

# **CREATIVE CAPITAL FOUNDATION**

*FINANCIAL STATEMENTS AND  
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS*

**YEARS ENDED JUNE 30, 2021 AND 2020**

# 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, 2021 and 2020, and the related statements of activities, functional expenses 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, 2021 and 2020, 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 8, 2022**

# CREATIVE CAPITAL FOUNDATION

## STATEMENTS OF FINANCIAL POSITION

June 30, 2021 And 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,929,497	\$2,742,694
Short-term contributions and grants receivable <i>(Note 3)</i>	1,107,145	1,051,900
Investments <i>(Note 4)</i>	4,063,418	3,523,318
Prepaid expenses and other assets	<u>61,498</u>	<u>66,091</u>
<b>Total current assets</b>	<u>8,161,558</u>	<u>7,384,003</u>
<b>NON-CURRENT ASSETS</b>		
Long-term contributions and grants receivable – <i>(Note 3)</i>	323,949	624,857
Long-term investments <i>(Note 4)</i>	2,245,170	1,908,107
Equipment – at cost – net of accumulated depreciation of \$485,304 in 2021 and \$479,634 in 2020	4,627	2,941
Security deposit	<u>54,082</u>	<u>54,082</u>
<b>Total non-current assets</b>	<u>2,627,828</u>	<u>2,589,987</u>
<b>Total assets</b>	<u>\$10,789,386</u>	<u>\$9,973,990</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses payable	\$ 416,998	\$ 491,894
Grants payable	446,477	387,031
Refundable advance <i>(Note 6)</i>	<u>-</u>	<u>306,268</u>
<b>Total liabilities</b>	<u>863,475</u>	<u>1,185,193</u>
<b>NET ASSETS</b>		
Without donor restrictions	2,451,109	1,259,149
With donor restrictions	<u>7,474,802</u>	<u>7,529,648</u>
<b>Total net assets</b>	<u>9,925,911</u>	<u>8,788,797</u>
<b>Total liabilities and net assets</b>	<u>\$10,789,386</u>	<u>\$9,973,990</u>

# CREATIVE CAPITAL FOUNDATION

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For The Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Operating Revenue</b>			
Contributions – Core			
General support	\$ 621,337	\$ 1,793,884	\$ 2,415,221
Artist initiatives	-	1,375,423	1,375,423
Arts writers grant program	-	1,190,000	1,190,000
Government grant revenue	306,268	-	306,268
Government support	66,250	-	66,250
Special events, net	<u>(9,131)</u>	<u>-</u>	<u>(9,131)</u>
<b>Core subtotal</b>	984,724	4,359,307	5,344,031
Program service fees	89,574	-	89,574
In-kind support	15,000	-	15,000
Interest income	1,402	-	1,402
Investment return designated for operations	90,423	-	90,423
Investment return on short-term investments <i>(Note 4)</i>	<u>789,394</u>	<u>-</u>	<u>789,394</u>
<b>Total revenue</b>	1,970,517	4,359,307	6,329,824
Net assets released from restrictions	<u>4,751,216</u>	<u>(4,751,216)</u>	<u>-</u>
<b>Total operating revenue</b>	<u>6,721,733</u>	<u>(391,909)</u>	<u>6,329,824</u>
<b>Expenses</b>			
Program services			
Artist initiatives	3,148,519	-	3,148,519
AWGP	<u>1,167,587</u>	<u>-</u>	<u>1,167,587</u>
<b>Total program services</b>	<u>4,316,106</u>	<u>-</u>	<u>4,316,106</u>
Supporting services			
Management and general	726,739	-	726,739
Fundraising	<u>486,928</u>	<u>-</u>	<u>486,928</u>
<b>Total supporting services</b>	<u>1,213,667</u>	<u>-</u>	<u>1,213,667</u>
<b>Total expenses</b>	<u>5,529,773</u>	<u>-</u>	<u>5,529,773</u>
<b>Excess of operating revenue     over expenses before other changes</b>	<u>1,191,960</u>	<u>(391,909)</u>	<u>800,051</u>
<b>Other Changes</b>			
Endowment return in excess of amounts designated for current operations <i>(Note 4)</i>	<u>-</u>	<u>337,063</u>	<u>337,063</u>
<b>Total other changes</b>	<u>-</u>	<u>337,063</u>	<u>337,063</u>
Change in net assets	1,191,960	(54,846)	1,137,114
Net assets as of June 30, 2020	<u>1,259,149</u>	<u>7,529,648</u>	<u>8,788,797</u>
Net assets as of June 30, 2021	<u>\$ 2,451,109</u>	<u>\$ 7,474,802</u>	<u>\$ 9,925,911</u>

