

## CREATIVE CAPITAL FOUNDATION 2009

*I can tell you Creative Capital is not a foundation. It is a visionary funding partner in an artist's growth. It is a SWAT Team during a crisis, a training ground to catalyze artists to become creative entrepreneurs; it's the foundation world's rebel with a cause.*

— Sandi DuBowski, 1999 Film/Video Grantee

Ruby Lerner has spent over 30 years in the arts. She is widely admired by contemporaries for her dedication and tireless championing of artists and the work that they do. Her role as the CEO and president of the Creative Capital Fund is to support artists in creating innovative and experimental work. Lerner's leadership of Creative Capital has been characterized by her belief that a small amount of money at the right moment can be transformative for an artist's career. "If that catalytic moment is missed," she explains, "it doesn't matter how much money is given, the artist cannot catch up." According to Lerner, "The project is really the window into the artist's practice and our goal is really to shadow the creative trajectory, to be there at critical moments in the project's life and stay out of the artist's way the rest of the time." This philosophy has led to an engaged and intimate relationship between the Creative Capital staff and the grantees. By knowing what is going on with the artists through every stage of their process, Creative Capital can respond quickly and tactically. As Lerner frames it, "In this noisy, competitive, environment we need to surround the artist with a lot of resources; different people with different skill sets, different money for different purposes at different points in the project's life. It really takes a lot for something to succeed, especially in this current climate, so we want to be able to get people the resources that they need."

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Jennifer Harrison Newman prepared this case under the supervision of Andrew D. Hamingson, Lecturer in Theater Management, as the basis for class discussion rather than to illustrate either effective or ineffective handling of the situation described. Unless otherwise noted, all quotes in this case study are from interviews or correspondence with the Author.

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## BACKGROUND

### ***The Culture Wars***

Creative Capital was created to support individual artists who were left disenfranchised and devalued as a result of the “culture wars” of the early 1990s. The budget for the NEA grew steadily from its inception in 1965 (\$2.5 million) until 1991 (\$175 million). At the height of the individual-artist grant program (the late 1970s) the NEA granted approximately \$10.5 million a year to individual artists. By 1996, however, that amount had fallen to 66 grants totaling \$900,000. There had always been debate over government funding for the arts, but beginning in 1988 a series of events signaled that arts funding in America was headed for major changes. The city of Cincinnati brought obscenity charges against museum director Dennis Barrie for presenting Robert Mapplethorpe’s sexually themed work; the artist Andres Serrano’s work was destroyed on the Senate floor. These acts illustrated the sentiments of many conservative leaders who considered such art elitist, pornographic, or as the founder of the Christian Coalition Patrick Buchanan called it, “...out of touch with America’s traditional values.” Subsequently, NEA Chairman John Frohnmayer (a George H.W. Bush appointee), rescinded four artists’ NEA grants after their work was deemed “obscene.” The NEA Four, as they became known, filed a lawsuit against the NEA and won settlements equaling the rescinded grants. However, as Congress continued to slash funding, the NEA ended its long-running fellowships for individuals. Artists felt devalued and defeated. Not only were they being attacked in the media, but few leaders of arts institutions came to their defense. The withdrawal of government support left a funding vacuum; in the early 1990s, no organized program existed to provide private support for individual artists.

### ***The Genesis of Creative Capital Foundation***

At the height of the culture wars, Archibald Gilles, then President of the Andy Warhol Foundation, believed that something needed to be done. As he described it: “A full-blown attack on art and artists was waged and individual grants to artists were effectively over. Freedom of speech and artistic expression were in serious jeopardy even in the United States, a nation whose identity is premised on their sacredness.” Gilles convinced his board to take a leadership role in planning a new model to support artists in an innovative way because, he said, “Society relies for its growth, health, and happiness on freedom of inquiry and the vigorous funding of free expression in all sectors of society. Mr. Warhol himself had encouraged the careers of other artists, especially those who were young and not yet widely known.” The Warhol Foundation made a tentative commitment of \$400,000 a year for three years but required that Gilles find funding partners. Gilles spoke with philanthropists, artists, arts activists, and entrepreneurs. He was able to rally support—\$5 million from major foundations and individual donors—to establish a small private foundation.

