

Management Report

Regional Arts Commission
December 31, 2020



Presented on

February 8, 2021

REGIONAL ARTS COMMISSION

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**REGIONAL CULTURAL AND PERFORMING ARTS
DEVELOPMENT COMMISSION**

**STATEMENTS OF NET POSITION
December 31**

	<u>2020</u>	<u>2019</u>	<u>Change</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 1,365,175	\$ 3,002,568	\$ (1,637,393)
Accounts receivable			
Hotel/motel room sales tax	763,851	1,453,921	(690,070)
Contributions	-	-	-
Prepaid expenses and other assets	<u>5,379</u>	<u>27,531</u>	<u>(22,152)</u>
Total current assets	2,134,405	4,484,020	(2,349,615)
Noncurrent assets			
Capital assets			
Nondepreciable capital assets	135,213	135,213	-
Depreciable capital assets, net	<u>1,995,278</u>	<u>1,864,121</u>	<u>131,157</u>
Total noncurrent assets	<u>2,130,491</u>	<u>1,999,334</u>	<u>131,157</u>
Total assets	<u><u>\$ 4,264,896</u></u>	<u><u>\$ 6,483,354</u></u>	<u><u>\$ (2,218,458)</u></u>
LIABILITIES AND NET POSITION			
Current liabilities			
Bonds payable, current portion	\$ 193,740	\$ 184,116	\$ 9,624
Bank loan for HVAC, less current portion	14,105	-	14,105
Accounts payable	28,214	89,840	(61,626)
Grants payable	1,278,535	2,006,585	(728,050)
Compensation and payroll taxes payable	<u>94,142</u>	<u>168,606</u>	<u>(74,464)</u>
Total current liabilities	1,608,736	2,449,147	(840,411)
Noncurrent liabilities			
Bank loan for HVAC	58,589	-	58,589
Bonds payable, less current portion	<u>203,744</u>	<u>397,484</u>	<u>(193,740)</u>
Total noncurrent liabilities	<u>262,333</u>	<u>397,484</u>	<u>(135,151)</u>
Total liabilities	1,871,069	2,846,631	(975,562)
Net position			
Net investment in capital assets	1,660,311	1,417,734	242,577
Restricted for St. Louis Canvass Project	-	-	-
Restricted for Arts Manager	-	-	-
Unrestricted	<u>733,516</u>	<u>2,218,989</u>	<u>(1,485,473)</u>
Total net position	<u>2,393,827</u>	<u>3,636,723</u>	<u>(1,242,896)</u>
Total liabilities and net position	<u><u>\$ 4,264,896</u></u>	<u><u>\$ 6,483,354</u></u>	<u><u>\$ (2,218,458)</u></u>

No assurance provided.

**REGIONAL CULTURAL AND PERFORMING ARTS
DEVELOPMENT COMMISSION**

STATEMENTS OF REVENUES AND EXPENSES - PRIOR PERIOD COMPARISON

Year ending December 31,

	2020	2019	Change	
			\$	%
Operating revenue				
Hotel/motel tax revenue	\$ 2,838,168	\$ 6,791,042	\$ (3,952,874)	-58%
Contributions	1,304	195,000	(193,696)	0%
Rental income	-	13,406	(13,406)	-100%
Total operating revenues	2,839,472	6,999,448	(4,159,976)	-59%
Operating expenses				
Salaries	889,727	987,487	(97,760)	-10%
Payroll taxes	65,632	72,468	(6,836)	-9%
Health insurance	79,349	89,785	(10,436)	-12%
Pension plan	24,488	39,136	(14,648)	-37%
Total salaries and benefits	1,059,196	1,188,876	(129,680)	-11%
Depreciation	123,864	118,868	4,996	4%
Equipment rental and repair	13,052	25,296	(12,244)	-48%
Events	12,047	54,891	(42,844)	-78%
Facility maintenance	41,895	44,038	(2,143)	-5%
Honorariums & Stipends	15,350	-	15,350	0%
Human resources & Board development	103,254	18,725	84,529	451%
Insurance	18,656	14,767	3,889	26%
Marketing and advertising	179,288	173,111	6,177	4%
Meetings, delivery and office services	10,775	3,889	6,886	177%
Memberships and publications	6,222	12,075	(5,853)	-48%
Office supplies	2,727	12,612	(9,885)	-78%
Postage	1,248	32	1,216	3800%
Printing	947	2,309	(1,362)	-59%
Professional fees	472,653	838,285	(365,632)	-44%
Telephone	10,771	9,728	1,043	11%
Travel, convention and seminar	305	30,769	(30,464)	-99%
Utilities	32,612	36,965	(4,353)	-12%
Grants and contributions	2,171,517	4,514,678	(2,343,161)	-52%
Total operating expenses	4,276,379	7,099,914	(2,823,535)	-40%
Nonoperating revenues (expenses)				
Contributions	-	60	(60)	-100%
Miscellaneous income	436	2,597	(2,161)	100%
Interest income	146	268	(122)	-46%
Interest expense	(14,502)	(14,674)	172	-1%
Forgiveness of debt	207,800	-	207,800	0%
Total nonoperating revenue (expenses)	193,880	(11,749)	205,629	-1750%
Change in net position	\$ (1,243,027)	\$ (112,215)	\$ (1,130,812)	1008%

No assurance provided.

