

RICHMOND ART CENTER
MINUTES OF BOARD OF DIRECTORS ~ February 28, 2013

Location: RAC, Resource Room Time called to order: 5:42 p.m. Time adjourned: 8:15 pm

Members present: Andrea Biren, Anna Blackman, Susan Brand, Donna Brorby, Jan Brown, Jerarde Gutierrez, Sue Hartmann, Yolanda Holley, Bernadette Jones, Edric Kwan, Janie Nutt, Connie Tritt, Susan Wittenberg
Members Absent: Bob Connolly, Peter Dodge, Terry Kotsatos
Staff present: Richard Ambrose, Executive Director
Others Present: none

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Handouts Distributed or emailed prior to meeting:

- 1) Board Meeting Agenda for February 28, 2013
- 2) Minutes of Board of Director's Meeting, January 24, 2013
- 3) RAC Financial Statements Year Ended June 30, 2012 (audited)
- 4) Treasurer's report – January 2013 financial statements and cash flow report; proposed 2012-13 budget revisions
- 5) Executive Director's Report – February 2013
- 6) Board Committee roster, February 2013
- 7) Draft proposals, fiscal sponsorship
- 8) RAC 18 month public program schedule

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1. **Introductions/Announcements/Agenda Review.** There were no changes in the substance of the meeting agenda.

2. **Treasurer's Report.** Ken Sun from Sun & Associates presented the results of the audit of the RAC's books for fiscal year 2012. The audited financial statement is attached, and he reviewed the notes. RAC may not be a large organization, but it is somewhat complex in having more than one distinct program with income and expenses (on-site education, off-site education, membership, donations, exhibits). There was some discussion of 2010 and 2011 when RAC's bookkeeper was not following policies and procedures for appropriately accounting for all income and expenses and when the RAC did not have an appropriate system of checks and balances in the review of statements documenting income and expenditures. The Board Treasurer and RAC's Executive Director and Finance Director all agreed that the appropriate systems and checks and balances are in place. The Finance Director explained the process for logging in the receipt of funds and the redundant processes for verifying all income and expenditures. During the course of the audit, Sun & Associates made recommendations by letter which the RAC accepted and implemented, according to the Executive Director and Finance Director.

The treasurer reported that there will be one more change made in the 2012 financial statement, in relation to stock donations that were processed through the endowment fund. They were NOT donations to the endowment fund, but processed through the endowment fund account.

Mr. Sun is working with RAC to prepare RAC's 990, which must be filed by May 15, 2013.

The treasurer reported that the Finance Committee is debating whether to recommend that RAC have its next audit next year or the year after. The cost this year was just under \$6,000.

The treasurer reviewed the proposed 2012-2013 budget amendment, which is attached. The amendment is necessary at this time so that the budget more closely reflects performance. For example, the RAC has about \$18,000 less in unrestricted donations than budgeted, comparing this year to last year. Responding to concerns raised in October about the formula used to allocate staff salaries as expenses to programs, the treasurer explained that allocation in the revisions was based on staff estimates of time spent on various activities. The treasurer explained that the budget revisions show that \$103,410 from the City of Richmond's funds granted to RAC this year are not being expended as was originally intended mostly because of delayed hiring of new staff. She explained that the Finance Committee recommended that \$100,000 of these funds be reserved for capital or other projects that would be one-time expenses and would contribute to RAC's sustainability in the future. The money would not be committed or allocated without the Finance Committee's and the board's further consideration and approval.

MOTION: That the proposed 2012-2013 budget revision be approved and that RAC establish a reserve fund as a line item on the balance sheet and move \$100,000 to that line item.

The motion was made by Connie Tritt and seconded by Susan Brand. The motion passed unanimously.

The treasurer reviewed the January 2013 financial statements, which reflect how much better off RAC is this year as a result of the City of Richmond's support through the MOU. The RAC's task will be to create a sustainable operation during the course of the 5 year MOU.

The treasurer reported that the RAC's Cultural Data Project ("CDP") would be completed for last year by the end of March. The RAC has completed CDP's for the two years before last year. The CDP for last year needs to be completed for certain grantors to consider our grant applications.

3. Approval of minutes of January 24 Board meeting.

MOTION: "It is moved that the Board approve the board meeting minutes of January 24, 2013 as presented."

The motion was made by Susan Wittenberg and seconded by Jan Brown. It passed unanimously

4. **Executive Director's Report.** Ric Ambrose, Executive Director, reviewed the written report he had prepared for the board. It is attached. Ric highlighted:

a. RAC was successful in its Taproot Grant application. It will receive \$55,000 in-kind professional services to develop/solidify its messaging/branding. Liz Padilla is the staff contact for the team. Frank Dwyer is the manager for the team. There will be three additional consultants. The Taproot team intends to put in 500 hours and staff time will also be devoted to the project.

b. The RAC's website contractor will begin work in August, to permit the Taproot team to finish first.

c. It is hoped that the RAC will have a marketing manager by March 18. Finalists are about to be interviewed.

d. RAC's staff calendar of public events was distributed. It is attached.

5. Committee Reports.

Education Committee. Susan Wittenberg prepared the attached written report, and reviewed it briefly.

Curatorial Committee. The RAC has updated its exhibition schedule and is working on scheduling more exhibits further out. There will be a survey exhibition of Bella Feldman's work, and we will seek Zellerbach funding for it. We are talking to a group of artists ("the breakfast club" a group of UC Berkeley Art School alumni) about an exhibit. The RAC now is working on building a curatorial internship program, with CCA.

6. New Business.

a. Fiscal sponsorship of ProFISHiency Program.

