

March 22, 2024

Ms. Vanessa Cooksey
President and CEO
Regional Cultural and Performing Arts Development Commission
6128 Delmar Blvd.
St. Louis, Missouri 63112

Dear Vanessa:

Below you will find in PDF format (with printing capabilities only) the financial statements of Regional Cultural and Performing Arts Development Commission as of December 31, 2023, along with our report. You should not alter the language or financial information included in the attached documents. If you have any questions regarding the attached, please call at your convenience.

As a reminder, any reproduction of the financial statements must be in their entirety, including our accompanying report. You may not include the financial statements and our report in an annual report, offering memorandum, or similar document without our review and approval.

Your opening of this document indicates your understanding and acceptance of these conditions. Double-click the attached paperclip next to the word "attachment" below the signature line to access the financial statements.

We appreciate this opportunity to provide professional services to you. If you require other assistance in this or another matter, please let us know.

Sincerely,

A handwritten signature in black ink that reads "Armanino LLP". The signature is written in a cursive, flowing style.

Armanino^{LLP}

Attachment: 

**Regional Cultural and Performing Arts Development
Commission**

Financial Statements
and Supplementary Information
and Single Audit Reports and Schedules

December 31, 2023 and 2022



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Regional Cultural and Performing Arts Development Commission
St. Louis, Missouri

Opinion

We have audited the accompanying financial statements of Regional Cultural and Performing Arts Development Commission (the "Commission"), which comprise the statements of net position as of December 31, 2023 and 2022, and the related statements of revenues, expenses and changes in net position 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 Regional Cultural and Performing Arts Development Commission as of December 31, 2023 and 2022, and the changes in its net position 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Regional Cultural and Performing Arts Development Commission 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 these 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 Regional Cultural and Performing Arts Development Commission'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 and *Government 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.

In performing an audit in accordance with generally accepted auditing standards and *Government 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 Regional Cultural and Performing Arts Development Commission'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 Regional Cultural and Performing Arts Development Commission'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America required that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information on 31 - 33 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2024, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Armanino LLP". The signature is written in a cursive, flowing style.

Armanino^{LLP}
St. Louis, Missouri

March 14, 2024

Regional Cultural and Performing Arts Development Commission

MANAGEMENT’S DISCUSSION AND ANALYSIS – UNAUDITED

Management’s discussion and analysis of Regional Cultural and Performing Arts Development Commission’s financial performance provides an overview of the Commission’s financial activities for the years ended December 31, 2023 and 2022. The management’s discussion and analysis should not be taken as a replacement for the financial statements but should be read in conjunction with them to enhance understanding of the Commission’s financial performance.

Financial Statements

The Commission presents its annual financial statements in accordance with the effective pronouncements issued by the Governmental Accounting Standards Board (GASB), the authoritative body for establishing accounting principles generally accepted in the United States of America (GAAP) for state and local governments.

Financial Highlights

- The Commission’s revenue from the Hotel/Motel tax increased by 4% in 2023 and increased by 59% in 2022.
- Total operating revenues increased by 50% in 2023 and increased by 56% in 2022.
- Current assets increased by 128% in 2023 and increased by 90% in 2022.
- Current liabilities increased by 4,132% in 2023 and decreased by 84% in 2022.
- Net position decreased by 13% in 2023 and increased by 94% in 2022.

Required Financial Statements

The financial statements presented by the management of the Commission include Statements of Net Position – Proprietary Funds, Statements of Revenues, Expenses and Changes in Net Position – Proprietary Funds and Statements of Cash Flows – Proprietary Funds. The statements are prepared using the accrual basis of accounting. This method of accounting recognizes revenues at the time they are earned and expenses when the related liability is incurred.

The Statements of Net Position – Proprietary Funds summarize the financial position of the Commission as of December 31. These statements are a snapshot of the Commission’s current and other assets as well as capital assets, long-term and other liabilities. These statements also show any restriction on the Commission’s net position. The Statements of Revenues, Expenses and Changes in Net Position – Proprietary Funds summarize calendar year revenues and expenses. The Statements of Cash Flows – Proprietary Funds account for the net change in cash and cash equivalents resulting from operating activities, non-capital financing activities, capital and related financing activities and investment activities. These statements assist the user in determining the sources of cash coming into the Commission, the items for which cash was expended, and the beginning and ending cash balances.

Regional Cultural and Performing Arts Development Commission
MANAGEMENT’S DISCUSSION AND ANALYSIS – UNAUDITED

Table 1
Condensed Statements of Net Position
December 31,

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Current assets	\$ 13,296,435	\$ 5,821,067	\$ 3,066,586
Noncurrent assets	418,687	1,915,330	2,026,020
Total assets	\$ 13,715,122	\$ 7,736,397	\$ 5,092,606
Current liabilities	\$ 7,157,462	\$ 169,113	\$ 1,054,952
Noncurrent liabilities	179,702	206,276	246,533
Total liabilities	7,337,164	375,389	1,301,485
Net position			
Net investment in capital assets	220,951	1,870,088	1,763,687
Unrestricted	6,157,007	5,490,920	2,027,434
Total net position	6,377,958	7,361,008	3,791,121
Total liabilities and net position	\$ 13,715,122	\$ 7,736,397	\$ 5,092,606

Current assets increased \$7,475,368 from 2022 to 2023, an increase of 128% due to moderate increases in hotel/motel tax revenue, the reclassification of the Commission’s land and building as property held for sale and the receipt of the American Recovery Plan Act (ARPA) funds totaling \$10,494,000. Current assets increased \$2,754,481 from 2021 to 2022, due to an increase in hotel/motel tax revenue as the industry continues to recover from the COVID-19 pandemic.

Noncurrent assets decreased \$1,496,643 from 2022 to 2023 due to routine depreciation on capital assets and the reclassification of the Commission’s land and building as property held for sale, partially offset by the purchase of security equipment for the Delmar building, equipment for the ARPA Immersive project and capitalization of a new office lease. Noncurrent assets decreased by \$110,690 from 2021 to 2022 due to routine depreciation of capital assets, partially offset by the purchase of an upgrade in WiFi equipment.

Current liabilities increased \$6,988,349 from 2022 to 2023 due to the receipt of the ARPA funds to be distributed in the subsequent three years. Current liabilities decreased \$885,839 from 2021 to 2022 due to the final bond payment and final payment on the multi-year grant cycle in 2022.

Noncurrent liabilities decreased by \$26,574 from 2022 to 2023 due to the annual principal payments and the forgiveness of \$110,136 of the PPP loan, partially offset by the incurrence of debt to fund the ARPA Immersive equipment and an office lease liability. Noncurrent liabilities decreased by \$13,835 from 2021 to 2022 due to the annual principal payments on the HVAC loan.

