CONTEMPORARY ART MUSEUM ST. LOUIS

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED
JUNE 30, 2017 AND 2016

Contemporary Art Museum St. Louis

CONTENTS

SCHMERSAHL TRELOAR & CO.
Certified Public Accountants

Independent Auditors' Report

To the Board of Directors of
Contemporary Art Museum St. Louis
St. Louis, Missouri

We have audited the accompanying financial statements of Contemporary Art Museum St. Louis ("CAM") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CAM as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Schmersahl Treloar & Co., PC

St. Louis, Missouri
September 11, 2017

FINANCIAL STATEMENTS

Contemporary Art Museum St. Louis

STATEMENTS OF FINANCIAL POSITION

ASSETS

	June 30, 2017	June 30, 2016
CASH AND CASH EQUIVALENTS	$ 408,939	$ 742,166
INVESTMENTS	6,428,934	5,350,599
PLEDGES RECEIVABLE		
Operating	666,848	358,987
Temporarily restricted endowment	1,552,017	1,521,543
Permanently restricted endowment	3,267,119	3,832,229
Total Pledges Receivable, Net of Discount	5,485,984	5,712,759
PROPERTY AND EQUIPMENT, NET	6,154,822	6,314,369
OTHER ASSETS	65,780	134,880
Total Assets	$ 18,544,459	$ 18,254,773

LIABILITIES AND NET ASSETS

	2017	2016
LIABILITIES		
Accounts payable and accrued expenses	$ 161,749	$ 309,469
NET ASSETS		
Unrestricted		
Net investment in property and equipment	6,154,822	6,314,369
Board designated endowment	2,509,894	2,311,633
Available for general use	(1,385,741)	(884,277)
	7,278,975	7,741,725
Temporarily restricted		
Unappropriated endowment	733,962	410,038
For operations	848,518	330,164
Create: The CAMpaign	1,549,516	1,516,395
	3,131,996	2,256,597
Permanently restricted endowment	7,971,739	7,946,982
Total Net Assets	18,382,710	17,945,304
Total Liabilities and Net Assets	$ 18,544,459	$ 18,254,773

See accompanying notes to financial statements

Contemporary Art Museum St. Louis
STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES				
Individual contributions	$ 465,769	$ 957,654	$ 24,757	$ 1,448,180
Corporate/foundation/special contributions	155,100	259,500	-	414,600
Government grants	22,473	124,063	-	146,536
Investment return, net of fees	123,393	539,973	-	663,366
Program related income	60,098	-	-	60,098
Other income, net of cost of sales and other expenditures of $154,931	54,379	-	-	54,379
Special events, net of expenses of $107,437	221,949	-	-	221,949
Art auctions, net of artist payments of $20,500	114,500	-	-	114,500
In-kind donations	112,318	-	-	112,318
Net assets released from restrictions:				
Draw for unrestricted operations	216,000	(216,000)	-	-
Create: The CAMpaign	479,145	(479,145)		
Exhibits, program, and time	310,646	(310,646)	-	-
Total Revenues	2,335,770	875,399	24,757	3,235,926
EXPENSES				
Program services	2,305,514	-	-	2,305,514
Supporting services	109,550	-	-	109,550
Fundraising	383,456	-	-	383,456
Total Expenses	2,798,520	-	-	2,798,520
CHANGE IN NET ASSETS	(462,750)	875,399	24,757	437,406
NET ASSETS, Beginning of year	7,741,725	2,256,597	7,946,982	17,945,304
NET ASSETS, End of year	$ 7,278,975	$ 3,131,996	$ 7,971,739	$ 18,382,710

See accompanying notes to financial statements

Contemporary Art Museum St. Louis
STATEMENT OF ACTIVITIES
Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES				
Individual contributions	$ 722,025	$ 1,668,835	$ 4,832,229	$ 7,223,089
Corporate/foundation/special contributions	214,368	119,000	-	333,368
Government grants	26,881	-	-	26,881
Investment return, net of fees	(31,673)	(29,215)	-	(60,888)
Program related income	130,911	-	-	130,911
Other income, net of cost of sales and other expenditures of $150,385	6,907	-	-	6,907
Special events, net of expenses of $211,686	68,096	-	-	68,096
Art auctions, net of artist payments of $213,294	513,149	-	-	513,149
In-kind donations	80,900	-	-	80,900
Net assets released from restrictions:				
Draw for unrestricted operations	223,000	(223,000)	-	-
Create: The CAMpaign	-	-	-	-
Exhibits, program, and time	386,679	(386,679)	-	-
Total Revenues	2,341,243	1,148,941	4,832,229	8,322,413
EXPENSES				
Program services	2,381,174	-	-	2,381,174
Supporting services	110,902	-	-	110,902
Fundraising	325,616	-	-	325,616
Total Expenses	2,817,692	-	-	2,817,692
CHANGE IN NET ASSETS	(476,449)	1,148,941	4,832,229	5,504,721
NET ASSETS, Beginning of year	8,218,174	1,107,656	3,114,753	12,440,583
NET ASSETS, End of year	$ 7,741,725	$ 2,256,597	$ 7,946,982	$ 17,945,304