As Gilles began having conversations with a small group of arts leaders, it became clear that this new organization would have to embrace innovative art making as well as art that addressed social, political, and technological issues. Furthermore, it would include a component adopted from the venture capital industry, whereby profitable projects could “return on their investment” by having grantees pay back, from their profits, the amounts of their original grants. Thus the Creative Capital Foundation was born. Gilles asked Ruby Lerner to step in as Executive Director of the new venture, an offer Lerner eagerly accepted. “When Arch[ibald] Gilles called me up one day to ask if I would be interested in coming and inventing this new thing, well you don’t get that kind of offer every day in your life and I thought ‘well how can I pass this up?’”

### **Founding Vision**

Before helping to found Creative Capital Foundation, Lerner had worked in both the performing arts and independent media fields. She served as the Executive Director of the Association of Independent Film and Videomakers and Publisher of the highly regarded *Independent Film and Video Monthly*. In Atlanta, she worked as Executive Director of Alternate ROOTS, a coalition of Southeastern performing artists, as well as of IMAGE Film/Video Center. In the late 1970s, she acted as the Audience Development Director at the Manhattan Theatre Club, one of New York's foremost nonprofit theaters. A native of North Carolina, Ms. Lerner worked in the state's visiting artist program following graduate work in theater at the University of North Carolina-Chapel Hill.

Collaborating with filmmakers had provided Lerner with substantial experience supporting artists. However, venture capital was new territory for her. Lerner read up on the subject and was intrigued. The late nineties ushered in the dot-com boom and with it came new ideas for funding businesses. Venture capitalists seek opportunities to solve big problems. By investing early, they assume tremendous risk—but if the enterprise succeeds, they can reap huge financial rewards. They are not interested in just writing a check and disappearing; they are interested in profit-sharing. Thus, through benchmarking and human support, such as financial management and marketing advice, venture capitalists surround a good idea with the tools for bringing it to fruition. They want to be there at the right moment with the right kind of money, but also to make available advice, services, and external resources to strengthen the enterprise, building the internal capacity of the business to thrive long term.

Philanthropists who had accumulated wealth during the dot-com boom were curious to see if the venture capital model could work in the nonprofit social services sector. They did not want to pursue traditional philanthropy, what Lerner calls “here’s the check send us the report” philanthropy. Instead, they wanted to support what has become known as venture-philanthropy or high-engagement philanthropy. This uncharted territory was enticing for Lerner. “Those ideas were so logical; we had an opportunity to really adapt to these concepts easily. It was the work we needed to do with artists.” According to her, most arts funding organizations had grown in a very ad hoc way: “Oh my gosh look! There’s something over here that nobody is doing. There’s a vacuum we need to fill. Look over there! This isn’t happening. We need to take that on.” In Lerner’s opinion, organizations tended to become “mish-mashes” of programs and services that didn’t always make sense inside the same organization. She wondered if it could be possible to design an approach where the components of the system were intended to work together. Could a multi-faceted and sequential funding program be devised so that there was an order to the way an artist navigated it? “No one had tried out these ideas in the cultural world, so the initial idea of doing fellowships was re-tooled into the idea of using a venture capital model, adapting it to see if it could work in support of individual artists. No one knew if it was going to work or not.”

Based on venture capital frameworks, Creative Capital set up its original funding structure as follows:

Creative Capital Fund would award up to 75 grants annually for work on original projects in four rotating categories:

- media arts, visual arts, performing arts, and emerging fields.
- Grants would range from \$5,000-\$20,000 with limited follow-up funding available.
- Grantees would be chosen from an open call competition, to be judged by a panel of professionals working in the field in question.