Regional Cultural and Performing Arts Development Commission
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

Table 2
Condensed Statements of Revenues, Expenses and Changes in Net Position
Year ended December 31,

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating revenue			
Hotel/motel tax revenue	\$ 7,340,164	\$ 7,075,939	\$ 4,458,423
Contributions and other revenue	3,586,243	205,854	200,968
	<u>10,926,407</u>	<u>7,281,793</u>	<u>4,659,391</u>
Operating expenses			
Grants	6,136,061	1,943,286	1,921,812
ARPA	3,607,633	-	-
Capacity Building	15,582	32,651	50,342
Cultural Tourism	777,786	93,218	-
Cultural Resource Center	222,331	336,285	295,485
CAT Institute	109,479	61,523	26,784
General Public Art	9,868	22,638	-
Gyo Obata Fellowship	110,614	70,695	-
Strat Plan, Advocate, Ptshp Catalyst	307,788	364,367	139,075
Administrative expenses	1,158,701	906,726	900,676
	<u>12,455,843</u>	<u>3,831,389</u>	<u>3,334,174</u>
Operating income (loss)	(1,529,436)	3,450,404	1,325,217
Nonoperating revenue (expenses)	<u>546,386</u>	<u>119,483</u>	<u>72,078</u>
CHANGE IN NET POSITION	(983,050)	3,569,887	1,397,295
Net position at beginning of year	<u>7,361,008</u>	<u>3,791,121</u>	<u>2,393,826</u>
Net position at end of year	<u>\$ 6,377,958</u>	<u>\$ 7,361,008</u>	<u>\$ 3,791,121</u>

Regional Cultural and Performing Arts Development Commission
MANAGEMENT’S DISCUSSION AND ANALYSIS – UNAUDITED

Operating revenues increased in 2023 by \$3,644,614 or 50% due to an increase in hotel/motel tax revenue and the receipt of ARPA funds partially offset by the reduced rental income from the Loop East Community Improvement District. In 2022, operating revenues increased by \$2,622,402 or 56% due to an increase in hotel/motel tax revenue as the industry continued to recover from the COVID-19 pandemic which began in March 2020.

Operating expenses increased by \$8,624,454 or 225% from 2022 to 2023 due to the distribution of the increased grants awarded in 2023 including ARPA grants of \$3,498,534. Cultural Tourism also significantly increased due to an increase in marketing, advertising and sponsorships. In 2022 operating expenses increased \$497,215 or 15% due to reinstatement of programs previously curtailed as a result of COVID-19.

Capital Assets and Long-Term Debt

Capital Assets

The Commission’s investment in capital assets includes furniture and fixtures, and digital media. As of December 31, 2023, the Commission had approximately \$418, 687 invested in capital assets, net of depreciation, as shown in the following table:

Table 3
 Capital Assets (net of depreciation)
 December 31,

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Land	\$ -	\$ 135,214	\$ 135,214
Construction in progress	321,353	-	-
Building	-	1,476,447	1,547,862
Building improvements	-	211,248	217,588
Furniture and fixtures	17,009	20,094	21,590
Digital media	40,888	72,327	103,766
Right-to-use asset office lease	39,437	-	-
Capital assets, net	<u>\$ 418,687</u>	<u>\$ 1,915,330</u>	<u>\$ 2,026,020</u>

The decrease in 2023 is due to reclassification of land and building to property held for sale and the routine depreciation of the capital assets over their useful lives offset by the acquisition of security and immersion equipment and capitalization of the new office lease. The decrease in 2022 is due to the routine depreciation of the capital assets over their useful lives, partially offset by the upgrade of WiFi equipment in 2022.

Long-Term Debt

In June 2002, the Loop East Community Improvement District (blended component unit) issued Leasehold Revenue Bonds in the amount of \$3,000,000 to finance the construction of a facility to serve as the new headquarters for the Commission. In October 2012, the Loop East Community Improvement District called the

**Regional Cultural and Performing Arts Development Commission
MANAGEMENT’S DISCUSSION AND ANALYSIS – UNAUDITED**

bonds and reissued new bonds that mature at various amounts through 2022 and bear interest at a flat rate of 2.071%. In 2022, the final bond payment was made.

In 2020, the Commission executed a bank loan to finance a HVAC system. The loan was payable over sixty months and at an interest rate of 3.25%. In 2023, this loan was paid in full.

In 2021, the Commission executed a second Payroll Protection Program loan. In 2023, \$110,136 was forgiven and monthly payments for the remaining balance began. The unforgiven balance will be payable over sixty months at an interest rate of 1%.

In 2023, the Commission executed a bank loan to finance the partial payment of the ARPA Immersive equipment purchase. The loan is payable over sixty months at a variable rate tied to the Secured Overnight Financing Rate (SOFR). As of December 2023, the rate was 7.94%.

Long-term debt was as follows:

Table 4
Outstanding Debt
December 31,

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Bonds payable	\$ -	\$ -	\$ 203,744
HVAC loan	-	45,242	58,589
PPP loan	68,630	202,522	202,522
ARPA Immersive loan	157,663	-	-
	<u>\$ 226,293</u>	<u>\$ 247,764</u>	<u>\$ 464,855</u>

During 2023, the Commission entered into a lease agreement for office space at the Foundry location. The current terms of the lease are monthly rent payments of \$2,500 per month through May 2025. At December 31, 2023, the value of the lease liability was \$40,073.

Economic Factors and Next Year’s Budget

The coronavirus (COVID-19) pandemic has caused extraordinary challenge for the Arts & Culture sector. The region’s artists and arts organizations have survived through cancellations and mandated shutdowns. The drastic shrinking of their business, coupled with the severe decrease in RAC’s grantmaking that also supports them, led to a crisis. The full extent and duration of the operational and financial impact of COVID-19 remains unknown and depends on uncertain and unpredictable developments.

In alignment with completing its current Strategic Plan, the Commission has prioritized strengthening organization infrastructure and is making key investments in human and technology resources and is exploring opportunities to diversify its revenue to ensure long-term sustainability.

Regional Cultural and Performing Arts Development Commission
MANAGEMENT’S DISCUSSION AND ANALYSIS – UNAUDITED

A historic milestone was achieved by the arts & culture sector in October 2022 with the allocation of \$10,600,000 in Federal American Rescue Plan Act funds from the City of St. Louis to RAC. These funds were received in May 2023 and are designated by local statute to support the arts and culture sector’s recovery. RAC has until year-end 2024 to distribute all funds to artists and arts organizations located in St. Louis City.

The full recovery of St. Louis’ Arts and Culture sector is paramount to the social and economic vitality of our region. This is a moment where RAC’s leadership and role as an Advocate, Catalyst and Partner is required. Despite ongoing diminished hotel/motel revenues, the Commission continues to deliver critical grants and programs and is identifying ways to eliminate unnecessary expenses over the next twelve months. RAC will direct its FY24 work plan and budget to achieve the following results:

- Determine the organizations 10-year strategic direction and celebrate its 40th Anniversary in 2025
- Establish the governance and programming infrastructure to support the diversification of revenue
- Institute key economic indicators to measure the efficacy of its work in the St. Louis region

Contacting Regional Cultural and Performing Arts Development Commission’s Management

Questions regarding any of the information provided in this report or requests for additional information should be addressed to the President and Chief Executive Officer, Regional Cultural and Performing Arts Development Commission, 4220 Duncan Avenue, St. 201, Saint Louis, Missouri 63110 or emailed to info@racstl.org.

