

CREATIVE CAPITAL FOUNDATION

*FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS*

YEARS ENDED JUNE 30, 2023 AND 2022

CREATIVE CAPITAL FOUNDATION

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of the Creative Capital Foundation ("CCF"), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CCF as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CCF and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CCF's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Creative Capital Foundation
New York, New York

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 CCF's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CCF's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Tait, Weller & Baker LLP

Philadelphia, Pennsylvania
February 7, 2024

CREATIVE CAPITAL FOUNDATION

STATEMENTS OF FINANCIAL POSITION

June 30, 2023 And 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,744,154	\$3,005,613
Short-term contributions and grants receivable <i>(Note 3)</i>	1,850,515	280,250
Investments <i>(Note 4)</i>	4,714,968	3,477,299
Prepaid expenses and other assets	94,725	88,712
Operating right-of-use asset <i>(Note 8)</i>	<u>224,858</u>	<u>-</u>
Total current assets	<u>8,629,220</u>	<u>6,851,874</u>
NON-CURRENT ASSETS		
Long-term contributions and grants receivable <i>(Note 3)</i>	1,456,962	207,887
Long-term investments <i>(Note 4)</i>	1,993,001	1,933,534
Equipment – at cost – net of accumulated depreciation of \$496,422 in 2023 and \$490,675 in 2022	20,317	19,386
Operating right-of-use asset <i>(Note 8)</i>	523,553	-
Security deposit	<u>54,082</u>	<u>54,082</u>
Total non-current assets	<u>4,047,915</u>	<u>2,214,889</u>
Total assets	<u>\$12,677,135</u>	<u>\$9,066,763</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses payable	\$ 227,379	\$ 484,798
Grants payable	430,935	496,377
Operating lease liability <i>(Note 8)</i>	<u>263,992</u>	<u>-</u>
Total current liabilities	<u>922,306</u>	<u>981,175</u>
NON-CURRENT LIABILITY		
Operating lease liability <i>(Note 8)</i>	<u>633,892</u>	<u>-</u>
Total non-current liabilities	<u>633,892</u>	<u>-</u>
Total liabilities	<u>\$ 1,556,198</u>	<u>\$ 981,175</u>
NET ASSETS		
Without donor restrictions	1,205,847	1,308,160
With donor restrictions	<u>9,915,090</u>	<u>6,777,428</u>
Total net assets	<u>11,120,937</u>	<u>8,085,588</u>
Total liabilities and net assets	<u>\$12,677,135</u>	<u>\$9,066,763</u>

CREATIVE CAPITAL FOUNDATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For The Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Revenue			
Contributions – Core			
General support	\$ 543,221	\$ 1,660,035	\$ 2,203,256
Artist initiatives	-	5,650,276	5,650,276
Arts writers grant program	-	1,190,000	1,190,000
Government support	103,580	-	103,580
Special events, net	<u>11,439</u>	<u>-</u>	<u>11,439</u>
Core subtotal	658,240	8,500,311	9,158,551
Program service fees	2,500	-	2,500
Contract income	60,000	-	60,000
Interest income	18,025	-	18,025
Other income	12,122	-	12,122
Investment return designated for operations	99,386	-	99,386
Investment return on short-term investments <i>(Note 4)</i>	<u>327,889</u>	<u>-</u>	<u>327,889</u>
Total revenue	1,178,162	8,500,311	9,678,473
Net assets released from restrictions	<u>5,422,116</u>	<u>(5,422,116)</u>	<u>-</u>
Total operating revenue	<u>6,600,278</u>	<u>3,078,195</u>	<u>9,678,473</u>
Expenses			
Program services			
Artist initiatives	4,385,259	-	4,385,259
AWGP	<u>1,233,032</u>	<u>-</u>	<u>1,233,032</u>
Total program services	<u>5,618,291</u>	<u>-</u>	<u>5,618,291</u>
Supporting services			
Management and general	451,846	-	451,846
Fundraising	<u>632,454</u>	<u>-</u>	<u>632,454</u>
Total supporting services	<u>1,084,300</u>	<u>-</u>	<u>1,084,300</u>
Total expenses	<u>6,702,591</u>	<u>-</u>	<u>6,702,591</u>
(Deficit) excess of operating revenue over expenses before other changes	<u>(102,313)</u>	<u>3,078,195</u>	<u>2,975,882</u>
Other Changes			
Endowment return in excess of amounts designated for current operations <i>(Note 4)</i>	<u>-</u>	<u>59,467</u>	<u>59,467</u>
Total other changes	<u>-</u>	<u>59,467</u>	<u>59,467</u>
Change in net assets	(102,313)	3,137,662	3,035,349
Net assets as of June 30, 2022	<u>1,308,160</u>	<u>6,777,428</u>	<u>8,085,588</u>
Net assets as of June 30, 2023	<u>\$ 1,205,847</u>	<u>\$ 9,915,090</u>	<u>\$11,120,937</u>