See accompanying notes to financial statements

Contemporary Art Museum St. Louis
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2017

	Program Services	Supporting Services	Fund-raising	Total
OPERATING EXPENSES				
Salaries and payroll taxes	$ 782,468	$ 84,890	$ 264,065	$ 1,131,423
Medical insurance	53,488	7,641	23,772	84,901
Contract services	364,181	4,024	22,967	391,172
Postage and shipping	200,079	141	2,585	202,805
Facilities	137,559	1,432	4,297	143,288
Printing	103,160	493	4,184	107,837
In-kind services	88,224	-	2,415	90,639
Supplies	64,368	567	3,660	68,595
Travel	57,193	363	2,062	59,618
Insurance	49,079	342	1,025	50,446
Advertising	49,831	105	330	50,266
Miscellaneous	25,338	2,881	10,058	38,277
Bank charges/payroll service	17,638	2,519	7,840	27,997
Information technology	8,998	310	17,932	27,240
Food, beverage, and hospitality	16,656	400	5,873	22,929
Equipment and equipment rentals	13,299	619	1,925	15,843
Telephone	10,332	108	322	10,762
Exhibition fees and awards	3,008	-	-	3,008
Total Operating Expenses	2,044,899	106,835	375,312	2,527,046
Depreciation	260,615	2,715	8,144	271,474
Total Non-Operating Expenses	260,615	2,715	8,144	271,474
TOTAL EXPENSES	$ 2,305,514	$ 109,550	$ 383,456	$ 2,798,520

See accompanying notes to financial statements

Contemporary Art Museum St. Louis
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2016

	Program Services	Supporting Services	Fund-raising	Total
OPERATING EXPENSES				
Salaries and payroll taxes	$ 885,801	$ 83,643	$ 167,636	$ 1,137,080
Medical insurance	53,361	6,579	13,158	73,098
Contract services	210,608	2,323	98,185	311,116
Postage and shipping	229,188	214	2,996	232,398
Facilities	132,900	2,765	2,765	138,430
Printing	83,423	414	3,931	87,768
In-kind services	65,444	-	-	65,444
Supplies	96,984	530	1,460	98,974
Travel	70,287	2,028	1,073	73,388
Insurance	55,514	639	639	56,792
Advertising	35,350	200	78	35,628
Miscellaneous	15,344	1,460	7,171	23,975
Bank charges/payroll service	22,007	2,713	5,426	30,146
Information technology	8,460	14	5,250	13,724
Food, beverage, and hospitality	26,286	512	6,657	33,455
Equipment and equipment rentals	21,647	1,092	3,415	26,154
Telephone	10,512	219	219	10,950
Exhibition fees and awards	91,316	-	-	91,316
Total Operating Expenses	2,114,432	105,345	320,059	2,539,836
Depreciation	266,742	5,557	5,557	277,856
Total Non-Operating Expenses	266,742	5,557	5,557	277,856
TOTAL EXPENSES	$ 2,381,174	$ 110,902	$ 325,616	$ 2,817,692

See accompanying notes to financial statements

Contemporary Art Museum St. Louis
STATEMENTS OF CASH FLOWS

	Years Ended June 30, 2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 437,406	$ 5,504,721
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	271,474	277,856
Contributions restricted for non-operating additions and endowment	(537,911)	(6,404,140)
Net realized and unrealized (gains) losses on investments	(572,942)	157,403
Bad debt	17,578	2,605
Donated securities	(199,573)	(73,171)
Proceeds from sale of donated securities	199,573	73,171
(Increase) decrease in assets:		
Operating pledges receivable	(324,503)	59,937
Other assets	69,100	(58,349)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(147,720)	1,896
Net Change in Cash from Operating Activities	(787,518)	(458,071)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(1,778,018)	(1,112,498)
Proceeds from sale of investments	1,272,625	985,607
Purchases of property and equipment	(111,927)	(33,541)
Net Change in Cash from Investing Activities	(617,320)	(160,432)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions restricted for non-operating additions and endowment	1,071,611	1,056,600
NET CHANGE IN CASH AND CASH EQUIVALENTS	(333,227)	438,097
CASH AND CASH EQUIVALENTS, Beginning of year	742,166	304,069
CASH AND CASH EQUIVALENTS, End of year	$ 408,939	$ 742,166