**REGIONAL CULTURAL AND PERFORMING ARTS
DEVELOPMENT COMMISSION**

STATEMENTS OF REVENUES AND EXPENSES - BUDGET VS. ACTUAL

Year ending December 31, 2020

	Actual	Budget	Change	
			\$	%
Operating revenue				
Hotel/motel tax revenue	\$ 2,838,168	\$ 6,763,538	\$ (3,925,370)	-58%
Contributions/Grants	1,304	45,000	(43,696)	100%
Rental income	-	7,000	(7,000)	-100%
Total operating revenues	2,839,472	6,815,538	(3,976,066)	-58%
Operating expenses				
Salaries	889,727	1,117,684	(227,957)	-20%
Payroll taxes	65,632	28,315	37,317	132%
Health insurance	79,349	83,854	(4,505)	-5%
Pension plan	24,488	90,258	(65,770)	-73%
Total salaries and benefits	1,059,196	1,320,111	(260,915)	-20%
Depreciation	123,864	165,427	(41,563)	-25%
Equipment rental and repair	13,052	57,600	(44,548)	-77%
Events	12,047	103,800	(91,753)	-88%
Facility maintenance	41,895	32,475	9,420	29%
Honorariums & Stipends	15,350	33,000	(17,650)	-53%
Human resources & Board development	103,254	240,750	(137,496)	-57%
Insurance	18,656	16,800	1,856	11%
Marketing and advertising	179,288	298,000	(118,712)	-40%
Meetings, delivery and office services	10,775	18,100	(7,325)	-40%
Memberships and publications	6,222	7,500	(1,278)	0%
Office supplies	2,727	15,300	(12,573)	-82%
Postage	1,248	100	1,148	1148%
Printing	947	9,500	(8,553)	-90%
Professional fees	472,653	815,000	(342,347)	-42%
Telephone	10,771	9,700	1,071	11%
Travel, convention and seminar	305	5,000	(4,695)	-94%
Utilities	32,612	43,500	(10,888)	-25%
Grants and contributions	2,171,517	4,273,000	(2,101,483)	-49%
Total operating expenses	4,276,379	7,464,663	(3,188,284)	-43%
Nonoperating revenues (expenses)				
Contributions	-	-	-	0%
Miscellaneous income	436	20,400	(19,964)	100%
Interest income	146	250	(104)	-42%
Interest expense	(14,502)	(11,410)	(3,092)	27%
Forgiveness of Debt	207,800	-	207,800	0%
Total nonoperating revenue (expenses)	193,880	9,240	184,640	1998%
Change in net position	\$ (1,243,027)	\$ (639,885)	\$ (603,142)	94%

No assurance provided.