- Building an audience for each project and maximizing its impact on the artist's career would be paramount goals.
- Staff would work with each artist to strategize and develop an individual plan.
- Each artist would be required to sign a contract stating that a portion of realized profits would be returned to Creative Capital Fund according to the percentage of the artist's total budget provided by Creative Capital. For example, if the Creative Capital grant constituted 10% of the artist's budget, then 10% of any profits was to be paid back to Creative Capital until the grant was fully repaid. This "re-investment" would then be granted out again to future artist-grantees.

## CREATIVE CAPITAL FOUNDATION PROGRAMS

*Creative Capital motivates artists to be architects of their own future. Our programmatic blueprint melds financial support with an array of services so that artists can build a solid foundation for success.*

*-Ruby Lerner*

### **The Mission**

Creative Capital Foundation's mission states, "Creative Capital is a national nonprofit organization that supports artists pursuing adventurous and imaginative work in the performing and visual arts, film/video, innovative literature, and emerging fields. It supports projects of great scope and ambition that may initially have challenges attracting funding from other sources. It is committed to working in long-term partnership with the artists it supports, making a multi-year financial commitment and providing advisory services and professional development assistance along with financial support."

According to Ben Cameron of the Doris Duke Charitable Foundation, "What Creative Capital has been really visionary about is creating a grant structure that really empowers the artist, puts them in the driver's seat."

### **The Method**

Creative Capital grants are awarded in a three-year cycle. In the first year, 40 artists are selected from Visual Arts, Film, and Video. In the second year, 40 artists are selected from Performance, Innovative Literature, and Emerging Fields (sound, technology, bioethics, large community projects, and fields yet to be defined). The third year is a catch-up or check-in year with all 80 grantees. The original theory was that by the third year some of the projects would have cycled off, leaving Creative Capital some breathing room before starting a new grants process. However, due to grantees needing more time to complete their projects, there are at any given time 120 artist-grantees being "serviced" by Creative Capital.

Creative Capital has supported 325 projects in its first decade. Because many of the projects are collaborative, more than 400 artists have been served. On average, an artist-grantee receives \$38,000 in funds from their Creative Capital grant, with the maximum amount being \$50,000. Including non-cash services such as ongoing support and a retreat, the value of grants to individual artist-grantees can reach almost \$87,000 per artist.

Akemi Olusanmi, Associate Director, Grants and Services, says, “We are getting better at attracting artists who actually want the full on relationship, whereas when we first started doing grants, not every artist understood our process. So a lot of artists never called and even though we called them, they just never called back, but now we talk to a lot of people who call back.” A majority of the Creative Capital staff are practicing literary, visual, and performing artists in their own right, which creates a holistic sense of community for both the artist-grantees and the staff that supports them through the grant cycle.

### ***Application Process***

The application for Creative Capital is an open submission, three-stage process that typically begins in February. Recommenders (curators, programmers, current and former grantees, academics in the field, etc.) are approached and asked to recommend artists who would be a good match for a Creative Capital grant. Recommended artists and everyone on Creative Capital’s email list get the same email notifying them that “Creative Capital is open for submissions of letters of inquiry, please apply.” Anyone who enters the website at this time will also see this same invitation. All of this takes place online.

The online inquiry includes questions such as: (a) “Why are you attracted to this project?” (b) “Why is this a catalytic moment in your career?” and (c) “What does your budget look like generally speaking?” Applicants must be at least 25 years of age and cannot be full-time students. They must also be a U.S. citizen or permanent resident, and it is preferred that they have been practicing and presenting their work to the public for at least five years. Between 2,000 and 3,000 letters of inquiry are submitted.

Creative Capital then hires Program Consultants in teams of three, with one person designated as the Lead, who each get a portion of the submissions to read and score. Between 300 and 325 applications are advanced to the next stage and are invited to submit a full application in June. The application includes a detailed budget, a full timeline, project updates or changes, any additional information related to the project, and work samples. A different team of evaluators is brought in who divide these applications into thirds to read and score. About 125 applications are moved on to the next stage.