See accompanying notes to financial statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Contemporary Art Museum St. Louis (CAM), a non-collecting institution, is internationally recognized for exhibitions of the most provocative, insightful, and relevant contemporary art being made today. During fiscal year 2017 (the 2016–2017 season), CAM presented twelve exhibitions featuring prescient and seminal work by emerging and established artists in a wide range of media, including seven site-specific installations inside and outside of the museum. Alongside its exhibition program, CAM publishes scholarly catalogues; in fiscal year 2017, titles included *Kelley Walker: Black Star Press, Wyatt Kahn: Object Paintings,* and *Michael Staniak: IMG_.* In total, the Museum exhibited more than 30 artists, highlighted the work of more than 150 artists through its annual Open Studios STL program, and served 32,111 visitors on-site and 158,674 visitors online.

In conjunction with its exhibitions, CAM delivers art education to people of all ages by presenting a diverse line-up of public programs that include artist and curator lectures; art-inspired dinners; film screenings; unique workshops for families with young children; and a monthly neighborhood-wide art crawl. CAM's public programs attract visitors to the Museum, cultivate interest in art, and engage audiences of all ages. During fiscal year 2017, CAM hosted more than 80 programs, the majority of which were free.

Finally, CAM remains dedicated to fostering creativity and increasing access to the arts for the young people of St. Louis through free arts education initiatives. From in-depth pre-professional training like New Art in the Neighborhood and Teen Museum Studies to broad school outreach initiatives like ArtReach and the mobile art studio ArtBus, CAM is proud of the meaningful ways its programs make a difference to St. Louis youth. In fiscal year 2017, the Museum's youth education programs served more than 2,100 youth from the greater St. Louis area.

Method of Accounting

The financial statements of CAM are presented using the accrual method of accounting.

Financial Statement Presentation

Financial statement presentation follows the requirements of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205. Therefore, CAM reports its financial position and activities according to three classes of net assets: unrestricted net assets; temporarily restricted net assets; and permanently restricted net assets.

Cash and Cash Equivalents

CAM considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash and Cash Equivalents *(Continued)*

CAM maintains cash deposits in bank accounts which at times may exceed the insured limits of up to $250,000 by the Federal Deposit Insurance Corporation (FDIC insured). CAM has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash balances.

Revenue Recognition

CAM's primary sources of revenue consist of corporate and individual contributions, special events, and grants. Grants are generally recognized as revenue in the period that specific services are performed. However, certain grants may qualify as contributions and, accordingly, are recognized as support when made. Contributions are recognized when the donor makes a promise to give to CAM, that is, in substance, unconditional. Contributions are recognized at the time a signed pledge is received and are discounted at 2% per year for 2017 and 2016, if payable beyond one year. Other income is recognized when earned.

Restricted contributions which are received and expended in the same fiscal year are reported as increases in unrestricted net assets. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Net Asset Classification

Unrestricted Net Assets represent those net assets whose use is not restricted by donors. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Net Investment in Property and Equipment represents unrestricted net assets consisting of property and equipment of the Contemporary Art Museum St. Louis.

Board Designated Endowment represents those net assets established with the intent to allow the corpus to be retained and the income to build within the account or be used to fund operations. The Board retains the authority to "un-designate" these funds as deemed necessary in the future.

Temporarily Restricted Net Assets represent those net assets whose use has been limited by donor-imposed stipulations that either can be fulfilled or removed by actions of CAM pursuant to those stipulations. These balances include unappropriated endowment amounts available for operations. The Board appropriated $216,000 and $223,000 in 2017 and 2016, respectively, from the Temporarily Restricted Endowment to fund unrestricted operations.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Net Asset Classification *(Continued)*

Permanently Restricted Net Assets represent those net assets whose use has been limited by donor imposed stipulations that they must be maintained in perpetuity, the income of which is temporarily restricted until appropriated by the Board for expenditure.