# CREATIVE CAPITAL FOUNDATION

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For The Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Operating Revenue</b>			
Contributions – Core			
General support	\$ 409,956	\$ 2,505,654	\$ 2,915,610
Artist initiatives	-	1,605,163	1,605,163
Infrastructure	-	359,159	359,159
Arts writers grant program	-	1,090,000	1,090,000
Government support	59,470	-	59,470
Special events, net	<u>(6,240)</u>	<u>-</u>	<u>(6,240)</u>
<b>Core subtotal</b>	463,186	5,559,976	6,023,162
Program service fees	223,208	-	223,208
Interest income	7,852	-	7,852
Investment return designated for operations	88,383	-	88,383
Investment return on short-term investments <i>(Note 4)</i>	<u>167,287</u>	<u>-</u>	<u>167,287</u>
<b>Total revenue</b>	949,916	5,559,976	6,509,892
Net assets released from restrictions	<u>5,345,107</u>	<u>(5,345,107)</u>	<u>-</u>
<b>Total operating revenue</b>	<u>6,295,023</u>	<u>214,869</u>	<u>6,509,892</u>
<b>Expenses</b>			
Program services			
Artist initiatives	3,328,489	-	3,328,489
AWGP	<u>1,153,479</u>	<u>-</u>	<u>1,153,479</u>
<b>Total program services</b>	<u>4,481,968</u>	<u>-</u>	<u>4,481,968</u>
Supporting services			
Management and general	822,877	-	822,877
Fundraising	<u>540,291</u>	<u>-</u>	<u>540,291</u>
<b>Total supporting services</b>	<u>1,363,168</u>	<u>-</u>	<u>1,363,168</u>
<b>Total expenses</b>	<u>5,845,136</u>	<u>-</u>	<u>5,845,136</u>
<b>Excess of operating revenue     over expenses before other changes</b>	<u>449,887</u>	<u>214,869</u>	<u>664,756</u>
<b>Other Changes</b>			
Transfer of Artist Relief funds	(10,000)	-	(10,000)
Endowment return in deficiency of amounts designated for current operations <i>(Note 4)</i>	<u>-</u>	<u>(12,788)</u>	<u>(12,788)</u>
<b>Total other changes</b>	<u>(10,000)</u>	<u>(12,788)</u>	<u>(22,788)</u>
Change in net assets	439,887	202,081	641,968
Net assets as of June 30, 2019	<u>819,262</u>	<u>7,327,567</u>	<u>8,146,829</u>
Net assets as of June 30, 2020	<u>\$ 1,259,149</u>	<u>\$ 7,529,648</u>	<u>\$ 8,788,797</u>

See notes to the financial statements.

# CREATIVE CAPITAL FOUNDATION

## STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended June 30, 2021

	Program Services			Supporting Services			Total Program And Supporting Services
	Artist Initiatives	AWGP	Total	Management And General	Fund- Raising	Total	
Salaries	\$ 668,513	\$ 255,733	\$ 924,246	\$ 445,167	\$ 343,081	\$ 788,248	\$ 1,712,494
Fringe benefits	147,567	56,451	204,018	112,062	75,732	187,794	391,812
Total personnel	816,080	312,184	1,128,264	557,229	418,813	976,042	2,104,306
Grants	1,375,093	675,000	2,050,093	-	-	-	2,050,093
Professional fees	43,024	9,560	52,584	23,902	19,122	43,024	95,608
Consulting fees	336,753	33,485	370,238	119,491	-	119,491	489,729
Occupancy	210,293	52,527	262,820	15,387	30,775	46,162	308,982
Office supplies	12,039	1,300	13,339	881	1,762	2,643	15,982
Website	76,709	8,552	85,261	5,637	11,274	16,911	102,172
Postage and mailing	1,203	467	1,670	88	176	264	1,934
Printing and duplication	-	348	348	664	-	664	1,012
Telephone	4,248	935	5,183	311	622	933	6,116
Honorariums	84,000	66,183	150,183	-	-	-	150,183
Awardee Conference	158,369	-	158,369	-	-	-	158,369
Conferences and meetings	4,399	2,703	7,102	515	533	1,048	8,150
Travel	325	-	325	734	47	781	1,106
Dues and subscriptions	4,336	1,186	5,522	317	635	952	6,474
Insurance	10,217	254	10,471	747	1,496	2,243	12,714
Advertising	6,873	2,790	9,663	503	1,006	1,509	11,172
Depreciation	4,558	113	4,671	333	667	1,000	5,671
<b>Total</b>	<b>\$ 3,148,519</b>	<b>\$ 1,167,587</b>	<b>\$ 4,316,106</b>	<b>\$ 726,739</b>	<b>\$ 486,928</b>	<b>\$ 1,213,667</b>	<b>\$ 5,529,773</b>