Regional Cultural and Performing Arts Development Commission
STATEMENTS OF NET POSITION – PROPRIETARY FUNDS
Year ended December 31, 2023

(See Independent Auditor’s Report)

	Enterprise Funds		
	Regional Cultural and Performing Arts Development Commission	Loop East Community Improvement District	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 9,839,731	\$ -	\$ 9,839,731
Accounts receivable			
Hotel/motel room sales tax	1,680,860	-	1,680,860
Prepaid expenses and other assets	40,024	-	40,024
Property held for sale	1,735,820	-	1,735,820
Total current assets	13,296,435	-	13,296,435
Noncurrent assets			
Capital assets			
Nondepreciable capital assets	321,353	-	321,353
Depreciable capital assets, net	57,897	-	57,897
Right of use leased office	39,437	-	39,437
Total noncurrent assets	418,687	-	418,687
Total assets	\$ 13,715,122	\$ -	\$ 13,715,122
LIABILITIES AND NET POSITION			
Current liabilities			
Payroll Protection Program loan, current portion	\$ 31,491	\$ -	\$ 31,491
Bank loans, current portion	27,354	-	27,354
Lease liability, current portion	27,819	-	27,819
Accounts payable	87,563	-	87,563
Unearned revenue	6,907,757	-	6,907,757
Compensation and payroll taxes payable	75,478	-	75,478
Total current liabilities	7,157,462	-	7,157,462
Noncurrent liabilities			
Payroll Protection Program loan, less current portion	37,139	-	37,139
Bank loans, less current portion	130,309	-	130,309
Lease liability, less current portion	12,254	-	12,254
Total noncurrent liabilities	179,702	-	179,702
Total liabilities	7,337,164	-	7,337,164
Net position			
Net investment in capital assets	220,951	-	220,951
Unrestricted	6,157,007	-	6,157,007
Total net position	6,377,958	-	6,377,958
Total liabilities and net position	\$ 13,715,122	\$ -	\$ 13,715,122

Regional Cultural and Performing Arts Development Commission
STATEMENTS OF NET POSITION – PROPRIETARY FUNDS
Year ended December 31, 2022

(See Independent Auditor’s Report)

	Enterprise Funds		
	Regional Cultural and Performing Arts Development Commission	Loop East Community Improvement District	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 4,168,995	\$ -	\$ 4,168,995
Accounts receivable			
Hotel/motel room sales tax	1,624,578	-	1,624,578
Prepaid expenses and other assets	27,494	-	27,494
Total current assets	5,821,067	-	5,821,067
Noncurrent assets			
Capital assets			
Nondepreciable capital assets	-	135,214	135,214
Depreciable capital assets, net	303,669	1,476,447	1,780,116
Total noncurrent assets	303,669	1,611,661	1,915,330
Total assets	\$ 6,124,736	\$ 1,611,661	\$ 7,736,397
LIABILITIES AND NET POSITION			
Current liabilities			
Payroll Protection Program loan, current portion	\$ 26,422	\$ -	\$ 26,422
Bank loan, current portion	15,066	-	15,066
Accounts payable	82,282	-	82,282
Compensation and payroll taxes payable	45,343	-	45,343
Total current liabilities	169,113	-	169,113
Noncurrent liabilities			
Payroll Protection Program loan, less current portion	176,100	-	176,100
Bank loans, less current portion	30,176	-	30,176
Total noncurrent liabilities	206,276	-	206,276
Total liabilities	375,389	-	375,389
Net position			
Net investment in capital assets	258,427	1,611,661	1,870,088
Unrestricted	5,490,920	-	5,490,920
Total net position	5,749,347	1,611,661	7,361,008
Total liabilities and net position	\$ 6,124,736	\$ 1,611,661	\$ 7,736,397

Regional Cultural and Performing Arts Development Commission
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION – PROPRIETARY FUNDS
Year ended December 31, 2023

(See Independent Auditor’s Report)

	Enterprise Funds		
	Regional Cultural and Performing Arts Development Commission	Loop East Community Improvement District	Total
Operating revenue			
Hotel/motel tax revenue	\$ 7,340,164	\$ -	\$ 7,340,164
ARPA grant	3,586,243	-	3,586,243
Total operating revenue	10,926,407	-	10,926,407
Operating expenses			
Grants			
Direct assistance			
General Operating Support	1,629,369	-	1,629,369
Program Support	1,683,071	-	1,683,071
Artist Support	1,172,709	-	1,172,709
Other grants	729,852	-	729,852
Other expenses	920,115	945	921,060
ARPA			
Direct assistance	3,498,534	-	3,498,534
Other expenses	109,099	-	109,099
Cultural Resource Center	206,508	15,823	222,331
Cultural Tourism	777,786	-	777,786
CAT Institute	109,243	236	109,479
General Public Art	9,868	-	9,868
Gyo Obata Fellowship	110,614	-	110,614
Capacity Building	15,110	472	15,582
Strategic Plan, Advocate, Partnership Catalyst	307,316	472	307,788
Administrative expenses	1,153,032	5,669	1,158,701
Total operating expenses	12,432,226	23,617	12,455,843
Operating loss	(1,505,819)	(23,617)	(1,529,436)
Nonoperating revenue (expenses)			
Contributions and grants	84,707	-	84,707
Interest income	309,857	-	309,857
Payroll Protection Program forgiveness	110,136	-	110,136
Miscellaneous income	46,002	-	46,002
Interest expense	(4,316)	-	(4,316)
Transfer of property	1,588,044	(1,588,044)	-
Total nonoperating revenue (expenses)	2,134,430	(1,588,044)	546,386
INCREASE (DECREASE) IN NET POSITION	628,611	(1,611,661)	(983,050)
Net position at beginning of year	5,749,347	1,611,661	7,361,008
Net position at end of year	\$ 6,377,958	\$ -	\$ 6,377,958

Regional Cultural and Performing Arts Development Commission
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - PROPRIETARY FUNDS
Year ended December 31, 2022

(See Independent Auditor's Report)

	Enterprise Funds		
	Regional Cultural and Performing Arts Development Commission	Loop East Community Improvement District	Total
Operating revenue			
Hotel/motel tax revenue	\$ 7,075,939	\$ -	\$ 7,075,939
Rental income	-	205,854	205,854
Total operating revenue	7,075,939	205,854	7,281,793
Operating expenses			
Grants			
Direct assistance			
Program Support	790,400	-	790,400
Artist Support	359,682	-	359,682
Other grants	406,521	-	406,521
Other grant expenses	380,256	6,427	386,683
Cultural Resource Center	288,435	47,850	336,285
Cultural Tourism	93,218	-	93,218
CAT Institute	60,095	1,428	61,523
General Public Art	22,638	-	22,638
Gyo Obata Fellowship	70,695	-	70,695
Capacity Building	30,509	2,142	32,651
Strategic Plan, Advocate, Partnership Catalyst	362,225	2,142	364,367
Administrative expenses	895,300	11,426	906,726
Total operating expenses	3,759,974	71,415	3,831,389
Operating income (loss)	3,315,965	134,439	3,450,404
Nonoperating revenue (expenses)			
Contributions and grants	92,855	-	92,855
Interest income	937	-	937
Miscellaneous income	30,392	-	30,392
Interest expense	(2,591)	(2,110)	(4,701)
Total nonoperating revenue (expenses)	121,593	(2,110)	119,483
INCREASE (DECREASE) IN NET POSITION	3,437,558	132,329	3,569,887
Net position at beginning of year	2,311,789	1,479,332	3,791,121
Net position at end of year	\$ 5,749,347	\$ 1,611,661	\$ 7,361,008