As Susan Wittenberg reported at the January meeting, the ProFISHiency Program has requested that the RAC serve as a fiscal sponsor for it so that it might offer potential donors the opportunity to make tax deductible contributions. The ProFISHiency Program recognizes and rewards those Richmond High School students who score "proficient" or above on the California Standards Test (CST) in math by awarding each of them a one-of-a-kind, handknit hat that resembles a highly stylized, artistically designed fish. The hats are the individual, artistic creations of volunteer knitters from the East Bay Knitters, members of the congregation from Berkeley's St. John's Church, and residents from the Greater Richmond Interfaith Program Homeless Shelter in Richmond. At a deeper level, each student who receives a hat is part of a "school" of fish that will function as a group to help one another to ensure that all of the members of the "school" stay on track to succeed in high school and go on to college.

Since the January meeting, Donna Brorby researched the requirements concerning nonprofit fiscal sponsorship. She explained that there are approved models for fiscal sponsorship by nonprofits and that central requirement is that any money received by an organization like the RAC for the benefit of an organization like the ProFISHiency Program is that the money be expended in the service of the RAC's tax exempt charitable and educational purposes. Essentially, the RAC would be subject to the same requirements with respect to funds received by the RAC for ProFISHiency as it is with respect to its other funds.

Susan Wittenberg made the following *motion*:

As set forth in the RAC's mission statement: The Richmond Art Center (RAC) is a dynamic arts organization that empowers and transforms individuals and the community through creative exploration, experience and education. One way for the Richmond Art Center to serve its mission is by fiscal sponsorship of smaller organizations or projects that fit with the RAC's mission. Fiscal sponsorship means a nonprofit organization – a "fiscal sponsor" – assumes legal and financial responsibility for the activities of groups or individuals engaged in work that furthers both the fiscal sponsor's and the other groups' or individuals' mission. By fiscal sponsorship, the RAC may be able to expand its effectiveness by assisting the sponsored group or individuals, generally by making it possible for the sponsored group or individuals to receive tax exempt funding.

In order to responsibly manage its own funds and preserve its own tax exempt status, the RAC has put in place staff and systems that have the capacity to provide the same management for smaller groups or individuals engaged in work that fits within the RAC's mission. At this time, the ProFISHiency Program has approached the RAC seeking fiscal sponsorship.

MOTION: I move that the RAC serve as fiscal sponsor for the ProFISHiency Program, provided that the ProFISHiency Program and the RAC enter into an appropriate written agreement setting forth the fiscal sponsorship relationship and that the ProFISHiency Program complies with the written agreement.

7. Adjournment. The meeting was adjourned, on a motion by Donna Brorby that was seconded by Bernadette Jones, at 8:15 p.m.

Refreshments: Sue Hartman will bring refreshments to the March 28 meeting.

Upcoming Dates: March 14 evening - Chamber Bay Cruise - some proceeds to WCCUSD exhibit
 March 23 - 11 am to 1 pm Major Donors Brunch; 2 to 4 pm reception Spring
 Exhibition
 March 28 5:30 BOARD MEETING
 April 11 - 5 to 7 pm Chamber of Commerce Mixer
 April 13 - 2 to 4 pm Reception for WCCUSD Art Exhibition
 April 19 5:30-7:30 WCCUSD exhibit reception
 April 20 - 1 to 4 pm RAC event, Upcycle! Richmond Earth Day/Make-It-Faire
 June 15 - 4-5 p.m. Annual Membership Meeting, **very important for board
 members to attend**

Board meetings are 5:30 to 7:30 the fourth Thursday of the month, except in November and December when the meetings will be on the third Thursday due to holidays

Agenda for February 28, 2013 5:30 pm
 Richmond Art Center Board of Directors Meeting
 Resource Room, Richmond Art Center

AGENDA

- | | | |
|---|------------|----------------------------------|
| 1. Introductions/Announcements/Agenda Review/
Need Board volunteers for events –see below
i. Volunteer Hours & Refreshments next time
Thank You to Bernadette for Training Session | 5 minutes | Andi |
| 2. Approval of Minutes of January Board Meeting | 5 minutes | Donna |
| 3. Treasurer's Report
Auditor's Report - Ken Sun from Sun & Associates
January Financials/ 990
Budget Revise – Discussion regarding reserve account | 40 minutes | Connie/Ric |
| 4. E.D. Report
Taproot Grant Acceptance & Scope of Work
Program/Fundraising Calendar | 30 minutes | Ric |
| 5. Committee Reports
Update from Curatorial Committee
Update from Education Committee
Update from Development re March 23 event | 20 minutes | Ric/Jerarde
Susan W.
Donna |
| 6. New Business
Should RAC act as a fiscal agent for smaller nonprofits?
Should RAC adopt a joint venture policy? | 20 minutes | Susan W./Ric

Donna |
| 7. Adjourn – Motion Needed | | |

Upcoming Dates:

- March 14 evening - Chamber Bay Cruise - some proceeds to WCCUSD exhibit**
- March 23 11:30 Special Brunch for Donors over \$1000**
- 2:00 Opening Reception for New Exhibits**
- March 28 5:30 BOARD MEETING**
- April 11 5-7 Chamber Mixer at the RAC - Honoring Cal Oils**
- April 19 5:30-7:30 WCCUSD exhibit reception**
- April 20 -1-4 Upcycle! Richmond**
- June 15 4-5 Annual Members Meeting to Vote on Board & Officers**

RICHMOND ART CENTER

FINANCIAL STATEMENTS

Year Ended June 30, 2012

SUN & ASSOCIATES, CPA
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HAYWARD, CA 94544
(510) 886-7680



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Independent Auditor's Report