# CREATIVE CAPITAL FOUNDATION

## STATEMENT OF FUNCTIONAL EXPENSES – (Continued)

For The Year Ended June 30, 2020

	Program Services			Supporting Services			Total Program And Supporting Services
	Artist Initiatives	AWGP	Total	Management And General	Fund- Raising	Total	
Salaries	\$ 808,302	\$ 249,357	\$ 1,057,659	\$ 522,197	\$ 375,616	\$ 897,813	\$ 1,955,472
Fringe benefits	159,270	50,500	209,770	104,886	73,808	178,694	388,464
Total personnel	967,572	299,857	1,267,429	627,083	449,424	1,076,507	2,343,936
Grants	1,243,715	680,000	1,923,715	-	-	-	1,923,715
Professional fees	30,816	6,848	37,664	17,120	13,696	30,816	68,480
Consulting fees	537,341	28,283	565,624	102,512	15,000	117,512	683,136
Occupancy	211,744	52,889	264,633	15,493	30,987	46,480	311,113
Office supplies	16,069	329	16,398	1,176	2,351	3,527	19,925
Website	58,109	5,584	63,693	10,267	5,133	15,400	79,093
Postage and mailing	1,197	466	1,663	88	175	263	1,926
Printing and duplication	2,761	384	3,145	4,726	4,727	9,453	12,598
Telephone	4,726	1,020	5,746	345	692	1,037	6,783
Honorariums	63,000	58,117	121,117	-	-	-	121,117
Awardee Conference	37,787	-	37,787	-	-	-	37,787
Conferences and meetings	40,442	9,272	49,714	21,812	949	22,761	72,475
Travel	81,169	6,151	87,320	18,375	11,063	29,438	116,758
Dues and subscriptions	4,967	950	5,917	472	727	1,199	7,116
Insurance	9,000	226	9,226	1,800	700	2,500	11,726
Advertising	12,550	2,965	15,515	918	1,837	2,755	18,270
Special events	-	-	-	-	2,277	2,277	2,277
Depreciation	5,524	138	5,662	690	553	1,243	6,905
<b>Total</b>	<b>\$ 3,328,489</b>	<b>\$ 1,153,479</b>	<b>\$ 4,481,968</b>	<b>\$ 822,877</b>	<b>\$ 540,291</b>	<b>\$ 1,363,168</b>	<b>\$ 5,845,136</b>

See notes to the financial statements.



# CREATIVE CAPITAL FOUNDATION

## STATEMENTS OF CASH FLOWS

For The Years Ended June 30, 2021 And 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,137,114	\$ 641,968
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation	5,671	6,905
Realized/unrealized gain on investments	(1,106,807)	(117,899)
Change in prepaid expenses and other assets	4,593	-
Change in contributions and grants receivable	245,663	(1,054,815)
Change in accounts and accrued expenses payable	(74,896)	(119,314)
Change in grants payable	59,446	49,595
Change in refundable advance	<u>(306,268)</u>	<u>306,268</u>
<b>Net cash used for operating activities</b>	<u>(35,484)</u>	<u>(287,292)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(420,826)	(558,328)
Proceeds from sale of investments	650,470	1,002,385
Purchase of fixed assets	<u>(7,357)</u>	<u>(7,251)</u>
<b>Net cash provided by investing activities</b>	<u>222,287</u>	<u>436,806</u>
<b>Net increase in cash and cash equivalents</b>	186,803	149,514
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>2,742,694</u>	<u>2,593,180</u>
End of year	<u>\$ 2,929,497</u>	<u>\$ 2,742,694</u>

# CREATIVE CAPITAL FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021 And 2020

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### (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 art services activities. As part of its support to the community of artists globally, CCF offers career development through workshops in fundraising, financial wellness and strategic planning.