CREATIVE CAPITAL FOUNDATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For The Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Revenue			
Contributions – Core			
General support	\$ 438,638	\$ 1,652,461	\$ 2,091,099
Artist initiatives	-	1,205,807	1,205,807
Arts writers grant program	-	1,190,000	1,190,000
Government support	77,250	-	77,250
Special events, net	<u>3,521</u>	<u>-</u>	<u>3,521</u>
Core subtotal	519,409	4,048,268	4,567,677
Program service fees	70,676	-	70,676
Contract income	240,000	-	240,000
Interest income	1,576	-	1,576
Other income	26,049	-	26,049
Investment return on short-term investments <i>(Note 4)</i>	<u>(538,904)</u>	<u>-</u>	<u>(538,904)</u>
Total revenue	318,806	4,048,268	4,367,074
Net assets released from restrictions	<u>4,434,006</u>	<u>(4,434,006)</u>	<u>-</u>
Total operating revenue	<u>4,752,812</u>	<u>(385,738)</u>	<u>4,367,074</u>
Expenses			
Program services			
Artist initiatives	3,731,915	-	3,731,915
AWGP	<u>1,182,247</u>	<u>-</u>	<u>1,182,247</u>
Total program services	<u>4,914,162</u>	<u>-</u>	<u>4,914,162</u>
Supporting services			
Management and general	466,387	-	466,387
Fundraising	<u>515,212</u>	<u>-</u>	<u>515,212</u>
Total supporting services	<u>981,599</u>	<u>-</u>	<u>981,599</u>
Total expenses	<u>5,895,761</u>	<u>-</u>	<u>5,895,761</u>
Deficiency of operating revenue over expenses before other changes	<u>(1,142,949)</u>	<u>(385,738)</u>	<u>(1,528,687)</u>
Other Changes			
Endowment return in excess of amounts designated for current operations <i>(Note 4)</i>	<u>-</u>	<u>(311,636)</u>	<u>(311,636)</u>
Total other changes	<u>-</u>	<u>(311,636)</u>	<u>(311,636)</u>
Change in net assets	(1,142,949)	(697,374)	(1,840,323)
Net assets as of June 30, 2021	<u>2,451,109</u>	<u>7,474,802</u>	<u>9,925,911</u>
Net assets as of June 30, 2022	<u>\$ 1,308,160</u>	<u>\$ 6,777,428</u>	<u>\$ 8,085,588</u>

CREATIVE CAPITAL FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended June 30, 2023