Board of Directors
Richmond Art Center
Richmond, California

I have audited the accompanying statement of financial position of Richmond Art Center ("the Organization") as of June 30, 2012 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Richmond Art Center as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Sun & Associates CPA

Hayward, California
December 18, 2012

RICHMOND ART CENTER
STATEMENT OF FINANCIAL POSITION

As of June 30, 2012

ASSETS

Current assets	
Cash and cash equivalents	\$ 303,770
Cash and investment - endowment fund	60,736
Accounts receivable, net of allowance for doubtful accounts of \$890	650
Prepaid expenses	13,368
Inventory	<u>745</u>
Total current assets	379,269
Fixed assets	
Property and equipment , net of accumulated depreciation of \$66,691	<u>16,749</u>
Total fixed assets	<u>16,749</u>
Total Assets	<u><u>\$ 396,018</u></u>

LIABILITIES & NET ASSETS

Current liabilities	
Accounts payable and accrued expenses	\$ 25,532
Deferred revenue	28,055
Loan payable - current portion	<u>32,240</u>
Total current liabilities	85,827
Long-term liabilities	
Loan payable - non-current portion	<u>128,960</u>
Total liabilities	<u>214,787</u>
Net assets	
Unrestricted net assets	(10,956)
Temporarily restricted net assets	158,498
Permanently restricted net assets	<u>33,689</u>
Total net assets	<u>181,231</u>
Total Liabilities and Net Assets	<u><u>\$ 396,018</u></u>

See accompanying notes to financial statements.

RICHMOND ART CENTER

STATEMENT OF ACTIVITIES

Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:				
Donations & grants	\$ 22,632	\$ 91,750	\$ -	\$ 114,382
Rental income	1,805			1,805
Membership dues & fees	29,575			29,575
Education income	199,677			199,677
Fundraising	124,685			124,685
Exhibition income	10,823			10,823
Miscellaneous income	6,102			6,102
Interest income	258			258
Net assets released from from restriction	204,513	(204,513)		-
	600,070	(112,763)	-	487,307
Expenses:				
Program services:				
Education	214,212			214,212
Exhibition	97,767			97,767
Neighborhood public art	22,454			22,454
General and administrative	99,586			99,586
Fundraising	75,044			75,044
	509,063	-	-	509,063
Net change in net assets	91,007	(112,763)	-	(21,756)
Net assets, beginning of year	(101,963)	271,261	33,689	202,987
Net assets, end of year	\$ (10,956)	\$ 158,498	\$ 33,689	\$ 181,231

See accompanying notes to financial statements.

RICHMOND ART CENTER

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2012

	Education	Exhibition	Neighborhood Public Art	General & Administrative	Fundraising	Total
Salaries and wages	\$ 103,903	\$ 61,602	\$ 4,771	\$ 40,499	\$ 35,149	\$ 245,924
Contract services	54,575	9,414	17,000	14,757	13,238	108,984
Payroll taxes	9,477	5,855	375	4,583	3,366	23,656
Employee benefits	11,266	3,041	48	2,381	1,827	18,563
Fundraising expense	-	-	-	-	16,384	16,384
Bank charges	10,906	-	-	2,405	-	13,311
Repairs & maintenance	26	8,500	-	1,136	-	9,662
Miscellaneous	6,981	1,490	-	-	396	8,867
Program supplies	7,403	71	-	-	-	7,474
Insurance	765	2,638	79	3,093	574	7,149
Office expense	102	186	-	5,141	874	6,303
Postage & shipping	78	1,048	-	4,075	-	5,201
Information technology	1,576	-	60	3,511	-	5,147
Depreciation	-	-	-	4,977	-	4,977
Art sales commission	42	2,556	-	-	2,065	4,663
Printing & reproduction	2,850	373	-	558	275	4,056
Website management	1,569	324	-	2,038	69	4,000
Workers compensation	1,191	669	121	660	827	3,468
Staff development	-	-	-	2,269	-	2,269
Accounting	-	-	-	2,025	-	2,025
Advertising and promotion	922	-	-	1,072	-	1,994
Payroll service fees	-	-	-	1,695	-	1,695
Dues & subscriptions	-	-	-	1,035	-	1,035
Bad debts	-	-	-	890	-	890
Licenses & permits	-	-	-	786	-	786
Travel	580	-	-	-	-	580
	\$ 214,212	\$ 97,767	\$ 22,454	\$ 99,586	\$ 75,044	\$ 509,063

See accompanying notes to financial statements.

RICHMOND ART CENTER
STATEMENT OF CASH FLOWS

Year Ended June 30, 2012

Cash flows from operating activities:

Change in net assets	\$ (21,756)
Adjustments to reconcile change in net assets to cash provided by operating activities	
Depreciation	4,977
(Increase) decrease in:	
Accounts receivable	240
Prepaid expenses	(1,117)
Investment in endowment fund	(28,119)
Increase (decrease) in:	
Accounts payable & accrued expenses	(17,373)
Deferred revenue	<u>28,055</u>
Net cash (used for) operating activities	<u>(35,093)</u>
Cash flows from financing activities:	
Loan from City of Richmond	<u>161,200</u>
Net cash provided by financing activities	<u>161,200</u>
Net increase in cash	126,107
Cash at the beginning of year	<u>177,663</u>
Cash at the end of year	<u><u>\$ 303,770</u></u>

Supplemental disclosures of cash flow information

Cash paid during the period for:	
Interest expense	\$ 1,918

See accompanying notes to financial statements.

RICHMOND ART CENTER
NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2012

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operation

Richmond Art Center (“The Organization”) is a not-for-profit organization founded in 1936 to inspire active engagement in the visual arts through exhibitions, education, in-school and community-based programs. The Organization provides meaningful visual arts experiences to the diverse populations of the greater San Francisco Bay Area.