Regional Cultural and Performing Arts Development Commission
STATEMENTS OF CASH FLOWS - PROPRIETARY FUNDS
Year ended December 31, 2023

(See Independent Auditor's Report)

	Enterprise Funds		
	Regional Cultural and Performing Arts Development Commission	Loop East Community Improvement District	Total
Cash flows from operating activities			
Tax receipts from St. Louis City and County	\$ 7,283,882	\$ -	\$ 7,283,882
Contributions and grants received	10,494,000	-	10,494,000
Grant payments	(8,713,535)	-	(8,713,535)
Payments to and for the benefit of employees	(1,377,933)	-	(1,377,933)
Payments to suppliers and vendors	(2,190,763)	-	(2,190,763)
Net cash provided by operating activities	5,495,651	-	5,495,651
Cash flows from noncapital financing activities			
Contributions received	84,707	-	84,707
Miscellaneous receipts	46,002	-	46,002
Net cash provided by noncapital financing activities	130,709	-	130,709
Cash flows from capital and related financing activities			
Purchase of capital assets	(334,224)	-	(334,224)
Proceeds from issuance of debt	160,677	-	160,677
Principal payments on debt	(87,616)	-	(87,616)
Interest paid	(4,316)	-	(4,316)
Net cash provided by capital and related financing activities	(265,479)	-	(265,479)
Cash flows from investing activities			
Interest income	309,857	-	309,857
INCREASE IN CASH AND CASH EQUIVALENTS	5,670,738	-	5,670,738
Cash and cash equivalents at beginning of year	4,168,995	-	4,168,995
Cash and cash equivalents at end of year	\$ 9,839,731	\$ -	\$ 9,839,731

Regional Cultural and Performing Arts Development Commission
STATEMENTS OF CASH FLOWS - PROPRIETARY FUNDS
Year ended December 31, 2023

(See Independent Auditor's Report)

	Enterprise Funds		
	Regional Cultural and Performing Arts Development Commission	Loop East Community Improvement District	Total
Reconciliation of operating loss to net cash provided by operating activities			
Operating loss	\$ (1,505,819)	\$ (23,617)	\$ (1,529,436)
Adjustments to reconcile operating loss to net cash provided by operating activities			
Depreciation	127,107	23,617	150,724
(Increase) decrease in assets			
Hotel/motel room sales tax receivable	(56,282)	-	(56,282)
Prepaid expenses	(12,530)	-	(12,530)
Increase (decrease) in liabilities			
Accounts payable	5,281	-	5,281
Accrued liabilities	30,135	-	30,135
Unearned revenue	6,907,757	-	6,907,757
Net cash provided by operating activities	<u>\$ 5,495,651</u>	<u>\$ -</u>	<u>\$ 5,495,651</u>

Regional Cultural and Performing Arts Development Commission
STATEMENTS OF CASH FLOWS - PROPRIETARY FUNDS
Year ended December 31, 2022

(See Independent Auditor's Report)

	Enterprise Funds		
	Regional Cultural and Performing Arts Development Commission	Loop East Community Improvement District	Total
Cash flows from operating activities			
Tax receipts from St. Louis City and County	\$ 7,283,882	\$ -	\$ 7,283,882
Contributions and grants received	10,494,000	-	10,494,000
Grant payments	(8,713,535)	-	(8,713,535)
Payments on operating lease	(15,604)	-	(15,604)
Payments to and for the benefit of employees	(1,377,933)	-	(1,377,933)
Payments to suppliers and vendors	(2,190,763)	-	(2,190,763)
Net cash provided by operating activities	5,480,047	-	5,480,047
Cash flows from noncapital financing activities			
Contributions received	84,707	-	84,707
Miscellaneous receipts	46,002	-	46,002
Net cash provided by noncapital financing activities	130,709	-	130,709
Cash flows from capital and related financing activities			
Purchase of capital assets	(334,224)	-	(334,224)
Proceeds from issuance of debt	160,677	-	160,677
Principal payments on debt	(72,012)	-	(72,012)
Interest paid	(4,316)	-	(4,316)
Net cash provided by capital and related financing activities	(249,875)	-	(249,875)
Cash flows from investing activities			
Interest income	309,857	-	309,857
INCREASE IN CASH AND CASH EQUIVALENTS	5,670,738	-	5,670,738
Cash and cash equivalents at beginning of year	4,168,995	-	4,168,995
Cash and cash equivalents at end of year	\$ 9,839,731	\$ -	\$ 9,839,731

Regional Cultural and Performing Arts Development Commission
STATEMENTS OF CASH FLOWS - PROPRIETARY FUNDS
Year ended December 31, 2022

(See Independent Auditor's Report)

	Enterprise Funds		
	Regional Cultural and Performing Arts Development Commission	Loop East Community Improvement District	Total
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 3,315,965	\$ 134,439	\$ 3,450,404
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	61,073	71,415	132,488
(Increase) decrease in assets			
Hotel/motel room sales tax receivable	(532,993)	-	(532,993)
Prepaid expenses	(24,132)	-	(24,132)
Increase (decrease) in liabilities			
Accounts payable	56,172	-	56,172
Grants payable	(753,823)	-	(753,823)
Accrued liabilities	(2,854)	-	(2,854)
Net cash provided by operating activities	<u>\$ 2,119,408</u>	<u>\$ 205,854</u>	<u>\$ 2,325,262</u>

**Regional Cultural and Performing Arts
Development Commission
NOTES TO THE FINANCIAL STATEMENTS**

NOTE A | SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements follows.

Nature of Entity

The Regional Cultural and Performing Arts Development Commission (the Commission) was incorporated on February 19, 1985, as a not-for-profit corporation under "The General Not-For-Profit Corporation Law of Missouri." The Commission was created in May of 1984 by passage of Senate Bill No. 709 which authorized the formation of a Regional Cultural and Performing Arts Development District in St. Louis City and County. The formation of the district was completed in November 1984, when the voters in St. Louis City and County approved, by a simple majority, the levy of a 3.75 percent hotel/motel tax, of which the Commission receives four-fifteenths.

The Commission is authorized to develop and implement plans, policies and programs to promote, encourage and foster the arts and cultural institutions in St. Louis City and County. The Commission's programs consist of the following:

Grants – Provides financial support for both nonprofit organizations and individual artists in St. Louis City and County.

ARPA for the Arts – A pass through grant that provides American Rescue Plan Act (ARPA) money as revenue replacement, aid to tourism and hospitality and direct relief to the non-profit arts and cultural sector impacted during the COVID-19 pandemic. The Commission is maintaining the upfront funds received for this program in an interest-bearing bank account. The interest received on these funds is being utilized for expenditures incurred for this program and included in the statement of revenues, expenses, and changes in net positions – proprietary funds as such.