In October a panel of seven voters is designated to go through each of the remaining applicants over a three-day time period. The panel includes the Lead Program Consultant, one of Creative Capital’s Grants and Services staff members, and five individuals from the field. Ruby Lerner serves as a moderator but does not vote. The seven voters have all received the written materials ahead of time and have had a chance to read them. The panel looks at the work samples as a group, discussing each project for five to ten minutes. Sixty projects are passed through and then scored again based on the scoring method originally introduced by the NEA: a score of ten is given for “I absolutely love it. I absolutely think this should be funded,” a score of four for “I like it, maybe I can be swayed to a ten,” and a score of one for, “I have no interest in this.” There is more discussion and a chance to re-score. Final scores are then averaged and 20 grantees per discipline are chosen for a total of 40 grantees for the year. New grantees are announced in January.

### ***Grants and Services***

*We want people to leave us stronger than when they came in.*

*-Ruby Lerner*

The Creative Capital Grants and Services department conducts a series of meetings with the new artist-grantees between January and April of year two. This serves as a chance for Creative Capital to find out how the project may have changed in the year since the artist applied. A needs assessment is conducted with each artist in order to determine what skills she has in public relations, financial management, fund raising, public speaking, and networking. Creative Capital seeks to find out what artists' web presences are like, if they are happy with them, if they own homes, if they want to own homes, if they have health insurance, and how they spend their time on art making and administration. Check-in meetings are then scheduled based on the artists' needs.

Creative Capital takes a four-part approach to working with the artists: it aims to provide projects with support, provide artist-grantees with support beyond the project, nurture relationships between the artist-grantees and other arts professionals, and promote the artist-grantees' projects by being an information broker to the world at large via regular email communications, the Creative Capital website, exhibitions, and Creative Capital Foundation events.

### **Financial Support**

*The idea of applying business principles into their lives has been anathema to many artists. Historically artists have felt that they could focus only on the work and someone else would take care of the rest. Those days are over.*

*-Richard Move, Creative Capital artist-grantee and mentor*

When grantees meet individually with the three-person team in the Creative Capital Grants and Services department, they receive the first portion of their grant, \$10,000 for infrastructure. This allows them to set up an office, hire an assistant, buy equipment, and work with consultants in order to help stabilize their practice over the long term. As the project progresses, the artist can receive up to \$20,000 towards production support. Because the long-term life of the project might have a larger impact than its premiere on an artist's career, Creative Capital has created a fund of \$7,500 per artist reserved for ancillary services. Lerner explains, "All these things seem so obvious in retrospect but we kind of had to learn them as we went. Artists need to have an opportunity to send their work out into the world after the premiere, so now a bit of money is held back for that. Supporting the person beyond the project has become a signature of the program."

Creative Capital makes another \$2,500 available to allow grantees to take advantage of any special opportunities that might arise. An environmental artist may find an environmental conference that is a valuable opportunity; Creative Capital wants that artist to be able to go to the conference, so would help cover registration and travel costs. Another example would be when a grantee goes to an event like the Sundance Film Festival. Creative Capital will call that artist up and say, "You know you're going to be at this major festival; there's no point in going if you don't have your own publicist. So ask us for some money for a publicist."

A small amount of money goes toward the hiring of mentors. Grantees can hire a former grantee or an experienced person from the field to help solve problems for \$50 per hour for up to 10 hours. The Creative Capital grant also offers five hours of one-on-one time with corporate strategic planning expert and consultant Colleen Keegan.

Creative Capital designates additional funds for unforeseen events such as a presenter wanting to bring an artist's project over to Europe. Many artists are frustrated when they cannot access that money during the production phase, but are eternally grateful when it is there two or three years later when that opportunity appears. Lerner and her staff acknowledge that it is sometimes a challenge to convince grantees of the benefit of this strategy. She says to new grantees, "You hate us now but trust us, down the road; you're going to love us. We've learned a lot over the years."

Creative Capital has observed that, over the course of the process, artists' projects often become more ambitious. Through networking, resource sharing, and skills building, the artists see a myriad of possibilities for their projects and want to pursue them. Unfortunately, the shrinking funding universe has limited the resources available to artists. Because it takes much longer to pull resources together from multiple streams, Creative Capital projects are taking longer to finish.