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Revenues are recorded when earned and expenses are recorded when the related obligation is incurred.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

Cash and cash equivalents

Cash and cash equivalents consist primarily of cash in demand deposit accounts as well as cash on hand. For purposes of the statement of cash flows, management considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Furniture and equipment

Richmond Art Center capitalizes all expenditures for property and equipment in excess of \$500. The Organization records purchased property and equipment at cost. Depreciation is computed using the straight line method over the estimated useful life of 5 to 7 years.

RICHMOND ART CENTER
NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2012

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Income Taxes

Richmond Art Center is exempt from federal and state income taxes under section 501(c) (3) of the Internal Revenue Code and Section 23701(d) of the Revenue and Taxation Code of the State of California. In addition, the Organization has no federal or state unrelated business taxable income; accordingly, no provision has been made for income taxes in the accompanying financial statements.

Basis of Presentation

Richmond Art Center follows the provisions of Not-For-Profit Entities Topic of FASB ASC (FASB ASC 958), which establishes external financial reporting for not-for-profit organizations. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

- Unrestricted - Net assets which are free of donor imposed restrictions; all revenues, expenses, gains and losses that are not changes in permanently or temporarily restricted net assets.
- Temporarily Restricted – Net assets whose use by the Organization is limited by donor-imposed stipulations that either expire by the passage of time or that can be fulfilled or removed by actions of the Organization.
- Permanently Restricted – Net assets whose use by the Organization is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled and removed by actions of the Organization.

Support and Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and /or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

RICHMOND ART CENTER
NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2012

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions over the useful life of the donated asset. The Organization reclassifies temporarily restricted net assets to unrestricted net assets over such useful life.

Investment Securities

The Organization follows the Financial Accounting Standards Board ASC 958, Not-For-Profit Entities. Standards for accounting for investment securities are contained in FASB ASC 958-320, *Investments-Debts and Equity Securities*. The Organization is required to report investments with readily determinable fair values and all investments in debt securities at fair value. Gains and losses, both realized and unrealized, interest and dividends are included in the statements of changes in unrestricted net assets. Investments received as gifts are recorded at the fair value at the date of the gift.

NOTE 2 - PROPERTY AND EQUIPMENT

Furniture and equipment consisted of the following as of June 30, 2012:

Computers	\$ 51,563
Furniture & Fixtures	<u>31,877</u>
	83,440
Less accumulated depreciation	<u>(66,691)</u>
Property and equipment, net	\$ <u>16,749</u>

The depreciation expense for the year ended June 30, 2012 was \$4,977.

RICHMOND ART CENTER
NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2012

NOTE 3 – INVESTMENT IN ENDOWMENT FUND

The following schedule summarizes the transactions in the Endowment Fund account for the year ended June 30, 2012:

	Unrestricted	Permanently Restricted	Total
Beginning balance as of 7/1/2011	\$ -	\$ 32,616	\$ 32,616
Interest and dividends	154	-	154
Additional donation	28,699	-	28,699
Net gain/loss	(733)	-	(733)
Ending balance as of 6/30/2012	<u>\$ 28,120</u>	<u>\$ 32,616</u>	<u>\$ 60,736</u>

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

For the year ended June 30, 2012, temporarily restricted net assets consist of the following funds that have time or purpose restrictions:

	Bal. at 7/1/11	Contributions	Release from Restrictions	Bal. at 6/30/12
Regello Bequest	115,663	-	27,206	88,457
Scholarships	1,325	-	1,325	-
Neighborhood Public Art (NPA)	51,742	-	38,242	13,500
Textiles	1,910	-	-	1,910
Mechoshades	7,664	-	7,664	-
Resource Room	2,897	-	410	2,487
Activenet DB Upgrade	10,000	-	8,700	1,300
Chamberlin Family Foundation	78,220	5,000	83,220	-
San Francisco Foundation	1,340	-	1,340	-
Ceramic Study Center	500	500	96	904
Ruben & Muriel Savin Foundation	-	30,000	30,000	-
West Contra Costa Unified School District	-	2,500	1,544	956
Richmond Community Foundation	-	1,750	-	1,750
California Oils Corporation	-	17,500	-	17,500
Leshner Foundation	-	30,000	4,766	25,234
Richard & Emily Levin Foundation	-	2,500	-	2,500
Tides Foundation	-	2,000	-	2,000
	<u>271,261</u>	<u>91,750</u>	<u>204,513</u>	<u>158,498</u>

RICHMOND ART CENTER
NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2012

NOTE 5 – FAIR VALUE MEASUREMENTS

Richmond Art Center utilizes fair value measurements to record adjustments to certain financial assets and to determine fair value disclosures. Money market funds, various mutual funds, corporate bonds and common stocks are recorded at fair value.

The Organization uses a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value as follows:

Level 1 (L1) - Observable inputs such as quoted prices in active markets.

Level 2 (L2) - Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly.

Level 3 (L3) - Unobservable inputs for which there is little or no market data, which require the Organization to develop its own assumptions.

For assets that are measured at fair value on a recurring basis in periods after initial recognition, there were no transfers between Level 1 and 2, or transfers into and out of Level 3 during the year ended June 30, 2012. If such transfers were to occur, they would be recognized as of the actual date of the event.

A description of valuation methodologies used for assets recorded at fair value is as follows:

Money funds (L1) are valued at quoted market prices in an active market.

Mutual funds (L2) are measured based on the values of the underlying investments.