Cultural Resource Center - Provides meeting and event space for local nonprofit arts and other organizations, along with a gallery showcasing the work of local artists. The Cultural Resource Center is currently closed to the public due to the impacts of COVID-19.

Cultural Tourism Outreach & Marketing – Provides marketing and communications services to attract local, regional, national, and international visitors to experience arts and culture in St. Louis City and County.

Community Arts Training Institute (CAT) – A 16-week program of training, professional development, and networking for regional residents working at the intersection of art and community.

General Public Art – Implements Public Art Ordinance for the City of St. Louis and provides general public art grants for the creation and maintenances of public art in the St. Louis region.

Gyo Obata Fellowship – A 10-week summer fellowship at a hosting nonprofit arts organization for college undergraduates from underrepresented backgrounds pursuing careers in arts administration.

**Regional Cultural and Performing Arts
Development Commission
NOTES TO THE FINANCIAL STATEMENTS**

Capacity Building – Provides training and professional development opportunities for St. Louis-based nonprofit arts and culture organizations and individual artists.

Strategic Plan: Advocate, Partnership Catalyst Investments – Special grants to support the four pillars of the 2020-2024 Strategic Plan: (1) Capacity Building for Artists and Arts Organizations, (2) Arts Education, (3) DEI Leadership and (4) Organizational Infrastructure. The strategic plan was created in partnership with the residents of the St. Louis region.

The Commission is limited to spending no more than fifteen percent of annual revenues on administrative costs and is prohibited from directly funding the institutions who are members of the Zoo Museum District. The Commission spent 12% of annual revenues on administrative costs for the two years ended December 31, 2023 and 2022, respectively.

The Board of Commissioners consists of fifteen members, each appointed for a four year term. The Mayor of the City of St. Louis appoints seven Commissioners and the St. Louis County Executive appoints eight Commissioners.

The Commission's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Commission are discussed below.

Reporting Entity

These financial statements present the Commission (the primary government) and its component unit, the Loop East Community Improvement District. As defined by generally accepted accounting principles, component units are legally separate entities that are included in the Commission's reporting entity because of the significance of their operating or financial relationships with the Commission.

The Loop East Community Improvement District (the District) is a legally separate political subdivision of the State of Missouri. The District was formed on April 1, 2002 pursuant to the Community Improvement District Act of the Revised Statutes of the State of Missouri. The District is governed by a five member Board of Directors and has an existence of 25 years. It was formed to acquire and improve property located in the City of St. Louis nearly adjacent to the downtown business district of University City, Missouri. In connection therewith, the District entered into a lease purchase agreement with the Commission to acquire, construct, and equip a building to serve as the headquarters of the Commission. Although legally separate, the District is blended as an enterprise fund into the primary government. Separate financial statements for the District are not published.

During 2023, the District transferred title of the building at 6128 Delmar Boulevard to the Commission.

**Regional Cultural and Performing Arts
Development Commission
NOTES TO THE FINANCIAL STATEMENTS**

Basis of Presentation

The accounts of the Commission are organized and operated on a basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and managerial requirements.

The funds of the Commission are described below:

Proprietary Funds

Regional Cultural and Performing Arts Development Commission

An enterprise fund is used to account for all of the Commission's activities including the collection of tax monies received from the City of St. Louis and from St. Louis County and for the expenses of operating the Commission.

Loop East Community Improvement District

An enterprise fund is used to account for all of the District's activities, which include collecting rents from the Commission and servicing the bonded debt.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

Measurement Focus

The financial statements are prepared using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of changes in net position, financial position and cash flows. All assets and liabilities, whether current or noncurrent, are reported.

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred or economic assets are used.

Cash and Cash Equivalents

The Commission's policy is to invest cash in excess of operating requirements in income producing investments. The Commission considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

**Regional Cultural and Performing Arts
Development Commission
NOTES TO THE FINANCIAL STATEMENTS**

Sales Taxes

The Commission receives the majority of its revenue from four-fifteenths of a 3.75% tax on hotel/motel room sales in St. Louis City and County. Taxes are collected by St. Louis City and County and remitted to the St. Louis Convention and Visitors Commission, which in turn remits four-fifteenths of the collected amount to the Commission. Sales tax revenue is recognized in the year the tax is collected by the hotels and motels. Taxes receivable consists primarily of taxes collected in the fourth quarter of each year that are received by the Commission in the first quarter of the following year. Taxes receivable are considered fully collectible.

Capital Assets and Depreciation

Capital assets are recorded at cost. Currently, the Commission capitalizes any fixed asset addition with a cost of \$5,000 or more and a useful life greater than two years. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, on a straight-line basis as follows:

	<u>Years</u>
Building	40
Improvements	5 - 35
Furniture and fixtures	3 - 10
Digital media	5

Property Held for Sale

The Commission made the decision to sell its building property during the year. The Commission measures assets held for sale at the lower of the building's carrying amount or estimated fair value less costs to sell.

PPP Loan and Forgiveness of Debt Income

During 2021, the Commission applied for and was awarded a loan in the amount of \$202,522 under the Paycheck Protection Program "PPP". The Commission initially recorded the proceeds received as financing activities and the loan as a liability until the Commission was legally released from the obligation to repay the loan. After incurring qualifying expenses, the Organization was released from requirements to pay back a portion of the loan in the amount of \$110,136. The loan forgiveness was recorded as revenue on the statement of revenues, expenses and changes in net position.

**Regional Cultural and Performing Arts
Development Commission
NOTES TO THE FINANCIAL STATEMENTS**

Equity Classifications

Fund equity is classified as net position and displayed in three components. Net investment in capital assets consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any notes or other borrowings that are attributable to the acquisition, construction or improvement of those capital assets. Net position is reported as restricted when there are constraints imposed on their use either through enabling legislation adopted by the Commission or through external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments. All other net position that does not meet the definition of restricted or net investment in capital assets is reported as unrestricted. The Commission first utilizes restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Operating Revenue and Expenses

Revenues and expenses are divided into operating and nonoperating items. Operating revenues generally result from providing services in connection with the Commission's principal ongoing operations. The primary operating revenues are hotel/motel sales tax revenues and contributions and grants which contributors or grantors have restricted for program related activities. Other revenues, such as unrestricted contributions and interest income, are not generated from operations and are considered to be nonoperating revenues. Operating expenses primarily include grants to not-for-profit organizations which produce or present arts or cultural programs and other programs and administrative expenses. Other expenses, such as interest expense on debt, are considered to be nonoperating.

Employee Retention Credit (ERC)

On March 27, 2020, in response to the COVID-19 pandemic, the U.S. Congress enacted the Corona virus Aid, Relief and Economic Security Act ("CARES Act"), which among other things, contains provisions for an employee retention credit, a refundable payroll credit for 50% of wages and health benefits paid to employees of organizations not providing services or experienced a decline in gross receipts, as a result of the COVID-19 pandemic. The Commission claimed and was awarded the employee retention credit totaling \$39,947, which was recorded as part of miscellaneous income on the statement of revenues, expenses, and changes in net position.