Since 2006, CCF has administered The Andy Warhol Foundation Arts Writers Grant for the Andy Warhol Foundation for the Visual Arts

### (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.

#### ***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.

# CREATIVE CAPITAL FOUNDATION

## NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2021 And 2020

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### **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:

**Net Assets without donor restrictions** – Net assets that are not subject to donor-imposed stipulations.

**Net Assets with donor restrictions** – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the CCF and/or the passage of time. Net assets with donor restrictions also include 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 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. CCF recognizes contributions when cash, securities or other assets; or an unconditional promise to give; is received.

### **REVENUE RECOGNITION**

CCF recognizes revenue from workshops as program service fees at the time the workshop is held which is the time at which the performance obligation is met and CCF is entitled to such revenue.

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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Conditional contributions – that is, those with a measurable performance or other barrier and a right of return, are recognized at the time such conditions have been met.

Gifts of goods and equipment are reported as support without restriction 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, 2021 And 2020

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### ***GRANTS PAYABLE***

CCF's award recipients receive an initial \$10,000 in project funding. Each awardee is eligible for additional funding over the life of the project or term of the award agreement. CCF's policy is to accrue \$5,000 of infrastructure funding with any additional funding being subject to review of the artist's funding request, prior to disbursement.

### ***FUNCTIONAL ALLOCATION OF EXPENSES***

The costs of providing Program Services and Supporting Services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among Program Services and Supporting Services as follows:

*Program Services* – Certain expenses are charged to Program Services that benefit directly from the expenditure. Salaries, employee benefits, and payroll taxes directly related to programs are charged to Program Services. Program costs are allocated to the programs based on a predetermined percentage based upon management's past experience.

*Supporting Services* – These expenses comprise general and administrative expenses attributable to the general operations of CCF. These expenses also included fundraising costs incurred to generate contributions for CCF.

### ***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 (2017 – 2020) or expected to be taken in CCF's 2021 tax return and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

### ***NEW ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED***

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the statement of financial position and disclosing key information about leasing arrangements. The ASU is effective for private entities for fiscal years beginning after December 15, 2021. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach. CCF plans to adopt the new ASU at the required implementation date.

### ***RECLASSIFICATIONS***

Certain reclassifications were made to the 2020 financial statements to conform to the 2021 presentation.

# CREATIVE CAPITAL FOUNDATION

## NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2021 And 2020

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### (3) CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable at June 30, 2021 and 2020 are expected to be realized as follows:

	<u>2021</u>	<u>2020</u>
In one year or less	\$1,107,145	\$1,051,900
In one to five years	<u>326,000</u>	<u>640,703</u>
	1,433,145	1,692,603
Less: discount	<u>(2,051)</u>	<u>(15,846)</u>
Net contributions and grants receivable	<u>\$1,431,094</u>	<u>\$1,676,757</u>

In determining the present value of the expected future cash flows, discount rates ranging from .18% to 3.0% were applied at June 30, 2021 and 2020.

As of June 30, 2021 and 2020, all contributions receivable are considered net assets with donor restrictions due to time. Management expects all pledges to be fully collected and, accordingly, no allowance for doubtful pledges has been provided.

### (4) INVESTMENTS

Investments are carried at fair value unless otherwise indicated. A summary of investments, including cost and cash equivalents at June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Money market funds	\$ 216,930	\$ 197,292
Fixed income funds	2,280,877	2,032,724
Equity funds	3,710,781	3,101,409
Note receivable	<u>100,000</u>	<u>100,000</u>
Total	<u>\$6,308,588</u>	<u>\$5,431,425</u>
Investments are classified as follows:		
Short-term investments	\$4,063,418	\$3,523,318
Long-term investments:	<u>2,245,170</u>	<u>1,908,107</u>
Total	<u>\$6,308,588</u>	<u>\$5,431,425</u>
Investment return:		
Interest and dividends, net of investment expenses of \$22,139 and \$20,623, respectively	\$ 110,073	\$ 124,983
Realized gains on investments	252,135	127,996
Unrealized gains (losses) on investments	<u>854,672</u>	<u>(10,097)</u>
Total investment return	1,216,880	242,882
Investment return allocated to long-term investments	<u>(427,486)</u>	<u>(75,595)</u>
Investment return on short-term investments	<u>\$ 789,394</u>	<u>\$ 167,287</u>