As required by FASB ASC Topic 820, at June 30, 2012, the Organization’s portfolio investments were classified as follows, based on their values:

	Fair Value at June 30, 2012	Level 1	Level 2	Level 3
Money Market Accounts	\$5,736	\$5,736	\$ -	\$ -
Mutual Funds	55,000	-	55,000	-
Total	<u>\$60,736</u>	<u>\$5,736</u>	<u>\$55,000</u>	<u>\$ -</u>

RICHMOND ART CENTER
NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2012

NOTE 6 — PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of donations that the funders intend to create a permanent endowment for the Organization. Donations to the permanent endowment began in the fiscal year 2008-2009. The permanently restricted fund balance as of June 30, 2012 was \$33,689.

NOTE 7 – LOAN PAYABLE

A five-year loan of \$161,200 from City of Richmond is payable with five equal annual installments at no interest beginning on May 31, 2013. The minimum future loan payments are as follows:

Years Ending June 30,	
2013	\$ 32,240
2014	32,240
2015	32,240
2016	32,240
2017	<u>32,240</u>
	<u>\$161,200</u>

NOTE 8 - LEASES

Richmond Art Center has a real property lease agreement with the City of Richmond, which has been extended an additional five years effective July 2010. The Organization pays no rent for the usage of the space and facilities. The value of the annual use of the property is impracticable to calculate and, therefore, not recorded as an in-kind contribution.

NOTE 9 – CONTINGENCIES

Richmond Art Center maintains cash accounts at a credit worthy and high quality financial institution. The cash balances are insured by the Federal Depository Insurance Corporation (“FDIC”) up to \$250,000. The Organization’s bank balance exceeded the FDIC limit by approximately \$75,000 at June 30, 2012.

RICHMOND ART CENTER
NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2012

NOTE 10 – RISKS, UNCERTAINTIES AND CONCENTRATIONS

Richmond Art Center relies on a significant amount of funding received in the form of donations and grants from individuals and foundations to support its operation. The recent global and U.S. economic downturn may impact the level of funding provided by these funding sources. While it is impracticable to determine the impact of these events, management is taking steps to address potential changes in funding levels and reduce the Organization's exposure to impact from these events.

NOTE 11 – RELATED PARTIES TRANSACTIONS

During the fiscal year ended June 30, 2012, one of the board members received \$7,435 for managing the Neighborhood Public Art (NPA) Program. Also, the spouse of a board member received \$1,000 consulting fees for the Student Art Show Program. In both cases, there was a contract and the material facts of each transaction were disclosed to the board. In addition, in compliance with the Organization's conflict of interest policy, the board reviewed the facts of each transaction prior to approving the contract, and voted in favor of the transaction as they considered it the most beneficial arrangement obtainable in the circumstances with reasonable efforts.

NOTE 12 – SUBSEQUENT EVENTS

In preparing these financial statements, Management has evaluated events and transactions for potential recognition or disclosure through December 18, 2012, the date the financial statements were available to be issued, and does not believe there are any material subsequent events which would require further disclosure.

Cashflow Schedule for the Richmond Art Center													
as of	November 30, 2012												
	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	to date	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13
Beginning Balance	\$188,242.80	\$ 158,946	\$ 159,221	\$ 155,500	\$ 118,200	\$ 49,700	\$ 58,827	\$ 85,200	\$ 85,200	\$ 147,600	\$ 176,300	\$ 279,900	\$ 219,300
deposits for the month	\$ 46,034.14	\$ 52,284	\$ 31,866	\$ 175,400	\$ 7,400	\$ 54,304	\$ 76,980	\$ 122,100	\$ 122,100	\$ 76,900	\$ 163,400	\$ 15,600	\$ 78,100
payroll and checks for the month	\$ (75,331.11)	\$ (52,009)	\$ (35,618)	\$ (212,700)	\$ (75,900)	\$ (45,176)	\$ (50,655)	\$ (59,700)	\$ (59,700)	\$ (48,200)	\$ (59,700)	\$ (76,300)	\$ (94,700)
Ending Balance	\$158,945.83	\$ 159,221	\$ 155,470	\$ 118,200	\$ 49,700	\$ 58,827	\$ 85,152	\$ 147,600	\$ 147,600	\$ 176,300	\$ 279,900	\$ 219,300	\$ 202,700
Reflects cash in general checking only													
Checking, COR Match					\$ 10,950	\$ 26,960	\$ 9,618	\$ -	\$ -	\$ 30,000	\$ -	\$ -	\$ -
Savings, Regello	\$ 115,459	\$ 115,473	\$ 115,483	\$ 115,483	\$ 115,483	\$ 115,483	\$ 115,523	\$ 115,523	\$ 115,523	\$ 115,523	\$ 115,523	\$ 115,523	\$ 115,523
Savings, Loan Proceeds	\$ 60,736	\$ 60,736	\$ 60,736	\$ 31,081	\$ 31,081	\$ 31,081	\$ 31,081	\$ 31,081	\$ 31,081	\$ 31,081	\$ 31,081	\$ 31,081	\$ 31,081
Endowment Fund balance													
Anticipated deposit detail													
General Operations				\$ 21,353	\$ 7,385	\$ 7,740	\$ 11,460	\$ 10,000	\$ 10,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Events						\$ 18,087							
Class Registration				\$ 94,254		\$ 28,477	\$ 27,618	\$ 2,909	\$ 2,909	\$ 30,000	\$ 15,000		\$ 43,750
City of Richmond				\$ 29,816			\$ -	\$ 106,729			\$ 93,750		\$ -
Transfer of funds internally				\$ 30,000			\$ 37,902	\$ -	\$ -		\$ 39,618		\$ -
Other Grants								\$ 2,500	\$ 2,500	\$ 31,875		\$ 625	\$ 19,375
Total anticipated deposits				\$ 175,423	\$ 7,385	\$ 54,304	\$ 76,980	\$ 122,138	\$ 122,138	\$ 76,875	\$ 163,368	\$ 15,625	\$ 78,125
Estimated Payroll and Check detail													
Payroll				\$ 28,134	\$ 45,933	\$ 31,474	\$ 34,895	\$ 33,200	\$ 33,200	\$ 33,200	\$ 33,200	\$ 49,800	\$ 33,200
Faculty Pay				\$ 10,741	\$ 13,229	\$ -	\$ -	\$ 11,500	\$ 11,500	\$ -	\$ 11,500	\$ 11,500	\$ 11,500
Other Payments				\$ 12,576	\$ 16,748	\$ 13,702	\$ 15,760	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 50,000
Total Disbursements				\$ 51,451	\$ 75,910	\$ 45,176	\$ 50,655	\$ 59,700	\$ 59,700	\$ 48,200	\$ 59,700	\$ 76,300	\$ 94,700