Laws and regulations concerning government programs, including the ERC established by the CARES Act, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Commission's claim to the ERC, and it is not possible to determine the impact (if any) this would have upon the Commission.

**Regional Cultural and Performing Arts
Development Commission
NOTES TO THE FINANCIAL STATEMENTS**

Income Tax Status

The Commission qualifies as a charitable organization as defined by Internal Revenue Code 501(c)(3), and accordingly it is exempt from Federal income taxes under Internal Revenue Code Section 501(a) and similar provisions of state law. The Commission files federal information returns. The statutes of limitations for these returns are generally subject to examination by the Internal Revenue Service for three years from the date they are filed.

Estimates

In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

In preparing the financial statements, the Commission has evaluated events and transactions for potential recognition or disclosure through March 14, 2024, the date the financial statements were available to be issued.

NOTE B | CASH AND INVESTMENTS

Deposits

Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2023 and 2022, respectively, the entire bank balance was covered by federal depository insurance along with collateralization to cover the balance exceeding the insurance coverage.

Investments

The Commission may purchase any investments allowed by the State Treasurer. The Commission had no investments as of December 31, 2023 and 2022.

**Regional Cultural and Performing Arts
Development Commission
NOTES TO THE FINANCIAL STATEMENTS**

NOTE C | CAPITAL ASSETS

In 2023, the property located on Delmar Boulevard in St. Louis was transferred from East Loop Community Improvement District to the Commission.

Capital asset activity for the year ended December 31, 2023 was as follows:

	Balance at January 1, 2023	Additions	Reclassification and Deletions	Balance at December 31, 2023
Non-depreciable capital assets				
Land	\$ 135,214	\$ -	\$ (135,214)	\$ -
Construction in progress	-	321,353	-	321,353
	<u>135,214</u>	<u>321,353</u>	<u>(135,214)</u>	<u>321,353</u>
Depreciable capital assets				
Building	2,856,609	9,386	(2,865,996)	-
Building improvements	359,521	3,485	(363,006)	-
Furniture and fixtures	188,730	-	-	188,730
Digital media	157,196	-	-	157,196
	<u>3,562,056</u>	<u>12,871</u>	<u>(3,229,002)</u>	<u>345,926</u>
Less accumulated depreciation for:				
Building	1,380,162	71,566	(1,451,728)	-
Building improvements	148,273	28,395	(176,668)	-
Furniture and fixtures	168,636	3,083	-	171,719
Digital media	84,869	31,440	-	116,309
	<u>1,781,940</u>	<u>134,484</u>	<u>(1,628,396)</u>	<u>288,028</u>
Depreciable capital assets, net	<u>1,780,116</u>	<u>(121,613)</u>	<u>(1,600,606)</u>	<u>57,898</u>
Operating lease assets				
Right of use asset	-	55,677	-	55,677
Accumulated amortization	-	16,240	-	16,240
Right of use asset, net	<u>-</u>	<u>39,437</u>	<u>-</u>	<u>39,437</u>
Capital assets, net	<u>\$ 1,915,330</u>	<u>\$ 239,177</u>	<u>\$ (1,735,820)</u>	<u>\$ 418,688</u>

**Regional Cultural and Performing Arts
Development Commission
NOTES TO THE FINANCIAL STATEMENTS**

Capital asset activity for the year ended December 31, 2022 was as follows:

	Balance at January 1, 2022	Additions	Reclassifications and Deletions	Balance at December 31, 2022
Non-depreciable capital assets				
Land	\$ 135,214	\$ -	\$ -	\$ 135,214
Depreciable capital assets				
Building	2,856,609	-	-	2,856,609
Building improvements	340,599	18,922	-	359,521
Furniture and fixtures	185,854	2,876	-	188,730
Digital media	157,196	-	-	157,196
	<u>3,540,258</u>	<u>21,798</u>	<u>-</u>	<u>3,562,056</u>
Less accumulated depreciation for:				
Building	1,308,747	71,415	-	1,380,162
Building improvements	123,011	25,262	-	148,273
Furniture and fixtures	164,264	4,372	-	168,636
Digital media	53,430	31,439	-	84,869
	<u>1,649,452</u>	<u>132,488</u>	<u>-</u>	<u>1,781,940</u>
Depreciable capital assets, net	<u>1,890,806</u>	<u>(110,690)</u>	<u>-</u>	<u>1,780,116</u>
Capital assets, net	<u>\$ 2,026,020</u>	<u>\$ (110,690)</u>	<u>\$ -</u>	<u>\$ 1,915,330</u>

NOTE D | GRANT AWARDS

The Commission awarded the following grants:

General Operating Support – These grants are awarded to nonprofit art organizations with a history of funding from the Commission, at least one full-time-equivalent employee, and annual operating expenses exceeding \$150,000. These grants provide unrestricted, renewable funding to support day-to-day operations of nonprofit arts organizations that produce and present ongoing year-round programming. No new grants were awarded in 2022.

Program Support – These grants are awarded to arts and non-arts organizations which request up to \$15,000 in program support. The recipient organization must match one dollar for each Commission grant dollar. The grants provide funding for ongoing arts programs or a specific one-time arts and cultural program. Due to the COVID-19 pandemic, the matching requirement was removed and grantees were allowed to use the funding for general operating expenses in 2022.

Artists Support – These grants are awarded to artists residing in St. Louis City or County to support projects, needs, and creative opportunities in all artistic disciplines.

ARPA – Grants award from proceeds received under the American Rescue Plan Act (ARPA) to artists impacted from the financial hardships due to the COVID-19 pandemic.

**Regional Cultural and Performing Arts
Development Commission
NOTES TO THE FINANCIAL STATEMENTS**

The Commission reports a liability at year end for unconditional grants awarded in the current year and paid in a subsequent year. No liability was reported at December 31, 2023 and 2022 as all grant awards were fully funded by year end.

NOTE E | PENSION PLAN

The Commission has an IRC 403(b) tax-deferred annuity program covering substantially all employees. The Commission determines an amount to contribute annually. Pension plan expense was \$35,282 and \$18,576 for the years ended December 31, 2023 and 2022, respectively.

NOTE F | DEBT

The following changes occurred in debt for the year ended December 31, 2023:

	Balance at January 1, 2023	Additions	Reductions	Balance at December 31, 2023	Amount Due within One Year
HVAC loan	\$ 45,242	\$ -	\$ 45,242	\$ -	\$ -
PPP loan	202,522	-	133,892	68,630	31,491
ARPA Immersive loan	-	160,677	3,014	157,663	27,354
	<u>\$ 247,764</u>	<u>\$ 160,677</u>	<u>\$ 182,148</u>	<u>\$ 226,293</u>	<u>\$ 58,845</u>

The reductions in debt for the PPP loan include \$110,136 of forgiveness of this loan that was recognized in 2023.