	Program Services			Supporting Services			Total Program And Supporting Services
	Artist Initiatives	AWGP	Total	Management And General	Fund- Raising	Total	
Salaries	\$ 756,633	\$ 270,871	\$ 1,027,504	\$ 260,672	\$ 383,340	\$ 644,012	\$ 1,671,516
Fringe benefits	188,456	67,466	255,922	64,926	95,479	160,405	416,327
Total personnel	945,089	338,337	1,283,426	325,598	478,819	804,417	2,087,843
Grants	2,243,806	695,000	2,938,806	-	-	-	2,938,806
Professional fees	37,534	8,341	45,875	16,682	20,852	37,534	83,409
Consulting fees	179,678	23,277	202,955	41,056	18,178	59,234	262,189
Administrative Fee	324,446	-	324,446	-	-	-	324,446
Occupancy	218,263	53,861	272,124	13,149	31,556	44,705	316,829
Office supplies	18,325	859	19,184	1,306	2,649	3,955	23,139
Website	53,290	9,271	62,561	3,210	7,705	10,915	73,476
Postage and mailing	523	9,372	9,895	1,200	3,674	4,874	14,769
Printing and duplication	5,000	26,677	31,677	4,229	11,324	15,553	47,230
Telephone	1,696	308	2,004	102	245	347	2,351
Honorariums	92,600	59,783	152,383	-	-	-	152,383
Awardee Conference	155,564	-	155,564	-	-	-	155,564
Conferences and meetings	49,278	2,788	52,066	38,798	33,268	72,066	124,132
Travel	27,792	61	27,853	3,608	14,013	17,621	45,474
Dues and subscriptions	7,052	1,658	8,710	1,444	6,658	8,102	16,812
Insurance	10,320	259	10,579	622	1,492	2,114	12,693
Advertising	10,328	3,065	13,393	560	1,346	1,906	15,299
Depreciation	4,675	115	4,790	282	675	957	5,747
Total	\$ 4,385,259	\$ 1,233,032	\$ 5,618,291	\$ 451,846	\$ 632,454	\$ 1,084,300	\$ 6,702,591

See notes to the financial statements.

CREATIVE CAPITAL FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES – (Continued)

For The Year Ended June 30, 2022

	Program Services			Supporting Services			Total Program And Supporting Services
	Artist Initiatives	AWGP	Total	Management And General	Fund- Raising	Total	
Salaries	\$ 806,533	\$ 265,289	\$ 1,071,822	\$ 259,094	\$ 299,022	\$ 558,116	\$ 1,629,938
Fringe benefits	199,118	65,018	264,136	60,954	81,273	142,227	406,363
Total personnel	1,005,651	330,307	1,335,958	320,048	380,295	700,343	2,036,301
Grants	1,680,797	695,000	2,375,797	-	-	-	2,375,797
Professional fees	30,072	6,683	36,755	16,707	13,365	30,072	66,827
Consulting fees	244,101	8,952	253,053	82,145	45,800	127,945	380,998
Administrative Fee	261,124	-	261,124	-	-	-	261,124
Occupancy	209,605	52,355	261,960	15,337	30,674	46,011	307,971
Office supplies	16,300	1,623	17,923	1,369	2,532	3,901	21,824
Website	57,723	8,307	66,030	5,098	8,447	13,545	79,575
Postage and mailing	250	238	488	1,903	2,000	3,903	4,391
Printing and duplication	1,131	-	1,131	2,074	6,221	8,295	9,426
Telephone	4,886	1,280	6,166	357	715	1,072	7,238
Honorariums	70,450	70,350	140,800	-	-	-	140,800
Awardee Conference	77,180	-	77,180	-	-	-	77,180
Conferences and meetings	36,917	1,791	38,708	14,497	3,500	17,997	56,705
Travel	2,238	658	2,896	-	7,941	7,941	10,837
Dues and subscriptions	2,780	1,205	3,985	3,629	7,014	10,643	14,628
Insurance	9,877	246	10,123	723	1,445	2,168	12,291
Advertising	16,622	3,145	19,767	2,000	4,710	6,710	26,477
Depreciation	4,211	107	4,318	500	553	1,053	5,371
Total	\$ 3,731,915	\$ 1,182,247	\$ 4,914,162	\$ 466,387	\$ 515,212	\$ 981,599	\$ 5,895,761

See notes to the financial statements.