RICHMOND ART CENTER									
MASTER BUDGET									
July 1, 2012 - June 30, 2013									
	Education	Exhibition	Membership	Fundraising	Marketing	Facilities	Admin	Totals	
Income:									
Class Registration Fees	\$ 180,000							\$ 180,000	
Workshops/Open Studios	\$ 3,500							\$ 3,500	
Art Tour Fees	\$ 1,200							\$ 1,200	
Sales of Clay and Other Ceramics	\$ 5,500							\$ 5,500	
Cost of Sales	\$ (4,200)							\$ (4,200)	
Sponsorships/Scholarships	\$ 8,500							\$ 8,500	
Gift Certificates	\$ 100							\$ 100	
Class Catalog Advertising	\$ 340							\$ 340	
Locker Rental	\$ 800							\$ 800	
Studio Rentals/Birthday Parties/School Pgm Fees	\$ 2,800							\$ 2,800	
Grants/Contracts:								\$ -	
AIS, Helms	\$ 7,500							\$ 7,500	
AIS, Lincoln	\$ 2,500							\$ 2,500	
San Pablo Foundation	\$ 3,400							\$ 3,400	
California Oils	\$ 14,000							\$ 14,000	
Eastman Fund	\$ 4,000							\$ 4,000	
Various sponsors	\$ 4,000							\$ 4,000	
Veolia (pending)	\$ -							\$ -	
Art 4 Moore (Tides Foundation, restricted)	\$ 2,000							\$ 2,000	
Levin Richmond Terminal	\$ 2,500							\$ 2,500	
Red Oak grant	\$ 750							\$ 750	
Arts in Schools/Comm Ctrs, EBCF	\$ 17,000							\$ 17,000	
								\$ -	
National Craft Jury Competition		\$ 3,500						\$ 3,500	
Art Sales		\$ 11,000						\$ 11,000	
less commission to artist		\$ (6,768)						\$ (6,768)	
Sponsorships/Donations		\$ 1,000						\$ 1,000	
Main Gallery Entrance Fees		\$ 1,500						\$ 1,500	
Grants/Contracts:								\$ -	
Open Circle Foundation (EBCF)		\$ 10,000						\$ 10,000	
WCCUSD		\$ 3,350						\$ 3,350	

RICHMOND ART CENTER										
MASTER BUDGET										
July 1, 2012 - June 30, 2013										
	Education	Exhibition	Membership	Fundraising	Marketing	Facilities	Admin	Totals		
White/Scalapino Fund "Hobos to Street People"		\$ 5,000						\$ 5,000		
NPA COR Grant "Art on the Greenway"		\$ 8,000						\$ 8,000		
Savin Foundation		\$ 30,000						\$ 30,000		
Leshar Foundation		\$ 30,000						\$ 30,000		
Memberships			\$ 24,000					\$ 24,000		
Partnership Campaign				\$ 80,000				\$ 80,000		
Spring Campaign				\$ -				\$ -		
Holiday Arts Festival				\$ 17,000				\$ 17,000		
Richmond Community Foundation							\$ 6,710	\$ 6,710		
City of Richmond MOU & March	\$ 90,801	\$ 8,156			\$ 37,725	\$ 36,910	\$ 79,998	\$ 253,590		
Total Income	\$ 346,991	\$ 104,738	\$ 24,000	\$ 97,000	\$ 37,725	\$ 36,910	\$ 86,708	\$ 734,072		

RICHMOND ART CENTER									
MASTER BUDGET									
July 1, 2012 - June 30, 2013									
	Education	Exhibition	Membership	Fundraising	Marketing	Facilities	Admin	Totals	
Expense:									
Direct Personnel Cost	\$ 111,760	\$ 46,240	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 158,000	
Payroll Taxes (inc. w/c ins)	\$ 11,837	\$ 4,868	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,705	
Payroll Service Fees							\$ 2,250	\$ 2,250	
Benefits	\$ 6,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,000	
Allocated Staff Costs	\$ 43,384	\$ 28,686	\$ 12,640	\$ 46,053	\$ 28,725	\$ 19,910	\$ 89,461	\$ 268,859	
Staff Development & Recruitment							\$ 2,000	\$ 2,000	
Board Development & Recruitment							\$ 3,000	\$ 3,000	
Faculty	\$ 100,000							\$ 100,000	
Art in Schools									
Faculty only	\$ 13,584							\$ 13,584	
Supplies	\$ 5,504							\$ 5,504	
Art Tours	\$ 3,000							\$ 3,000	
Art in Community Centers	\$ 8,500							\$ 8,500	
Art in Libraries	\$ 2,000							\$ 2,000	
Public Events, 2	\$ 2,422							\$ 2,422	
Program Supplies	\$ 6,000	\$ 1,000						\$ 7,000	
Non-Faculty Contractors	\$ -	\$ 1,000		\$ 4,000				\$ 5,000	
Advertising/Marketing	\$ 6,000	\$ 1,000						\$ 7,000	
Catalog Delivery	\$ 800							\$ 800	
Postage/Shipping	\$ 2,000	\$ 1,250	\$ 250	\$ 1,000			\$ 3,500	\$ 8,000	
Printing	\$ 6,000	\$ 600		\$ 500			\$ 2,500	\$ 9,600	
Modeling Services	\$ 3,200							\$ 3,200	
Graphic Design Services	\$ 5,000							\$ 5,000	
Website Maintenance	\$ 3,000						\$ 2,000	\$ 5,000	
ActiveNet CC & Transaction Fees	\$ 7,000		\$ 1,300	\$ 466				\$ 8,766	
WCCUSD Show expense		\$ 3,350						\$ 3,350	
Hobos to Street People Exhibit									
Rental Fee		\$ 4,500						\$ 4,500	
Misc expense		\$ 500						\$ 500	
Art on the Greenway								\$ -	
Photographer stipends, printing/ mounting images, didactic		\$ 3,850						\$ 3,850	

