, 2026. In connection with this lease, CCF was granted a five month rent holiday. As such, deferred rent in the amount of \$190,212 and \$165,478 has been recognized and included in accounts payable and accrued expenses payable in the Statement of Financial Position as of June 30, 2017 and 2016, respectively. The leases are subject to adjustments for escalations and certain operating expenses. Rent expense for the years ended June 30, 2017 and 2016 was approximately \$253,000 and was subsidized by designated grants from the Andy Warhol Foundation.

Approximate future minimum rentals under all non-cancelable operating leases are as follows:

| | Office Facilities |
|---------------------|------------------------------|
| 2018 | \$ 234,400 |
| 2019 | 240,300 |
| 2020 | 251,100 |
| 2021 | 271,700 |
| 2022 | 278,500 |
| 2023 and thereafter | <u>1,237,400</u> |
| | <u>\$2,513,400</u> |

(11) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, February 1, 2018, have been evaluated in the preparation of the financial statements and management has determined that there are no subsequent events that would require disclosure or adjustment in the financial statements.