### ***Professional Development Program***

Creative Capital decided early on that it wanted artists to leave stronger and better equipped than when they came in. It created a training camp for artists, or "Artist U," as Colleen Keegan calls it. Focus areas include:

- Goal Setting
- Strategic Planning
- Negotiation
- Decision Making
- Resource Allocation
- Public Relations
- Marketing
- Time and Financial Management
- Development of Work
- Board Development
- Fundraising
- Communications

While skills-building workshops have long been available to organizations and institutions, few of these served individuals. Creative Capital thought that it could offer artists strategic and tactical knowledge, such as how to do a marketing campaign, so that they could better promote themselves or at least know how to direct someone else to do it.

Through a 76-page workbook, Colleen Keegan, a corporate strategic planning expert, has adapted her work with people in the corporate world to fit the needs of Creative Capital grantees. The workbook takes artist-grantees through a step-by-step, journal-like process of assessing their goals. Artists are asked to list, prioritize, and assess their one-year, three-year, five-year, and ten-year plans. Strategic planning and time-management are approached the same way in the workbook.

*Professional development was seen as a tremendous success as artist's lives began changing in dramatic ways. They were getting out of debt. They were buying property. They were learning how to ask for raises in their work situations. They were getting out of*

*bad jobs and bad personal relationships. For the artists who could really take advantage of it, exercises in time and money management and goal setting were revelatory.*

*-Alyson Pou, Director of the Professional Development Program*

An example of an exercise is one in which artists are asked to write their own obituary. This helps with goal-setting and reflection on past accomplishments. According to Alyson Pou, Director of the Professional Development Program, Creative Capital's belief that "no goal is too large and no step is too small," is a way to approach and outline goals that allows for minor shifts in thinking with profound outcomes for many of the grantees.

When grantees began walking their friends through the strategic planning workbook, Creative Capital saw the potential for reaching a wider range of people and sought funding to expand the program. A grant was secured from the Kresge Foundation, whose mission it is to support arts organizations that exemplify the values of strengthening community impact, creating opportunity, and promoting innovation.

Along with twenty artist-grantees, leaders in strategic planning, public relations, marketing, and fundraising volunteered to be part of the initial planning process. A curriculum was created for an artist-centered approach for building self-management skills. As of today almost 2,500 artists around the country have participated in these workshops. One does not need to be a grantee to participate. An internet-for-artists workshop and a communications workshop have since been added to the curriculum. Constantly looking to the future and wondering how it can repurpose its offerings, Creative Capital is considering offering webinars and online lectures to help expand its reach.

### ***Relationship Building: The Retreat***

The Artist Retreat functions as the cornerstone service provided to Creative Capital grantees. The retreat occurs during the summer of year two; for three days, the current and prior year's grantees in all five disciplines gather in a bucolic country setting. Creative Capital invites consultants from the commercial, nonprofit, public, and private worlds, including curators, programming directors, gallerists, people who acquire work for cable television, and Off-Broadway and commercial producers. The bringing together of artists and consultants from across all of these disciplines is unique to Creative Capital. One grantee was quoted as saying of the retreat, "it's almost like a cult. Once you attend one, you are a believer and you start spreading the gospel."

It is a very exciting, energizing, and inspiring three days. The bulk of the weekend consists of the artists making presentations about their projects and then setting up conversations with interested attendees. Eighty to ninety presentations are shared in about a day and a half. The weekend facilitates the creation of a significant number of relationships, collaborations, and real world opportunities. At the retreat, grantees fill out a survey that asks what they have learned, what they would do differently, and where they are now in comparison to where they started. This feedback not only contributes greatly to Creative Capital's ongoing reflection, assessment, and evolution, but helps the artists determine their next steps in relation to their projects.

### ***Information Brokerage and Promotion***

Creative Capital further extends support by engaging the public on behalf of each of its artist-grantees. Each artist has a page on the Foundation's website, and Creative Capital promotes the premieres of all projects. If, as often happens, several of the grantees happen to be participating in an



event like the Sundance Film Festival, Creative Capital will do additional promotion of those activities. Creative Capital has an email list of almost 40,000 people with whom it communicates.