The following changes occurred in debt for the year ended December 31, 2022:

	Balance at January 1, 2022	Additions	Reductions	Balance at December 31, 2022	Amount Due within One Year
Bonds Payable	\$ 203,744	\$ -	\$ 203,744	-	\$ -
HVAC Loan	58,589	-	13,347	45,242	15,066
PPP Loan	202,522	-	-	202,522	26,422
	<u>\$ 464,855</u>	<u>\$ -</u>	<u>\$ 217,091</u>	<u>\$ 247,764</u>	<u>\$ 41,488</u>

**Regional Cultural and Performing Arts
Development Commission
NOTES TO THE FINANCIAL STATEMENTS**

On June 1, 2002, the District issued Leasehold Revenue Bonds in the amount of \$3,000,000 to finance the construction of a facility to serve as the headquarters for the Commission. On October 1, 2012, the District refunded the 2002 series bonds with \$1,640,000 in Leasehold Revenue Refunding Bonds. The bonds and interest were limited obligations of the District and- were solely payable from the rents received by the District from the Commission under an annually renewable lease purchase agreement. The Commission may terminate its obligation under the lease on an annual basis without penalty. The bonds were secured by a first deed of trust on the facility. The bonds do not constitute an indebtedness or pledge of faith and credit of the District or the Commission. The bonds were limited and special revenue obligations of the District and reported as liabilities in the accompanying financial statements. The bonds matured in June 2022.

On October 27, 2020, the Commission entered into a bank loan in the amount of \$75,000 to finance the purchase and installation of a heating, ventilation, and air conditioning unit. The loan carried an interest rate of 3.25%. The loan was paid in full in 2023.

During 2021, the Commission applied for and was awarded a second loan in the amount of \$202,522 under the Payroll Protection Plan. The full amount of the loan is reported as a liability on the Statement of Net Position as of December 31, 2022. In 2023, \$110,136 of the loan was forgiven and the remaining balance is payable at an interest rate of 1% with a maturity date in 2026.

On November 27, 2023 the Commission entered into a bank loan in the amount of \$160,677 to finance a portion of the ARPA Immersive experience project. The loan requires sixty equal payments with a variable interest rate based on the CME Term SOFR Reference Rate Index. The interest rate at December 31, 2023 was 7.94%.

The annual requirements to amortize the outstanding balance as of December 31, 2023 are as follows:

	Principal	Interest	Total
2024	\$ 58,845	\$ 12,326	\$ 71,171
2025	61,480	9,692	71,172
2026	37,481	6,996	44,477
2027	34,832	4,306	39,138
2028	33,655	2,221	35,876
	\$ 226,293	\$ 35,541	\$ 261,834

**Regional Cultural and Performing Arts
Development Commission
NOTES TO THE FINANCIAL STATEMENTS**

NOTE G | RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission carries commercial insurance for all such risks of loss, and settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE H | LEASE

In 2023, the Commission entered into a lease agreement for the office space located at the Foundry. The right-to-use leased office was recorded in the amount of \$55,677 and is shown net of accumulated amortization of \$16,240 on the statement of net position – proprietary funds. As of December 2023, the value of the lease liability was \$40,073. The Commission will make monthly payments of \$2,500 through May 2025.

NOTE I | CONTINGENCY

Building sale

In August 2023, the Commission entered into an agreement for the sale of the property on Delmar Boulevard for \$2,575,000. The cost of the land, building and building improvements net of accumulated depreciation in the amount of \$1,735,820 was reclassified from capital assets to property held for sale on the statement of net position at December 31, 2023. On March 5, 2024, the sale was completed and title of the building was transferred to the new owner.

SUPPLEMENTARY INFORMATION

Regional Cultural and Performing Arts Development Commission
SCHEDULES OF GRANT AWARDS APPROVED
Year ended December 31,

	<u>2023</u>	<u>2022</u>
General Operating Support	\$ 1,629,369	\$ -
Program Support	1,683,071	790,400
Artist Support	1,172,709	359,682
Other	729,852	406,521
	<hr/> 5,215,001	<hr/> 1,556,603
ARPA General Operating Support	1,000,000	-
ARPA Artist Support	2,498,534	-
	<hr/> 3,498,534	<hr/> -
	<hr/> <u>\$ 8,713,535</u>	<hr/> <u>\$ 1,556,603</u>

Regional Cultural and Performing Arts Development Commission
SCHEDULES OF EXPENSES
Year ended December 31, 2023

	Grants	Cultural Tourism	Cultural Resource Center	CAT Institute	General Public Art	Gyo Obata Fellowship	Capacity Building	Strategic Plan		ARPA	Administrative	Regional Cultural and Performing Arts Development Commission		Loop East Community Improvement District	Total
								Advocate, Partner Catalyst	Total			Commission	District		
Operating expenses															
Salaries	\$ 303,963	\$ 143,537	\$ 990	\$ -	\$ -	\$ -	\$ -	\$ 183,580	\$ 55,092	\$ 469,260	\$ -	\$ 1,156,422	\$ -	\$ 1,156,422	
Payroll taxes	21,690	10,549	38	-	-	-	-	12,910	4,170	33,597	-	82,954	-	82,954	
Health insurance	42,639	11,265	-	-	-	-	-	23,702	4,445	51,359	-	133,410	-	133,410	
Pension plan	11,279	4,421	-	-	-	-	-	6,566	-	13,016	-	35,282	-	35,282	
Total salaries and benefits	379,571	169,772	1,028	-	-	-	-	226,758	63,707	567,232	-	1,408,068	-	1,408,068	
Depreciation	10,387	-	59,821	1,999	-	-	2,479	2,479	16,240	33,702	-	127,107	23,617	150,724	
Equipment rental and repair	2,031	1,622	7,568	160	-	-	273	985	4,519	5,405	-	22,563	-	22,563	
Events	10,666	16,151	-	2,111	-	1,116	964	15,727	19,258	19,258	-	65,993	-	65,993	
Facility maintenance	687	-	58,035	172	-	500	344	344	13,487	20,577	-	94,146	-	94,146	
Honorariums & Stipends	13,850	-	-	1,400	-	80,400	-	-	764	-	-	95,650	-	95,650	
Human resources and board development	6,069	26,751	-	2,081	-	-	2,081	2,081	-	64,506	-	104,333	-	104,333	
Insurance	862	-	14,438	216	-	-	431	431	-	5,171	-	21,549	-	21,549	
Marketing and advertising	41,832	512,870	-	2,804	-	-	2,804	7,062	575	44,753	-	612,700	-	612,700	
Meetings, delivery and office services	86,293	13,703	-	4,514	-	-	4,514	10,571	4,471	87,671	-	211,737	-	211,737	
Memberships and publications	1,750	2,255	-	-	-	-	-	-	-	127	-	4,132	-	4,132	
Office supplies	2,551	10,223	-	1,984	56	98	389	2,706	1,922	8,257	-	28,186	-	28,186	
Professional fees	334,482	15,775	40,000	91,265	9,812	28,500	-	24,597	2,025	245,052	-	791,508	-	791,508	
Rent	20,417	-	-	-	-	-	-	9,917	3	32,421	-	62,758	-	62,758	
Travel, convention and seminar	7,488	8,664	-	242	-	-	242	3,069	82	11,829	-	31,616	-	31,616	
Utilities	1,179	-	25,618	295	-	-	589	-	1,304	7,071	-	36,645	-	36,645	
Grants	5,215,001	-	-	-	-	-	-	-	3,498,534	-	-	8,713,535	-	8,713,535	
Total operating expenses	6,135,116	777,786	206,508	109,243	9,868	110,614	15,110	307,316	3,607,633	1,153,032	23,617	12,432,226	23,617	12,455,843	
Nonoperating expenses															
Interest	-	-	-	-	-	-	-	-	-	-	-	4,316	-	4,316	
Total expenses	\$ 6,135,116	\$ 777,786	\$ 206,508	\$ 109,243	\$ 9,868	\$ 110,614	\$ 15,110	\$ 307,316	\$ 3,607,633	\$ 1,153,032	\$ 23,617	\$ 12,436,542	\$ 23,617	\$ 12,460,159	