Financial Instruments

The following methods and assumptions were used by CAM in estimating its fair value disclosure for financial instruments:

The carrying amounts of cash and cash equivalents, pledges receivable due in less than one year, other current assets, and accounts payable and accrued expenses approximate fair values due to the short-term maturities of those instruments.

Investments are carried at fair market value based on quoted market prices.

In-Kind Donations

Donated assets, goods, and services are recorded at fair value on the date of the gift. Donated services are recognized as contributions in accordance with FASB ASC 958-605, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by CAM.

Unpaid volunteers and professional service organizations have made significant contributions of their time in the areas of membership development, exhibitions and administrative services. The value of this contributed time is not reflected in these financial statements because it does not meet the criteria for recognition.

Property and Equipment

Purchased furniture and equipment, buildings, and building improvements are stated at cost and donated land, furniture, and equipment are stated at estimated market value at date of receipt. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, which are seven years for furniture, fixtures, and equipment and thirty-nine years for the building and building improvements. Expenditures for repairs and maintenance are charged to operations while renewals and betterments are capitalized.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income Taxes

CAM qualifies as a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code. Therefore, it is exempt from federal and state income taxes. CAM files an information return, IRS Form 990. Tax years 2014 and later remain subject to examination, generally three years after the returns were filed. CAM management is not aware of any pending examinations related to tax filings.

CAM follows the provisions of ASC 740-10-25 requiring disclosure of uncertain tax positions. There has been no interest or penalties recognized in the Statements of Activities or in the Statements of Financial Position related to uncertain tax positions. In addition, no tax positions exist for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within the next 12 months. CAM evaluates its uncertain tax positions, if any, on a continual basis through review of its policies and procedures and discussions with outside experts.

Expense Allocation

The cost of providing various programs and other activities has been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising

CAM expenses advertising costs as they are incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Reclassification

Certain June 30, 2016 amounts have been reclassified to conform to the June 30, 2017 combined financial statement presentation. The reclassifications had no effect on previously reported operating results or changes to net assets.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Subsequent Events

CAM has evaluated events and transactions for potential recognition or disclosure through September 11, 2017, the date the financial statements were available to be issued.

B. INVESTMENTS

The investments at June 30, 2017 are summarized as follows:

	Cost	Fair Value	Unrealized Appreciation
U.S. Government Bonds	$ 273,358	$ 284,294	$ 10,936
Corporate Bonds	967,330	983,088	15,758
Real Estate Funds	99,934	189,515	89,581
Other Alternative Funds	759,775	765,176	5,401
Equity Mutual Funds	3,056,782	4,206,861	1,150,079
Total Investments	$5,157,180	$6,428,934	$1,271,755

The investments at June 30 2016, are summarized as follows:

	Cost	Fair Value	Unrealized Appreciation
U.S. Government Bonds	$ 375,887	$ 386,518	$ 10,631
Corporate Bonds	871,973	897,774	25,801
Real Estate Funds	73,407	171,754	98,347
Commodities Funds	634,020	640,967	6,947
Equity Mutual Funds	2,643,621	3,253,586	609,965
Total Investments	$4,598,908	$5,350,599	$ 751,691

Investment return at June 30 is summarized as follows:

	2017	2016
Investment income	$115,049	$119,326
Less: investment management fees	(24,625)	(22,811)
Net realized and unrealized gains (losses)	572,942	(157,403)
Total Investment Return, Net of Fees	$663,366	($ 60,888)

C. FAIR VALUE MEASUREMENTS

Accounting standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following tables set forth, by level within the fair value hierarchy, CAM's investment holdings.

	Investments at Fair Value as of June 30, 2017			
	Level 1	Level 2	Level 3	Total
U.S. Government Bonds	$ -	$ 284,294	$ -	$ 284,294
Corporate Bonds	-	983,088	-	983,088
Real Estate Funds	189,515	-	-	189,515
Other Alternative Funds	765,176	-	-	765,176
Equity Mutual Funds	4,206,861	-	-	4,206,861
Total Investments at Fair Value	$5,161,552	$1,267,382	$ -	$6,428,934