### ***Shareholder Meetings***

Shareholder meetings are designed to maximize a project's premiere. These meetings allow everyone with a stake in the project to come together and iron out the details. They were created to respond to artists' complaints about the premieres of their projects. Lerner explains, "After an opening or premiere, they were disappointed in what the venue was able to do for them. Sometimes the artist had illusions that the venue would [attempt] something it lacked the capacity to do; sometimes the venue promised, in good faith, to do things it couldn't deliver. In both cases, we were dealing with an expectation-disappointment curve." Venues could only do so much. If the venue's normal event promotion included a press release, an email blast, and an attempt to secure a feature article, that was all that it was going to do. Due to limited time and resources, a venue would not do special outreach campaigns to particular constituencies for each artist it presented.

Because the premiere is a very important moment in the project's life, Creative Capital wanted to focus attention on this moment so that artists could achieve as many of their goals as possible and could get the most out of their premieres. Creative Capital saw that it could eliminate artists' disappointment with their premieres if it made interventions at appropriate moments, allowing artists and presenters to speak in person about the plans for the launch of the project and to discuss expectations and capabilities. Shareholder meetings ensure that the artist's, the project's, and the venue's needs are met. Concerns that might be addressed in a shareholder meeting are rehearsal or installation schedules and targeted marketing. Ideally this phase begins during the second year but ultimately depends on when a project actually reaches this point in its lifecycle.

### ***Capstone Year***

In 2009, Ruby Lerner asked the Creative Capital board to approve what is now called the "Capstone Year." The Capstone Year allows Creative Capital to go back to all of the projects funded in the first decade to find out what each one needs in order to bring it to what Lerner calls "an ethical closure."

All previous artist-grantees can ask Creative Capital for a one-time Capstone Grant. According to Lerner, the Capstone Year is a way for Creative Capital to remain in alignment with its goal of having artists come out of the process stronger than when they entered. Because Creative Capital only formalized the professional and career development five years ago, the Capstone Year will now allow grantees from the first five years to take advantage of these more recently created resources. Grantees from the second five years will be allowed to take refresher courses. Lerner hopes that this Capstone Year will allow Creative Capital to cycle off more projects. She says, "We want to make sure that people have done a good job documenting their projects. We want to make sure that people are leaving us with a strong Web presence. We just want to make sure that we've done everything possible to position our grantees to move on in the world. And we're now going to add this Capstone Year every seventh year. We will take an extra follow-up year in that seventh year to cycle some more projects off. Hopefully."

## ARTIST PERSPECTIVES

The Creative Capital grant is not right for all artists. Its high-engagement strategy may not fit well with all artists' personal creative agendas. A Creative Capital grant comes with high expectations in terms of how an artist-grantee is going to engage not only with the organization but with her peers as well. Through group workshops and information- and resource-sharing, Creative Capital attempts to not only develop the individual but also build community amongst artists and within the professional field. An artist who is simply looking for money to fill out a budget will not get the full benefit of a Creative Capital grant. Similarly, where artists are in their careers affects how well suited they are for a Creative Capital grant. If artists are further along in their careers they may not have the chance to take full advantage of all that Creative Capital has to offer: busy tour, production, and teaching schedules can conflict with meetings with Creative Capital staff or professional development workshops.

Examples of current Creative Capital artist-grantees include a team of two filmmakers transitioning from working on large budget documentaries to directing, writing and producing their own, one artist with a significant following who wants to introduce video technology into his performances as well as go back to school to receive an advanced degree, and another working in the lesser-known field of sound installations who needs help promoting his work. Sam Van Aken, a Creative Capital grantee, says, "There is camaraderie unlike any that I've ever seen before. As soon as I received the award, there were all these people that just started introducing themselves to me, 'Hey Sam! Welcome!'"