CREATIVE CAPITAL FOUNDATION

STATEMENTS OF CASH FLOWS

For The Years Ended June 30, 2023 And 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,035,349	\$(1,840,323)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	5,747	5,371
Amortization of right-of-use assets, net of payments	434,906	-
Operating lease liability payments	(285,433)	-
Realized/unrealized (gain) loss on investments	(368,780)	979,181
Change in prepaid expenses and other assets	(6,013)	(27,214)
Change in contributions and grants receivable	(2,819,340)	942,957
Change in accounts and accrued expenses payable	(257,419)	67,800
Change in grants payable	<u>(65,442)</u>	<u>49,900</u>
Net cash (used for) provided by operating activities	<u>(326,425)</u>	<u>177,672</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(2,279,414)	(276,230)
Proceeds from sale of investments	1,351,058	194,804
Purchase of fixed assets	<u>(6,678)</u>	<u>(20,130)</u>
Net cash used for investing activities	<u>(935,034)</u>	<u>(101,556)</u>
Net (decrease) increase in cash and cash equivalents	(1,261,459)	76,116
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>3,005,613</u>	<u>2,929,497</u>
End of year	<u>\$ 1,744,154</u>	<u>\$ 3,005,613</u>

CREATIVE CAPITAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 And 2022

(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, 2023 And 2022

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.

CREATIVE CAPITAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2023 And 2022

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.

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 (2019 – 2022) or expected to be taken in CCF's 2023 tax return and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

NEW ACCOUNTING PRONOUNCEMENT ADOPTED

In 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. CCF adopted this ASU in 2023 and applied the transition method allowed by ASU 2016-02 to adopt this standard as of July 1, 2022.

CREATIVE CAPITAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2023 And 2022

(3) CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable at June 30, 2023 and 2022 are expected to be realized as follows:

	<u>2023</u>	<u>2022</u>
In one year or less	\$1,850,515	\$ 280,250
In one to five years	<u>1,595,000</u>	<u>220,800</u>
	3,445,515	501,050
Less: discount	<u>(138,038)</u>	<u>(12,913)</u>
Net contributions and grants receivable	<u>\$3,307,477</u>	<u>\$ 488,137</u>

In determining the present value of the expected future cash flows, discount rates ranging from 4.5% and .18% were applied at June 30, 2023 and 2022.

As of June 30, 2023 and 2022, 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, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Money market funds	\$ 1,249,900	\$ 217,333
Fixed income funds	2,036,855	2,028,424
Equity funds		
Domestic	2,153,631	1,977,321
International	1,167,583	1,087,755
Note receivable	<u>100,000</u>	<u>100,000</u>
Total	<u>\$ 6,707,969</u>	<u>\$ 5,410,833</u>
Investments are classified as follows:		
Short-term investments	\$ 4,714,968	\$ 3,477,299
Long-term investments:	<u>1,993,001</u>	<u>1,933,534</u>
Total	<u>\$ 6,707,969</u>	<u>\$ 5,410,833</u>
Investment return:		
Interest and dividends, net of investment expenses of \$35,084 and \$32,721, respectively	\$ 117,962	\$ 128,641
Realized gains on investments	88,562	45,931
Unrealized gains (losses) on investments	<u>280,218</u>	<u>(1,025,112)</u>
Total investment return	486,742	(850,540)
Investment return designated for operations	(99,386)	-
Investment return allocated to long-term investments	<u>(59,467)</u>	<u>311,636</u>
Investment return on short-term investments	<u>\$ 327,889</u>	<u>\$ (538,904)</u>

CREATIVE CAPITAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2023 And 2022

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

	<u>2023</u>	
	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
Interest and dividends, net	\$ 31,363	\$ 31,363
Net realized and unrealized gains	<u>127,490</u>	<u>127,490</u>
Endowment return on long-term investments	158,853	158,853
Endowment return designated for current operations	<u>99,386</u>	<u>99,386</u>
Endowment return in excess of amounts designated for current operations	<u>\$ 59,467</u>	<u>\$ 59,467</u>

	<u>2022</u>	
	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
Interest and dividends, net	\$ 39,743	\$ 39,743
Net realized and unrealized losses	<u>(351,379)</u>	<u>(351,379)</u>
Endowment return on long-term investments	(311,636)	(311,636)
Endowment return designated for current operations	<u>-</u>	<u>-</u>
Endowment return in excess of amounts designated for current operations	<u>\$(311,636)</u>	<u>\$(311,636)</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, 2022 And 2021

The summary of inputs used to value CCF's assets and liabilities that are carried at fair value as of June 30, 2023 and 2022 are as follows:

	2023			Total
	Level 1 Quoted Prices	Level 2 Significant Observable Inputs	Level 3 Significant Unobservable Inputs	
Money market funds	\$ 1,249,900	\$ -	\$ -	\$ 1,249,900
Fixed income funds	2,036,855	-	-	2,036,855
Equity funds				
Domestic	2,153,631	-	-	2,153,631
International	1,167,583	-	-	1,167,583
Note receivable	-	-	100,000	100,000
	<u>\$ 6,607,969</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 6,707,969</u>

	2022			Total
	Level 1 Quoted Prices	Level 2 Significant Observable Inputs	Level 3 Significant Unobservable Inputs	
Money market funds	\$ 217,333	\$ -	\$ -	\$ 217,333
Fixed income funds	2,028,424	-	-	2,028,424
Equity funds				
Domestic	1,977,321	-	-	1,977,321
International	1,087,755	-	-	1,087,755
Note receivable	-	-	100,000	100,000
	<u>\$ 5,310,833</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 5,410,833</u>

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

	2023	2022
Balance, beginning of year	\$ 100,000	\$ 100,000
Purchases	-	-
Balance, end of year	<u>\$ 100,000</u>	<u>\$ 100,000</u>

CREATIVE CAPITAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2023 And 2022

(6) NET ASSETS

NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following for the years ended June 30, 2023 and 2022:

	2023			Ending Balances
	Beginning Balances	Additions	Releases	
The Doris Duke Charitable Foundation	\$ 713,821	\$ -	\$ 572,800	\$ 141,021
Bloomberg Philanthropies	149,509	-	75,000	74,509
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)	189,346	260,035	254,355	195,026
Cash reserve *	1,000,000	-	-	1,000,000
Arts Writers Grant Program	208,569	1,190,000	1,175,563	223,006
Skoll Foundation	238,876	-	238,876	-
Lyda Kuth	-	95,546	35,000	60,546
Joe Melillo	-	68,247	-	68,247
Edgar Arceneaux	-	13,650	-	13,650
Ronald Feldman	5,899	-	5,899	-
DCA	7,450	88,580	78,315	17,715
Stephen Reily	49,507	-	49,507	-
Hewlett Foundation	12,500	-	12,500	-
Westenberger Estate	750,000	-	-	750,000
Surdna Foundation	118,417	-	118,417	-
Barbara and Amoz Hostetter	-	4,991,111	1,181,865	3,809,246
Mellon Foundation	-	200,000	74,019	125,981
Walder	-	93,142	50,000	43,142
Accumulated endowment income	<u>807,534</u>	<u>59,467</u>	<u>-</u>	<u>867,001</u>
Total net assets with donor restrictions – time/purpose	<u>\$5,751,428</u>	<u>\$8,559,778</u>	<u>\$5,422,116</u>	<u>8,889,090</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>\$9,915,090</u>

* In April 2023, The Andy Warhol Foundation for the Visual Arts made a \$7,500,000 binding pledge to CCF to be paid in equal installments of \$1,500,000 over a 5-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 workshop fees. Additionally, CCF must continue to maintain its level of grantmaking to artists. As of June 30, 2023, CCF has received the first payment of \$1,500,000 of the commitment.

CREATIVE CAPITAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2023 And 2022

	2022			Ending Balances
	Beginning Balances	Additions	Releases	
The Doris Duke Charitable Foundation	\$ 859,173	\$ 419,048	\$ 564,400	\$ 713,821
Bloomberg Philanthropies	75,000	149,509	75,000	149,509
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)	183,831	252,461	246,946	189,346
Cash reserve	1,000,000	-	-	1,000,000
Arts Writers Grant Program	134,576	1,190,000	1,116,007	208,569
Two Sister and a Wife Foundation	8,093	-	8,093	-
Skoll Foundation	-	500,000	261,124	238,876
Lyda Kuth	33,016	-	33,016	-
Ronald Feldman	6,399	-	500	5,899
DCA	6,250	37,250	36,050	7,450
Stephen Reily	49,507	-	-	49,507
Hewlett Foundation	113,776	-	101,276	12,500
Scherman (Roisin) Foundation	91,594	-	91,594	-
Westenberger Estate	750,000	-	-	750,000
Surdna Foundation	518,417	-	400,000	118,417
Accumulated endowment income	<u>1,119,170</u>	<u>(311,636)</u>	<u>-</u>	<u>807,534</u>
Total net assets with donor restrictions – time/purpose	<u>\$6,448,802</u>	<u>\$3,736,632</u>	<u>\$4,434,006</u>	<u>5,751,428</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>\$6,777,428</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, 2023 And 2022