**REGIONAL CULTURAL AND PERFORMING ARTS
DEVELOPMENT COMMISSION**

SCHEDULE OF EXPENSES - BY PROGRAM
Year ending December 31, 2020

	Grants	Cultural Tourism & Marketing	Cultural Resource Center	CAT Institute	General Public Art	Downtown STL Public Art Initiative	Capacity Building	Arts Education	Teaching Artist Institute	Planning Initiative & Special Projects	Gyo Obato Fellowship	St. Louis Canvass Project	Administrative	Total
Operating expenses														
Salaries	\$ 296,070	\$ 108,977	\$ 109,550	\$36,549	\$ 7,077	\$ 17,883	\$ 47,667	\$ 2,410	\$ 7,992	\$ 37,032	\$ 17,225	\$ 10,172	\$ 191,123	\$ 889,727
Payroll taxes	21,873	7,989	8,175	2,745	540	1,292	3,526	181	599	2,584	1,267	753	14,108	65,632
Health insurance	23,329	7,883	9,325	2,559	740	1,139	2,300	118	1,046	1,311	2,383	1,766	25,450	79,349
Pension plan	8,460	3,735	2,091	1,415	242	324	1,642	118	252	555	639	192	4,823	24,488
Total salaries and benefits	349,732	128,584	129,141	43,268	8,599	20,638	55,135	2,827	9,889	41,482	21,514	12,883	235,504	1,059,196
Depreciation	8,992	4,892	90,508	892	136	545	1,065	136	619	2,031	1,288	1,253	11,507	123,864
Equipment rental and repair	8	580	1,428	-	-	-	-	-	-	-	-	-	11,036	13,052
Events	611	165	-	340	-	-	-	-	36	3,761	-	3,649	3,485	12,047
Facility maintenance	1,352	734	36,129	137	23	81	159	21	95	301	192	185	2,486	41,895
Honorariums & Stipends	15,250	-	-	100	-	-	-	-	-	-	-	-	-	15,350
Human resources & Board development	970	1,188	-	-	-	-	-	-	-	-	-	-	101,096	103,254
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	18,656	18,656
Marketing and advertising	23	144,111	-	-	-	-	-	-	-	33,616	325	39	1,174	179,288
Meetings, delivery and office services	-	-	-	-	-	-	-	-	-	-	-	-	10,775	10,775
Memberships and publications	-	-	-	-	-	-	-	-	-	-	-	-	6,222	6,222
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office supplies	-	-	-	184	-	-	-	-	-	-	-	-	2,543	2,727
Postage	11	-	-	16	-	-	-	-	-	-	-	-	1,221	1,248
Printing	-	-	-	-	-	-	-	-	-	265	-	-	682	947
Professional fees	20,701	5,845	4,899	11,137	-	76,171	-	-	34,470	50,229	-	67,108	202,093	472,653
Telephone	221	120	2,226	22	3	13	26	3	15	50	32	31	8,009	10,771
Travel, convention and seminar	-	-	-	-	-	-	-	-	27	28	23	54	173	305
Utilities	2,377	1,281	23,697	233	35	143	279	38	162	532	337	327	3,171	32,612
Grants and contributions	2,152,669	-	-	-	-	-	-	-	-	17,750	-	-	1,098	2,171,517
Total operating expenses	2,552,917	287,500	288,028	56,329	8,796	97,591	56,664	3,025	45,313	150,045	23,711	85,529	620,931	4,276,379
Nonoperating expenses														
Interest	36	20	365	7	-	2	4	-	2	8	5	5	14,048	14,502
Total expenses	<u>\$ 2,552,953</u>	<u>\$ 287,520</u>	<u>\$ 288,393</u>	<u>\$ 56,336</u>	<u>\$ 8,796</u>	<u>\$ 97,593</u>	<u>\$ 56,668</u>	<u>\$ 3,025</u>	<u>\$ 45,315</u>	<u>\$ 150,053</u>	<u>\$ 23,716</u>	<u>\$ 85,529</u>	<u>\$ 634,979</u>	<u>\$ 4,290,881</u>
Prior year expenses by class	<u>\$ 4,780,511</u>	<u>\$ 346,883</u>	<u>\$ 336,262</u>	<u>\$ 63,944</u>	<u>\$ 9,122</u>	<u>\$ 99,454</u>	<u>\$ 86,641</u>		<u>\$ 81,459</u>	<u>\$ 318,212</u>	<u>\$ 106,091</u>	<u>\$ 232,769</u>	<u>\$ 653,240</u>	<u>\$ 7,114,588</u>

No assurance provided.

REGIONAL CULTURAL AND PERFORMING ARTS DEVELOPMENT COMMISSION

SCHEDULE OF TAX RECEIPTS

Year ended December 31, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Change</u>	
			<u>\$</u>	<u>%</u>
1st Qtr (Jan - Mar)	\$ 1,420,343	\$ 940,158	\$ (480,185)	-33.81%
2nd Qtr (Apr - Jun)	1,961,426	449,493	(1,511,933)	-77.08%
3rd Qtr (Jul - Sep)	1,961,426	621,137	(1,340,289)	-68.33%
4th Qtr (Oct - Dec)	<u>1,420,343</u>	<u>-</u>	<u>(1,420,343)</u>	-100.00%
	<u>\$ 6,763,538</u>	<u>\$ 2,010,788</u>	<u>\$ (4,752,750)</u>	-70.27%

SCHEDULE OF KEY RATIOS

Year ended December 31,

	<u>2020</u>	<u>2019</u>
Unrestricted net position as a % of annualized expenses	<u>17.1%</u>	<u>31.2%</u>
Admin as a % of total revenue (statutory)	<u>22.4%</u>	<u>9.3%</u>
Admin as a % of total expenditures	<u>14.8%</u>	<u>9.2%</u>

No assurance provided.