All artists interviewed spoke glowingly of their experience with Creative Capital. They felt honored, fortunate, even awestruck by the resources and life-changing tools that the retreat and the professional development workshops had given them. In many cases the artists expressed a wish that the information they received from Creative Capital had been taught while they were students in MFA programs, which they felt had sent them out into the world without the skills to survive as artists. As David Rousseve, another Creative Capital grantee, laments, "In an optimal situation you would get a dual pronged education where you would learn about the business of making work but you'd also get a prioritization of the actual crafts of making work." Being a Creative Capital grantee gave them the skills they were missing.

### ***Richard Move (Choreographer, Former Grantee, Current Artist Mentor, Ph.D. Candidate at NYU)***

"Within a year of completing the workbook I had a for-profit set up, a non-for-profit set up, a MoveOpolis advisory board in position, a year or two of engagements organized in New York and abroad, changed booking agencies, got my personal finances in order. I used the resources, the knowledge, the sense of empowerment, the information, and the tools it gave me, to really start thinking. No one ever talked about networking. No one ever talked about business plans. No one had ever talked to me about setting goals, time management, long-term fiscal planning. This was revelatory and has really been life altering."

### ***Sam Van Aken (Multi-Media Artist, New Grantee)***

"It's really changed my life and it's probably the single best thing that happened to me as an artist. It's always a challenge because a lot of what I do isn't necessarily marketable or saleable. And really that's the thing that Creative Capital has done for me is provided that network for me. Now I'm talking to a gallery in New York and have a dealer there as well." Referring to the retreat Sam says, "Then after two days of the professional practices you wind up having a day where you can meet six or seven different curators and critics. And it isn't like you're pitching your work to them; it's more along the lines of you looking for advocates for your work. Out of the six people that I met, I'm doing something with five of

them. I gave a seven-minute presentation to... two hundred of the top curators, collectors, and gallerists in the United States."

***Tia Lessin and Carl Deal (Current Grantees, Filmmakers)***

"The process of securing funding is a pretty painful process but we actually had a lot of fun with Creative Capital. They gave you these benchmarks to pass, which was extremely helpful when we were in the middle of production. What Creative Capital did was to create a much broader community of other visual artists and sound artists. It really broadened our community base. Receiving this grant was really legitimizing. We're recipients of much more than the money. Creative Capital sat us down and talked us through what our immediate needs were and helped us find solutions to what seemed like enormous problems. And they did that consistently. It's comforting and calming to have that kind of experience and expertise giving you guidance. We would talk on for five minutes or ten minutes or so and then they'd just stop and say, "It sounds like you need..." We love that! The payback idea makes it sort of less a grantee than an investor. We certainly want to give back if we can."

***Stephen Vitello (Former Grantee, Emerging Fields/Sound Artist)***

"I've always been in between categories and found Creative Capital as one of the few places I've actually gotten funded and probably one of the few places that are open enough to what I do. Having the Emerging Fields category is just amazing because it really is helping to usher in new forms as they are developed. [Creative Capital] seems to be more about artists. Throughout the application process I got fantastic feedback from people who really understood." In regards to the retreat Stephen says, "I overheard someone call the retreat 'cultish' because everyone comes back raving about it but there were a number of commissions and shows that came for me out of just getting together with those curators who said 'you know, you've been on my radar for a while but now that we're sitting next to each other, how about doing a large scale commission for Mass MoCa?'"

***David Rousseve (Former Grantee, Director and Choreographer of David Rousseve/Reality, Professor of World Arts and Cultures at UCLA)***

"They really were my absolute favorite of all the foundations that I've worked with. Ruby and everyone there just exude a really amazing blend of warmth and congeniality and are really concerned about your work and on a personal level. There's a lot of heart that they invest in it. We all give back socially and humanistically but I think what Creative Capital stresses is that we have to think about this like business people and part of this is investing in the future. We have to treat it like a business model. And so philosophically that really ingrains something in your mind. The practice of it I think is a little less effective than the theory of it because so few projects come to the point where they make a profit and are able to give the money back."