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, 2023 And 2022

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 year ended June 30, 2023, \$99,386, was distributed from the endowment fund. There was no distribution from the endowment fund for year ended June 30, 2022.

The classification by net asset type at June 30, 2023 and 2022 is as follows:

	<u>2023</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	867,001	867,001
Funds functioning as endowment	-	-
Total funds	<u>\$ 1,893,001</u>	<u>\$ 1,893,001</u>
	<u>2022</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	807,534	807,534
Funds functioning as endowment	-	-
Total funds	<u>\$ 1,833,534</u>	<u>\$ 1,833,534</u>

CREATIVE CAPITAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2023 And 2022

Changes in endowment net assets for the years ended June 30, 2023 and 2022:

	<u>2023</u>	
	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2022	<u>\$1,833,534</u>	<u>\$1,833,534</u>
Investment return:		
Investment income, net	31,363	31,636
Net realized/unrealized gains	127,490	127,490
Designated for current operations	<u>(99,386)</u>	<u>(99,386)</u>
Total investment return	<u>59,467</u>	<u>59,467</u>
Endowment net assets, June 30, 2023	<u>\$1,893,001</u>	<u>\$1,893,001</u>
	<u>2022</u>	
	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2021	<u>\$2,145,170</u>	<u>\$2,145,170</u>
Investment return:		
Investment income, net	39,743	39,743
Net realized/unrealized gains	(351,379)	(351,379)
Designated for current operations	<u>-</u>	<u>-</u>
Total investment return	<u>(311,636)</u>	<u>(311,636)</u>
Endowment net assets, June 30, 2022	<u>\$1,833,534</u>	<u>\$1,833,534</u>

(7) 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 2023 and 2022, CCF incurred approximately \$59,000 and \$72,000, respectively.

(8) 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. The leases are subject to adjustments for escalations and certain operating expenses. Rent expense for the years ended June 30, 2023 and 2022 was approximately \$253,000, and was subsidized by designated grants from the Andy Warhol Foundation.

CREATIVE CAPITAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2023 And 2022

The following is quantitative data related to CCF's operating lease for the year ended June 30, 2023:

Operating Lease Amounts:

Right-of-use asset	\$ 748,411
Lease liability	897,884

Other Information:

Operating outgoing cash flows for operating leases	\$ 285,433
Weighted-average remaining lease term	3.17 years
Weighted average discount rate	3.79%

Lease cost information for the year ended June 30, 2023 is as follows:

Operating lease cost	<u>\$ 253,435</u>
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Approximate future minimum rentals under all non-cancelable operating leases are as follows:

	Office Facilities
2024	\$ 292,600
2025	299,900
2026	<u>307,400</u>
Total undiscounted cash flows	\$ 899,900
Less: present value adjustment	<u>(2,016)</u>
Lease liability	<u>\$ 897,884</u>

(9) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The following table reflects CCF's financial assets as of June 30, 2023 and 2022, 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	2023	2022
Cash and cash equivalents	\$ 1,744,154	\$ 3,005,613
Contributions receivable, short-term	1,850,515	280,250
Investments	<u>6,707,969</u>	<u>5,410,833</u>
Total financial assets	10,302,638	8,696,696
Less:		
True endowment funds	1,893,001	1,833,534
Note receivable	100,000	100,000
Net assets with donor-imposed restrictions	<u>6,574,016</u>	<u>4,736,007</u>
Financial assets available to meet general expenditures within one year	<u>\$ 1,735,621</u>	<u>\$ 2,027,155</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.

CREATIVE CAPITAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2023 And 2022

(10) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, February 7, 2024, 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.