REGIONAL ARTS COMMISSION

Notes to Financial Statements Year Ended December 31, 2020

Statement of Financial Position

- **Cash and cash equivalents** decreased \$1.6M due to reduction in hotel/motel revenue from COVID-19 and RAC's commitment to fully fund the 2019/2020 GOS/POS grants.
- **Hotel/motel sales tax receivable** decreased by \$690k due to the drop in hotel/motel tax revenue from COVID-19.
- **Prepaid expenses** decreased \$22K due to expensing the prior year Survey Monkey payments.
- **Capital assets** increased \$131k due to current year additions totaling \$255k and including the website, HVAC and roofing, partially offset by depreciation of \$124k.
- **Accounts payable** decreased \$62K due to decreased spending due to COVID-19.
- **Grants payable** decreased \$728K due to reduction in anticipated grant payments in response to the decrease in hotel/motel revenues.
- **Compensation & payroll taxes payable** decreased \$74K in part to the severance package payable in 2019 for the previous Executive Director
- **Bank loan payable** increased \$73k, in total, due to the HVAC loan proceeds, less two months payments.
- **Bonds payable** decreased \$184k, in total, due to a bond principal payment. The bonds are scheduled to be fully repaid in 2022.
- **Net investment of capital assets** increased by \$242K, the amount by which the bond principal payments and capital assets purchases exceeded the depreciation.
- **Unrestricted net position** decreased \$1.5M. Unrestricted net position as a percentage of expenses decreased from 31% to 17%. RAC's internal policy requires that unrestricted net position be between 10% and 25% of expenses.

Statement of Revenues and Expenses - Prior Period Comparison

Revenues

- **Hotel/motel tax revenue** decreased by \$4.0M due to COVID-19.
- **Contributions** decreased by \$194k due to prior year grants for Arts Manager and Gyo Obata.

Operating expenses

- **Salaries & Benefits** decreased \$130K due to not filling certain positions budgeted for in 2020 and the furloughs and terminations due to COVID-19.
- **Events** decreased \$43K due to cancellations due to COVID-19.
- **Human resources & Board development** increased \$85K due to Executive Director search
- **Professional fees** decreased \$366K due to the intentional curtailing of certain programs and expenses in response to the decrease in hotel/motel tax revenues and COVID-19. Payment decreased to the following professional service providers: Arts Manager, Springboard to Learning, The Rome Group, VIA Partnership, and The Black Rep. These decreases were partially offset by increased payments related to the InSITE 2020 program.
- **Travel, convention, and seminar** decreased by \$30k due to COVID-19.

REGIONAL ARTS COMMISSION

Notes to Financial Statements Year Ended December 31, 2020

- **Grants and contributions** decreased by \$2.3M due the due to the anticipated reduction of 2020/2021 grants, partially offset by a \$100,000 unbudgeted contribution to the Artist Relief fund during the current year.
- **Forgiveness of Debt** increase of \$208K reflects the PPP loan proceeds which were forgiven during the year and recognized as revenue.

There was a \$1.2M decrease in net assets in the current year compared to a \$112k decrease in net assets in the prior year due to decreased revenue from COVID-19 and RAC's commitment to fully fund the 2020/2021 GOS/POS grants.

Statement of Revenues and Expenses - Budget vs Actual

Operating revenues are \$4.0M under budget to the reduction in hotel/motel taxes from COVID-19.

Operating expenses are \$3.2M under budget due to the following:

- **Salaries & benefits** are under budget by \$260k due to delayed hiring to fill open positions and furloughs and terminations due to COVID-19.
- **Grants and contributions** are \$2.1M under budget due the due to the anticipated reduction of 2020/2021 grants in response to decrease in hotel/motel taxes, partially offset by a \$100,000 unbudgeted contribution to the Artist Relief fund.

All other expenses decreased due to the intentional curtailing of certain programs and expenses in response to the decrease in hotel/motel tax revenues.

The budgeted decrease in net assets was \$640k, while the actual decrease in net assets was \$1.2M.

Schedule of Expenses – By Program

Administrative expenses are 22% of total revenues for 2020 and 9% of total revenues for 2019. The statutory limitation is 15%. The increase is primarily due to the unprecedented decrease in hotel/motel tax revenues in 2020 from the COVID-19 pandemic.

Schedule of Tax Collections

The actual column in this schedule presents cash collections from hotel/motel taxes, whereas the financial statements present hotel/motel taxes on an accrual basis. Taxes earned each quarter are collected in the following months:

1st Qtr (Jan-Mar) – collected in May - Jul
2nd Qtr (Apr-Jun) – collected in Aug - Oct
3rd Qtr (Jul-Sep) - collected in Nov - Jan
4th Qtr (Oct-Dec) – collected in Feb - Apr

Revenues through the 3rd quarter 2020 are under budget \$1.3M with January receipts to be collected.