	Investments at Fair Value as of June 30, 2016			
	Level 1	Level 2	Level 3	Total
U.S. Government Bonds	$ -	$ 386,518	$ -	$ 386,518
Corporate Bonds	-	897,774	-	897,774
Real Estate Funds	171,754	-	-	171,754
Commodities Funds	640,967	-	-	640,967
Equity Mutual Funds	3,253,586	-	-	3,253,586
Total Investments at Fair Value	$4,066,307	$1,284,292	$ -	$5,350,599

D. PLEDGES RECEIVABLE

Pledges receivable are due to CAM as follows at June 30:

	2017	2016
Receivable in less than one year	$1,597,448	$1,424,773
Receivable in one to five years	4,078,988	4,515,350
	5,676,436	5,940,123
Less discount – 2% at June 30, 2017 and 2016	(190,452)	(227,364)
Total Pledges Receivable, Net of Discount	$5,485,984	$5,712,759

Management has determined the pledges receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at June 30, 2017 and 2016.

E. MISSOURI CULTURAL TRUST FUND

The Missouri Arts Council Trust Fund Board of Trustees and CAM entered into a Matching Interest Program Agreement in 1999 whereby funds from the Missouri Cultural Trust Fund of $700,000 were set aside in the Missouri Cultural Trust Fund for purposes of providing interest payments to CAM. Under the agreement, the Missouri Cultural Trust Fund Board of Trustees may make an annual payment reflecting an interest rate of 5% of the $700,000 set aside. The annual payment is subject to annual appropriation by the Missouri Cultural Trust Fund Board of Trustees. CAM received $4,340 and $4,410 of payments during each of the years ended June 30, 2017 and 2016, respectively. During the year a new contract was entered into. The new contract provides for an annual payment amount up to 5% of the $700,000 amount. The rate of the award will reflect the annual interest rate (total return) actually earned, but in no case will the rate exceed 5%. This agreement is effective until June 30, 2019.

F. PROPERTY AND EQUIPMENT

The components of property and equipment consist of the following at June 30:

	2017	2016
Land and land improvements	$ 397,250	$ 397,250
Furniture, fixtures, and equipment	190,232	251,750
Building and building improvements	8,870,732	8,766,160
	9,458,214	9,415,160
Less: accumulated depreciation	(3,303,392)	(3,100,791)
Total Property and Equipment, Net	$6,154,822	$6,314,369

G. LAND

In August 2001, CAM received as a gift the land at 3750 Washington Boulevard, the site of its facility. The deed contains the following restrictions:

a. CAM must operate continuously in accordance with its present purposes.

b. The donor has a right of first refusal if CAM wishes to sell the property.

H. LINE OF CREDIT - OPERATIONS

CAM has a $600,000 line of credit arrangement. Amounts outstanding under this note will bear interest at a rate per annum which is at all times equal to the daily LIBOR rate plus 2.75% (3.98% at June 30, 2017). The line of credit expires January 7, 2018. No borrowings were made throughout the years ended June 30, 2017 and 2016.

I. RESTRICTED NET ASSETS

Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods as of June 30:

	2017	2016
Purpose Restrictions		
Unappropriated endowment – available for operations	$ 733,962	$ 410,038
Exhibitions	-	16,500
Education and outreach	49,500	19,000
Time Restrictions		
Future periods	799,018	294,664
Create: The CAMpaign	1,549,516	1,516,395
Total Temporarily Restricted Net Assets	$3,131,996	$2,256,597

Permanently Restricted Net Assets

Permanently restricted net assets consisted of the following at June 30:

	2017	2016
Endowment	$7,971,739	$7,946,982

I. RESTRICTED NET ASSETS *(Continued)*

Net Assets Released from Restrictions

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors consist of the following as of June 30:

	2017	2016
Purpose Restrictions		
Exhibitions	$ 16,500	$241,679
Education and outreach	19,000	25,750
Time Restrictions Expired	275,146	119,250
Total Net Assets Released from Restrictions	$310,646	$386,679

Endowment

CAM's endowment consists of both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

During 2006, the Uniform Law Commission (ULC) approved the Uniform Prudent Management of Institutional Funds Act (UPMIFA) that serves as a guideline for states to use in enacting legislation related to the UPMIFA. In response to the ULC's act, the FASB issued Endowments of Not-for-Profit Organizations, effective for years ending after December 15, 2008, which requires substantial additional disclosures relating to endowments. Subsequent to June 30, 2009 the State of Missouri passed legislation enacting a state version of the UPMIFA.