Executive Director's Report for February 2013

Staffing:

Tanya Gayer has joined the staff as our new part-time Exhibition Assistant. Tanya will support Emily Anderson, Exhibition Director, in developing exhibition programs and will assist with exhibits installation/de-installation. We are interviewing finalists for the part-time Marketing Coordinator position. The successful candidate should start by mid-March and will support the five-month Taproot Foundation Key Messaging and Branding Strategies project, the subsequent upgrade of our Website, and the centralization of RAC's marketing efforts.

Grant Applications to be submitted in March:

1. Richmond Community Foundation to upgrade our main server to ensure the capacity to archive our visual library and videos. (Ask: \$5,000. Estimated cost: \$8,000).
2. Zellerbach Foundation to support the Bella Feldman Exhibition for fall 2013 (Ask: \$5,000)
3. East Bay Community Foundation to support and expand our AIS program for FY13/14. (Ask: \$25,000)
4. Morris Stulsaft Foundation to support our AIS program (Ask: \$20,000)
5. California Oils Corporation to continue their support of our Summer Art Camps (Ask: \$17,500-\$20,000).

Programs/Partnerships:

We are working with the **Richmond Library and Lawrence Hall of Science** to develop a 4-week pilot program for this summer with a STEAM (Science Technology, Engineering, Art & Math) focus. Tentative plans will be announced at the next meeting. The program will become part of our after school and summer camp activities.

Rosie the Riveter National Park's **Rosie's Girls** will participate in a two-week summer camp activity in printmaking and jewelry/metal work.

Upcycle Richmond! In celebration of Earth Day, a series of "make-it" activities will take place throughout the facility on Saturday, April 20th. RAC will partner with **California 4-H, Lawrence Berkeley National Laboratory, and NIAD** and will stage a number of activities that will involve recyclable materials. Currently seeking sponsorships for this event.

Richmond Chamber of Commerce Mixer:

Thursday April 11th from 5 to 7 pm at the RAC. We will honor California Oils Corporation for their ongoing support for our Summer Art Camp program. CAL Oils has supported the Summer Art Camp for the past six years.

Human Resource/ Governance:

RAC provided a two-hour Anti-Harassment and Cultural Awareness Training for the staff, board and faculty. We had 32 in attendance. The session was filmed by KCRT and will be edited and made available for those who are required to participate but were able to attend the session. I would like to thank Bernadette Jones for leading the superb and engaging session, and Susan Hartman for the use of the City Training Rooms. Bernadette also conducted a two-hour session for the staff's management team.

Other Activities:

We have installed the building wide Wi-Fi system and will work with the City to set up the password and access protocol.

The Richmond Chamber of Commerce is presenting a Monte Carlo Bay Lights Cruise on March 14th which is a fundraiser for several programs including RAC's 48TH Annual WCCUSD Student Art Exhibition..

Spring Classes: The Spring catalog will be distributed this week and classes start April 1st.

EDUCATION COMMITTEE REPORT
January & February 2013

Since the start of 2013, the Education Committee has:

1. Begun what will be a detailed analysis and review of the present classes taught at the RAC to determine their strengths, weaknesses, financial feasibility, and relevance to RAC's present and future students. The initial discussion at the January 2013 Education Committee meeting indicated the committee needs to carefully address how to expand youth engagement and collaboration/partnering with other youth organizations. This discussion will continue at subsequent committee meetings.
2. Reviewed the Education section of the Strategic Plan and generally approved the ideas presented.
3. Been informed that students, teachers and Principals have expressed positive comments about the RAC programs at Lincoln Elementary and Helms Middle schools.
4. Raised the following issues if RAC is to continue to expand its Art in Schools programs to include additional schools:
 - a. The committee must determine criteria as to which schools we should serve should we be in a position of having to choose one school over another. We may need to revise the RAC mission to better reflect these criteria. We will keep the Board informed.
 - b. We must make our programs cost effective and must serve more children per program. It's hard to justify an \$18,000 per year program for only 6-10 children. The Helms Fashion Design program that started in January has 12 students; the Lincoln mosaic program has 22 students. The committee discussed the possibility of including either a volunteer or paid assistant instructor for all off-site classes to enable a larger enrollment per class. If a paid position, the cost would be added to the total class cost.
 - c. We must clearly articulate in all AIS programs how and which VAPA standards are being addressed. Doing so will enable us to use these standards as a basis for tangible program evaluation.
 - d. School district teachers might be more willing to engage with RAC if they could see a closer connection between the curricula they must teach and the RAC exhibitions. Therefore, it was recommended that RAC consider holding a "teacher institute" during the summer to bring teachers together to create curriculum to more directly link school curricula and the RAC exhibitions students participate in through the RAC Art Tours.
5. Stayed current with the progress of the RAC/Library Collaboration regarding the intended STEAM program starting in the summer. RAC is in discussion with Lawrence Hall of Science as a potential service provider for this 2-4 week program. On March 20th, Lisa DiPrima from RAC will start a 4-week, Wed. afternoon Library art program for 15 youth.
6. Worked with Kato and Rebeca to ensure the start of RAC programs at the Shields Reid and Nevin Community Centers. Both programs will start in March with a 12-week clay program at Shields Reid and an 8-week mosaic program at Nevin. Each Center will pay \$500 for its respective program.