# CREATIVE CAPITAL FOUNDATION

## NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2021 And 2020

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

	<u>2021</u>	
	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
Interest and dividends, net	\$ 31,112	\$ 31,112
Net realized and unrealized gains	<u>396,374</u>	<u>396,374</u>
Endowment return on long-term investments	427,486	427,486
Endowment return designated for current operations	<u>90,423</u>	<u>90,423</u>
Endowment return in excess of amounts designated for current operations	<u>\$337,063</u>	<u>\$337,063</u>

  

	<u>2020</u>	
	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
Interest and dividends, net	\$ 39,046	\$ 39,046
Net realized and unrealized gains	<u>36,549</u>	<u>36,549</u>
Endowment return on long-term investments	75,595	75,595
Endowment return designated for current operations	<u>88,383</u>	<u>88,383</u>
Endowment return in deficiency of amounts designated for current operations	<u>\$(12,788)</u>	<u>\$(12,788)</u>

### (5) FAIR VALUE MEASUREMENTS

CCF 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 CCF 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 CCF'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.

# CREATIVE CAPITAL FOUNDATION

## NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2021 And 2020

The summary of inputs used to value CCF’s assets and liabilities that are carried at fair value as of June 30, 2021 and 2020 are as follows:

	<u>2021</u>			<u>Total</u>
	<u>Level 1 Quoted Prices</u>	<u>Level 2 Significant Observable Inputs</u>	<u>Level 3 Significant Unobservable Inputs</u>	
Money market funds	\$ 216,930	\$ -	\$ -	\$ 216,930
Fixed income funds	2,280,877	-	-	2,280,877
Equity funds	3,710,781	-	-	3,710,781
Note receivable	-	-	<u>100,000</u>	<u>100,000</u>
	<u>\$ 6,208,588</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 6,308,588</u>

  

	<u>2020</u>			<u>Total</u>
	<u>Level 1 Quoted Prices</u>	<u>Level 2 Significant Observable Inputs</u>	<u>Level 3 Significant Unobservable Inputs</u>	
Money market funds	\$ 197,292	\$ -	\$ -	\$ 197,292
Fixed income funds	2,032,724	-	-	2,032,724
Equity funds	3,101,409	-	-	3,101,409
Note receivable	-	-	<u>100,000</u>	<u>100,000</u>
	<u>\$ 5,331,425</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 5,431,425</u>

The changes in investments measured at fair value for which CCF used Level 3 inputs to determine fair value are as follows:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 100,000	\$ 100,000
Purchases	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 100,000</u>	<u>\$ 100,000</u>

### (6) COVID-19 AND PAYCHECK PROTECTION PROGRAM

In December 2019, a novel strain of the coronavirus (“COVID-19”) was reported in China. The World Health Organization has declared COVID-19 to constitute a “Public Health Emergency of International Concern”. This outbreak has affected virtually every industry and has created volatility in the stock markets throughout the world. Many federal and state governments have implemented numerous restrictions, mandated various closures and quarantine requirements in connection with the COVID-19 outbreak. The extent of the impact of COVID-19 on the Organization’s operational and financial performance will depend on future developments, including the duration and spread of the outbreak and the impact on CCF’s donors, employees and investments, all of which are uncertain and cannot be predicted.

# CREATIVE CAPITAL FOUNDATION

## NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2021 And 2020

On April 10, 2020, CCF received a \$306,268 loan under the Small Business Administration’s (“SBA”) Payment Protection Program (the “PPP Loan”). CCF considered this to be a conditional contribution as it expected to meet the criteria for loan forgiveness upon incurring eligible expenditures and when its application for forgiveness is accepted by the SBA. CCF considered the incurrence of eligible expenses and the acceptance of its application for forgiveness to be barriers in the PPP Loan agreement and as such, would recognize contribution income when these conditions were substantially met. As of June 30, 2020, CCF had recorded \$306,268 as a refundable advance. During the year ended June 30, 2021, CCF had met all conditions of the program and the loan was forgiven on May 26, 2021. As such, the loan has been recognized in the Statement of Activities and Changes in Net Assets as Government grant revenue.