The Board of Directors of CAM has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, CAM classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

I. RESTRICTED NET ASSETS *(Continued)*

Endowment *(Continued)*

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by CAM in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, CAM considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of CAM, and (7) CAM's investment policies.

Investment Return Objectives, Risk Parameters, and Strategies. CAM has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities that are intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution in accordance with the spending policy following, while growing the funds if possible. CAM's performance objective is to equal or exceed the performance of the S&P500 Index, EAFE Index and Barclays Capital Intermediate Bond Index. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy. CAM has a policy of appropriating for distribution each year 4.5% of its endowment fund's average fair value of the prior 12 quarters through April 30th preceding the fiscal year in which the distribution is planned. CAM has requirements and expectations for periodic withdrawals for special projects in addition to the annual appropriation. Approval of the Finance/Investment Committee and Executive Committee is required for such withdrawals. In establishing this policy, CAM considered the long-term expected return on its investment assets, the nature and duration of the endowment funds, some of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. CAM expects the current spending policy to allow its endowment funds to grow. This is consistent with CAM's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

I. RESTRICTED NET ASSETS *(Continued)*

Endowment *(Continued)*

Endowment Net Asset Composition by Type of Fund as of June 30, 2017 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Donor-restricted endowment funds	$ -	$2,283,478	$7,971,739	$10,255,217
Board designated endowment funds	2,509,894	-	-	2,509,894
Total Funds	$2,509,894	$2,283,478	$7,971,739	$12,765,111

Changes in endowment net assets as of June 30, 2017 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Endowment net assets, beginning of year	$2,311,633	$1,926,433	$7,946,982	$12,185,048
Contributions	60,722	512,218	24,757	597,697
Investment income	21,098	93,951	-	115,049
Net appreciation	106,976	465,966	-	572,942
Investment management fees	(4,680)	(19,945)	-	(24,625)
Create: The CAMpaign receipts	479,145	(479,145)	-	-
Amounts appropriated for operations	(465,000)	(216,000)	-	(681,000)
Endowment net assets, end of year	$2,509,894	$2,283,478	$7,971,739	$12,765,111

Endowment Net Asset Composition by Type of Fund as of June 30, 2016 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Donor-restricted endowment funds	$ -	$1,926,433	$7,946,982	$ 9,873,415
Board designated endowment funds	2,311,633	-	-	2,311,633
Total Funds	$2,311,633	$1,926,433	$7,946,982	$12,185,048

I. RESTRICTED NET ASSETS *(Continued)*

Endowment *(Continued)*

Changes in endowment net assets as of June 30, 2016 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Endowment net assets, beginning of year	$2,323,906	$ 662,152	$3,114,753	$ 6,100,811
Contributions	60,500	1,516,495	4,832,229	6,409,224
Investment income	33,222	86,104	-	119,326
Net depreciation	(58,447)	(98,955)	-	(157,402)
Investment management fees	(6,448)	(16,363)	-	(22,811)
Amounts appropriated for operations	(41,100)	(223,000)	-	(264,100)
Endowment net assets, end of year	$2,311,633	$1,926,433	$7,946,982	$12,185,048

J. IN-KIND DONATIONS

CAM received in-kind donations of stocks, goods, and a variety of professional services during 2017 and 2016. The fair market value of donated stock has been recorded as individual contributions in the statements of activities.

During the years ended June 30, 2017 and 2016, many artists contributed their works of art to be auctioned under agreements to receive portions of the sale price generally ranging from zero to 50%. Sales of the donated art totaled $135,000 and $726,443 for the years ended June 30, 2017 and 2016, respectively. Amounts paid to artists during 2017 and 2016 totaled $20,500 and $213,294, respectively.

The fair market value of donated goods and professional services has been reflected as both revenue and expense in the accompanying statements of activities. Total revenue and expense for these goods and services totaled $112,318 and $80,900 during the years ended June 30, 2017 and 2016, respectively.

K. OTHER INCOME

Other income includes rental income, beverage sales, café income, gift shop income, and advertising revenue. These revenues are presented net of costs of goods sold and other costs including material, food, and beverage costs, allocated salaries, and licenses.

L. Create: The CAMpaign

During the year ended June 30, 2016, CAM began the Create: The CAMpaign to increase CAM's endowment by $10 million dollars by 2020. CAM received contributions totaling $561,722 and $6,629,000 during the years ended June 30, 2017 and 2016, respectively. $5,000,000 was restricted to the permanently restricted endowment by the donor with the remaining designated to the board designated endowment.