Education Committee members will volunteer on RAC's behalf at the Sisters of Solidarity event on March 9th and the RAC's Upcycle event on April 20th.

Report submitted by: Susan Wittenberg
Chairperson, Education Committee

Feb. 28, 2013

RAC's Program Calendar*

March 2013 -June 2014

(For Internal Use only!)

***Dates and Programs subject to change**

March, 2013

- 8** **Exhibition;** Last day of Winter Exhibits (galleries closed to March 22)
- 16** **Education;** Last day of Winter Classes
- 23** **Donor Recognition:** VIP Donor Brunch, 11:30-1 p.m.
- 23** **Exhibition;** Opening Reception for Spring Exhibitions – 2-4pm

April, 2013

- 1** **Education:** First Day of Spring Classes
- 11** **Marketing:** Richmond Chamber of Commerce Mixer 5-7 pm
- 19** **Exhibition:** Reception for WCCUSD Art Exhibition, 5:30-7:30 pm
- 20** **Community:** UPCYCLE! Richmond, 1-4 p.m.
- 29** **Education:** Registration begins for Summer Classes

May, 2013

- 4** **Education:** Opening of AIS exhibition in Community Gallery
- 14** **Fundraising:** Launch Membership Campaign (thru June 30th)

June, 2013

- 1** **Exhibition:** Last Day for Spring Exhibitions (galleries closed to June 14th)
- 8** **Education:** Last day for Spring Classes
- 10** **Education:** First day for Youth Summer Camps
- 15** **Annual Members Meeting 4-5 pm**
- 15** **Exhibition:** Opening reception for Members/ACGA Exhibition 5-7 pm
- 17** **Education:** First day for Summer Adult Classes
Registration begins for Fall Quarter

July, 2013

- 27** **Exhibition:** Reception for *Race to the Cup*, TBD
- Community:** STEAM Iron Triangle Picnic booth 10-5 pm
- Fundraising:** Cocktail party with Jazz singer TBD

August, 2013

- 17** **Education:** Last Day for summer classes
- 23** **Exhibition:** Last Day for Summer Exhibits (galleries closed to September 12th)

September, 2013

- 8** **Community:** Solano Fair- 10am-6pm Solano Street/Berkeley
- 10** **Education:** Classes for Fall Quarter starts
- 16** **Fundraising:** Launch FY13/14 Partnership Campaign \$250 and above

October, 2013

- 14 **Exhibition:** Opening Reception for Fall exhibitions 5:30-7 pm
- 26 **Community:** Last Thursday is the First - Artists Night Out, 5-7pm (pilot new program Partner with Arts Bridge?) Sites would alternate between Arts Bridge and RAC
- 5 **Education:** Raku Festival – Courtyard
- 24 **Community:** Artists Night Out, 5:30-7 pm (tentative)
- 26 **Education:** Skeleton Fest 1-4 pm

November, 2013

- 16 **Exhibition:** Last day for Fall exhibitions (galleries closed to January 10, 2014)
Education: Last day for Fall classes
Registration begins for Winter Classes
- 21 **Community:** Artist Night Out, 5:30-7 pm (tentative)
Fundraising: Annual Fund

December, 2013

- 5 **Special Event:** VIP reception for HAF Silent Auction 5-7pm
- 8 **Special Event:** Holiday Arts Festival 11-5pm

January, 2014

- 11 **Exhibition:** Opening reception for Winter Exhibitions, 4-7pm
- 14 **Education:** First Day of Winter classes
- 30 **Community:** Artists Night Out (tentative)

February, 2014

- 8 **Education:** Jazz in Art
- 27 **Community:** Artists Night Out, 5:30-7pm (tentative)
Education: Registration begins for Spring Classes

March, 2014

- 15 **Exhibition:** Last day for Winter exhibits (galleries closed to March 21)
Education: Last day for Winter classes
- 22 **Exhibition:** Opening Reception for Spring Exhibitions 5-7 pm
- 27 **Community:** Artists Night Out (Tentative)

April, 2014

- 1 **Education:** First day of Spring Classes
- ? **Exhibition:** Reception for WCCUSD Art Exhibition
- 19 **Education:** Make-it-Faire, 1-4 pm

April, 2014

- 2 **Education:** Registration begins for Summer Classes
- 24 **Community:** Artists Night Out, 5:30-7 p.m. (tentative)

May, 2014

- 2** **Education:** Reception for AIS student work
- 14** **Fundraising:** Membership Campaign thru June 30th
- 29** **Community:** Artists Night Out, 5:30-7p.m.

June, 2014

- 7** **Exhibition:** Last day for Spring Exhibitions
- 17** **Education:** First Day of Summer classes
- 21** **Annual Members Meeting** 4-5 pm
- 21** **Exhibition;** Opening Reception for Summer/Members Exhibitions – 5-7 pm