### (7) NET ASSETS

#### NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following for the years ended June 30, 2021 and 2020:

	2021			Ending Balances
	Beginning Balances	Additions	Releases	
The Doris Duke Charitable Foundation	\$ 567,456	\$ 859,173	\$ 567,456	\$ 859,173
Bloomberg Philanthropies	-	150,000	75,000	75,000
New York Community Trust	50,000	-	50,000	-
The Andy Warhol Foundation for the Visual Arts:				
General support	1,500,000	1,500,000	1,500,000	1,500,000
Occupancy (Note 9)	178,477	245,108	239,754	183,831
Cash reserve	1,000,000	-	-	1,000,000
Arts Writers Grant Program	60,880	1,190,000	1,116,304	134,576
Two Sister and a Wife Foundation	22,867	-	14,774	8,093
NEA	24,960	35,000	59,960	-
Lyda Kuth	69,324	-	36,308	33,016
Ronald Feldman	6,899	-	500	6,399
DCA	6,900	31,250	31,900	6,250
Stephen Reily	99,507	-	50,000	49,507
Paige West	86,427	-	86,427	-
Hewlett Foundation	40,000	148,776	75,000	113,776
Scherman (Roisin) Foundation	193,594	-	102,000	91,594
The TOBY Fund	-	200,000	200,000	-
Westenberger Estate	750,000	-	-	750,000
Lily Auchincloss Foundation	19,904	-	19,904	-
Lambent Foundation (Tides Foundation)	248,653	-	248,653	-
Surdna Foundation	795,693	-	277,276	518,417
Accumulated endowment income	<u>782,107</u>	<u>337,063</u>	<u>-</u>	<u>1,119,170</u>
Total net assets with donor restrictions – time/purpose	<u>\$ 6,503,648</u>	<u>\$ 4,696,370</u>	<u>\$ 4,751,216</u>	<u>6,448,802</u>
Total net assets with donor restrictions – required to be held in perpetuity – general endowment				<u>1,026,000</u>
Total net assets with donor restrictions				<u>\$ 7,474,802</u>



# CREATIVE CAPITAL FOUNDATION

## NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2021 And 2020

	2020			Ending Balances
	Beginning Balances	Additions	Releases	
The Doris Duke Charitable Foundation	\$ 947,360	\$ 359,159	\$ 739,063	\$ 567,456
The Geraldine R. Dodge Foundation	15,000	-	15,000	-
New York Community Trust	40,550	50,000	40,550	50,000
The Andy Warhol Foundation for the Visual Arts:				
General support	1,500,000	1,500,000	1,500,000	1,500,000
Occupancy (Note 9)	173,279	237,969	232,771	178,477
Cash reserve	1,000,000	-	-	1,000,000
Arts Writers Grant Program	68,049	1,090,000	1,097,169	60,880
Two Sister and a Wife Foundation	37,867	-	15,000	22,867
NEA	-	24,960	-	24,960
Lyda Kuth	-	104,621	35,297	69,324
Ronald Feldman	7,399	-	500	6,899
DCA	7,409	34,510	35,019	6,900
Colleen Jennings-Roggensack	443	-	443	-
Hilary Bates and Jerome Simon	17,285	-	17,285	-
Catherine & Jeffrey Soros	21,121	-	21,121	-
Stephen Reily	14,493	124,507	39,493	99,507
William K. Bowes Jr. Foundation	42,243	-	42,243	-
Paige West	86,427	-	-	86,427
Hewlett Foundation	120,788	-	80,788	40,000
Mellon Foundation	361,365	-	361,365	-
Scherman (Roisin) Foundation	295,594	-	102,000	193,594
The TOBY Fund	-	200,000	200,000	-
Westenberger Estate	750,000	-	-	750,000
Lily Auchincloss Foundation	-	39,904	20,000	19,904
Lambent Foundation (Tides Foundation)	-	598,653	350,000	248,653
Surdna Foundation	-	1,195,693	400,000	795,693
Accumulated endowment income	<u>794,895</u>	<u>(12,788)</u>	<u>-</u>	<u>782,107</u>
Total net assets with donor restrictions – time/purpose	<u>\$ 6,301,567</u>	<u>\$ 5,547,188</u>	<u>\$ 5,345,107</u>	<u>6,503,648</u>
Total net assets with donor restrictions – required to be held in perpetuity – general endowment				<u>1,026,000</u>
Total net assets with donor restrictions				<u>\$ 7,529,648</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.