Regional Cultural and Performing Arts Development Commission
SCHEDULES OF EXPENSES
Year ended December 31, 2022

	Grants	Cultural Tourism	Cultural Resource Center	CAT Institute	General Public Art	Gvo Obato Fellowshipship	Capacity Building	Strategic Plan Advocate, Partner Catalyst		Administrative	Regional Cultural and Performing Arts Development Commission		Loop East Community Improvement District	Total
											Total	District		
Operating expenses	\$ 184,480	\$ -	\$ 2,680	\$ -	\$ -	\$ -	\$ -	\$ 131,735	\$ 352,273	\$ 671,168	\$ -	\$ 671,168	\$ -	\$ 671,168
Salaries	15,909	-	205	1,050	-	-	1,050	10,481	38,761	67,456	-	67,456	-	67,456
Payroll taxes	21,043	-	-	-	-	-	-	14,540	34,496	70,079	-	70,079	-	70,079
Health insurance	5,004	-	-	-	-	-	-	4,048	9,524	18,576	-	18,576	-	18,576
Pension plan	226,436	-	2,885	1,050	-	-	1,050	160,804	435,054	827,279	-	827,279	-	827,279
Total salaries and benefits														
Depreciation	12,518	-	27,742	2,281	-	-	2,566	2,566	13,400	61,073	-	61,073	71,415	132,488
Equipment rental and repair	674	5,148	11,287	168	-	-	337	337	4,043	21,994	-	21,994	-	21,994
Events	23,490	2,644	-	5,071	-	1,395	9,652	1,705	9,136	53,093	-	53,093	-	53,093
Facility maintenance	2,906	-	71,229	727	-	-	1,453	1,453	18,408	96,176	-	96,176	-	96,176
Honorariums and stipends	6,300	-	-	2,250	-	43,200	-	32,784	-	84,534	-	84,534	-	84,534
Human resources and board development	9,389	7,847	-	2,569	-	-	2,569	3,069	42,901	68,344	-	68,344	-	68,344
Insurance	800	-	13,407	199	-	-	401	401	4,801	20,009	-	20,009	-	20,009
Marketing and advertising	2,541	50,980	3	-	-	-	3	3	73,668	127,198	-	127,198	-	127,198
Meetings, delivery and office services	61,097	7,117	-	260	-	-	260	3,031	3,097	74,862	-	74,862	-	74,862
Memberships and publications	-	24	-	-	-	-	-	-	1,950	1,974	-	1,974	-	1,974
Miscellaneous	-	-	-	-	-	-	-	-	4,793	4,793	-	4,793	-	4,793
Office supplies	1,266	10,467	69	485	-	100	485	697	7,107	20,676	-	20,676	-	20,676
Professional fees	11,328	-	1,898	40,422	22,638	26,000	4,720	148,362	233,696	489,064	-	489,064	-	489,064
Rents	18,527	-	137,922	4,117	-	-	6,176	6,176	32,936	205,854	-	205,854	-	205,854
Travel, convention and seminar	1,625	8,991	-	157	-	-	157	157	2,253	13,340	-	13,340	-	13,340
Utilities	1,359	-	21,993	339	-	-	680	680	8,057	33,108	-	33,108	-	33,108
Grants	1,556,603	-	-	-	-	-	-	-	-	1,556,603	-	1,556,603	-	1,556,603
Total operating expenses	1,936,859	93,218	288,435	60,095	22,638	70,695	30,509	362,225	895,300	3,759,974	71,415	3,831,389	2,110	3,836,090
Nonoperating expenses														
Interest	-	-	-	-	-	-	-	-	-	2,591	-	2,591	-	2,591
Total expenses	\$ 1,936,859	\$ 93,218	\$ 288,435	\$ 60,095	\$ 22,638	\$ 70,695	\$ 30,509	\$ 362,225	\$ 895,300	\$ 3,762,565	\$ 73,525	\$ 3,836,090	\$ 2,110	\$ 3,836,090

SINGLE AUDIT REPORTS AND SCHEDULES



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Regional Cultural and Performing Arts Development Commission
St. Louis, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Regional Cultural and Performing Arts Development Commission (the "Commission"), which comprise the statements of net position as of December 31, 2023, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated March 14, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Armanino^{LLP}
St. Louis, Missouri

March 14, 2024



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM, INTERNAL CONTROL OVER COMPLIANCE, AND ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Regional Cultural and Performing Arts Development Commission
St. Louis, Missouri

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Regional Cultural and Performing Arts Development Commission (the "Commission")'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal programs for the year ended December 31, 2023. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Commission's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Commission's federal programs.

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Commission’s compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Commission’s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Commission’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Commission’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Commission’s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weakness or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Commission as of and for the year ended December 31, 2023, and have issued our report thereon dated March 14, 2024, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Armanino^{LLP}
St. Louis, Missouri

March 14, 2024

Regional Cultural and Performing Arts Development Commission
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal AL Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
<u>Expenditures of Federal Awards</u>			
U.S. Department of Treasury			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds			
Pass-through program from:			
City of St. Louis Community Development Administration	21.027	22-SLFRF- ART01	\$ <u>3,586,243</u>
Total U.S. Department of Treasury			<u>3,586,243</u>
Total Expenditures of Federal Awards			<u>\$ <u>3,586,243</u></u>

The accompanying notes to the Schedule of Expenditures of Federal Awards
 are an integral part of this schedule.

Regional Cultural and Performing Arts Development Commission
Notes to Schedule of Expenditures of Federal Awards
December 31, 2023

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Regional Cultural and Performing Arts Development Commission (the "Commission") under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Commission, it is not intended to and does not present the net position, changes in net position, or cash flows of the Commission.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement. Pass-through entity identifying numbers are presented where available and applicable.

3. INDIRECT COST RATE

Regional Cultural and Performing Arts Development Commission has elected to not use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance. The Commission has a contractual indirect cost rate with the City of St. Louis that may from time to time exceed the 10-percent de minimis indirect cost rate.

Regional Cultural and Performing Arts Development Commission
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Coronavirus State and Local Fiscal Recovery Funds	21.027
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

Regional Cultural and Performing Arts Development Commission
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023

SECTION II - SUMMARY OF FINANCIAL STATEMENT FINDINGS

There are no financial statement findings to be reported.

SECTION III - SUMMARY OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no federal award findings to be reported.