# CREATIVE CAPITAL FOUNDATION

## *NOTES TO FINANCIAL STATEMENTS – (Continued)*

June 30, 2021 And 2020

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### ***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 permanent 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 net assets with donor restrictions - perpetuity (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 net assets with donor restrictions - perpetuity is classified as net assets with donor restrictions – time/purpose 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, 2021 And 2020

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### **RETURN OBJECTIVES AND RISK PARAMETERS**

According to policy approved by the Board of Directors on February 1, 2018, 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 average of the fair market value of the Invested Reserves and Endowment over the previous 12 quarters. 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. For the years ended June 30, 2021 and 2020, \$90,423 and \$88,383, respectively, were distributed from the endowment fund.

The classification by net asset type at June 30, 2021 and 2020 is as follows:

	<u>2021</u>	
	<u>With Donor Restrictions</u>	<u>Total</u>
Donor restricted endowment funds perpetual in duration –		
Original gift amount	\$ 1,026,000	\$ 1,026,000
Accumulated earnings	1,119,170	1,119,170
Funds functioning as endowment	<u>-</u>	<u>-</u>
Total funds	<u>\$ 2,145,170</u>	<u>\$ 2,145,170</u>
	<u>2020</u>	
	<u>With Donor Restrictions</u>	<u>Total</u>
Donor restricted endowment funds perpetual in duration –		
Original gift amount	\$ 1,026,000	\$ 1,026,000
Accumulated earnings	782,107	782,107
Funds functioning as endowment	<u>-</u>	<u>-</u>
Total funds	<u>\$ 1,808,107</u>	<u>\$ 1,808,107</u>

# CREATIVE CAPITAL FOUNDATION

## NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2021 And 2020

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Changes in endowment net assets for the years ended June 30, 2021 and 2020:

	<u>2021</u>	
	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, June 30, 2020	\$ 1,808,107	\$ 1,808,107
Investment return:		
Investment income, net	31,112	31,112
Net realized/unrealized gains	396,374	396,374
Designated for current operations	<u>(90,423)</u>	<u>(90,423)</u>
Total investment return	<u>337,063</u>	<u>337,063</u>
Endowment net assets, June 30, 2021	<u>\$ 2,145,170</u>	<u>\$ 2,145,170</u>
	<u>2020</u>	
	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, June 30, 2019	\$ 1,820,895	\$ 1,820,895
Investment return:		
Investment income, net	39,046	39,046
Net realized/unrealized gains	36,549	36,549
Designated for current operations	<u>(88,383)</u>	<u>(88,383)</u>
Total investment return	<u>(12,788)</u>	<u>(12,788)</u>
Endowment net assets, June 30, 2020	<u>\$ 1,808,107</u>	<u>\$ 1,808,107</u>

### (8) RETIREMENT PLAN

CCF maintains a defined contribution plan for employees who have completed at least ninety days of service. CCF matches employee salary deferrals up to 7%. For the fiscal years 2021 and 2020, CCF incurred approximately \$75,000 and \$83,000, respectively.

### (9) 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 \$206,507 and \$224,752 has been recognized and included in accounts payable and accrued expenses payable in the Statement of Financial Position as of June 30, 2021 and 2020, respectively. The leases are subject to adjustments for escalations and certain operating expenses. Rent expense for the years ended June 30, 2021 and 2020 was approximately \$254,000 and \$253,000, respectively, and was subsidized by designated grants from the Andy Warhol Foundation.

# CREATIVE CAPITAL FOUNDATION

## NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2021 And 2020

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

	<b>Office Facilities</b>
2022	\$ 278,500
2023	285,500
2024	292,600
2025	299,900
2026	307,400
Thereafter	<u>52,200</u>
	<u>\$ 1,516,100</u>

### (10) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The following table reflects CCF's financial assets as of June 30, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions.

Financial Assets	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	\$ 2,929,497	\$ 2,742,694
Contributions receivable, short-term	1,107,145	1,051,900
Investments	<u>6,308,588</u>	<u>5,431,425</u>
Total financial assets	10,345,230	9,226,019
Less:		
True endowment funds	2,145,170	1,808,107
Note receivable	100,000	100,000
Net assets with donor-imposed restrictions	<u>5,329,632</u>	<u>5,721,541</u>
Financial assets available to meet general expenditures within one year	<u>\$ 2,770,428</u>	<u>\$ 1,596,371</u>

CCF strives to maintain liquid financial assets to be available as its general expenditures, liabilities and other obligations become due. Financial assets in excess of daily cash requirements are invested in cash and cash equivalents and money market funds and other liquid securities. As part of CCF's liquidity management, it has a practice to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

### (11) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, February 8, 2022, 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.