## **CREATIVE CAPITAL FOUNDATION'S FUNDING SOURCES**

Funding for the arts is typically comprised of local, state, national, discipline-specific, and organizational development funding (see Appendix 1 for examples). Because most major foundations do not support emerging or unknown artists, or artists in experimental fields that defy categorization, many individual artists find their options limited when it comes to applicable grants. Many funders support nonprofit arts organizations by way of executive development but do not directly support individual artists or, if they do, are focused on a geographic region, discipline, or choose to support only established and well-known artists. The field is at once competitive and vast.

Creative Capital has not only filled a void by providing support to individual artists but has also allowed large foundations that did not fund individual artists directly to support them through Creative Capital. By using Creative Capital as a funnel, these larger foundations can have an impact on individual artists whom their missions don't explicitly support.

### **Warhol Foundation**

According to The Andy Warhol Foundation mission statement:

The Andy Warhol Foundation for the Visual Arts was established in 1987. In accordance with Andy Warhol's will, its mission is the advancement of the visual arts.

The Foundation's objective is to foster innovative artistic expression and the creative process by encouraging and supporting cultural organizations that in turn, directly or indirectly, support artists and their work. The Foundation values the contribution these organizations make to artists and audiences and society as a whole by supporting, exhibiting, and interpreting a broad spectrum of contemporary artistic practice.

The Foundation is focused primarily on supporting work of a challenging and often experimental nature, while noting that the interpretation of those terms may vary from place to place and culture to culture. In this regard the Foundation encourages curatorial research leading to new scholarship in the field of contemporary art.

The Foundation is committed to the precept that the arts are essential to an open, enlightened democracy. It therefore seeks to advance an inclusive cultural dialogue by providing resources to organizations that support artists reflecting a diverse society and by affirming that freedom of artistic expression is fundamental to such a society and must be vigorously protected. To advance these values, grants are awarded to not-for-profit organizations in the United States and occasionally abroad under specific guidelines.<sup>1</sup>

Creative Capital's Financial Statements for the years ended June 30, 2010 and 2009 describe the Warhol Foundation's ongoing commitment to Creative Capital:

In 2001, the Andy Warhol Foundation for the Visual Arts made a \$10 million commitment to help Creative Capital Foundation launch an endowment campaign. . . . The commitment was issued as a challenge grant to be matched dollar-for-dollar by May 2004. With the stock market's poor performance in 2001 and not being able to meet the endowment challenge match by 2004, CCF asked and received approval from the Andy Warhol Foundation to reconfigure the grant as follows: The new challenge would be \$1 million in annual operating support for each of nine years, beginning in 2004 and ending in 2012, plus \$1 million would be allocated to a Creative Capital Foundation cash reserve.

Before the Andy Warhol Foundation would release its annual commitment of \$1 million, CCF had to demonstrate that, in the prior calendar year, it generated at least

an additional \$800,000 through earned income and contributions from other sources, as well as maintained support of approximately 40 artists per cycle.

As of June 30, 2008, CCF had received \$6 million . . . of the \$10 million commitment. In May 2009, the original commitment was terminated and the challenge grant was revised by the Andy Warhol Foundation as follows: The annual contribution would increase to \$1.5 million through 2018 and would be matched dollar-for-dollar by other contributions and Professional Development Program Workshop earnings.<sup>2</sup>

### ***The Emily Hall Tremain Foundation***

The Emily Hall Tremain Foundation is a small private foundation with an arts budget of only \$450,000. Its mission is to “seek and fund innovative projects that advance solutions to basic and enduring problems.”<sup>3</sup> The Tremain Foundation funding of Creative Capital began with a gift of \$300,000 in 1999, when Creative Capital had its first major campaign. The Foundation was immediately drawn to Creative Capital’s innovative approach to providing services to artists. Creative Capital’s focus on individual artists set it apart from anything the Tremain Foundation had previously funded.

After the initial gift, Tremain became interested in helping Creative Capital take its Professional Development Workshops on the road, making them available to non-Creative Capital grantees. The retreat and the Professional Development Workshops so interested the Foundation that it began providing professional development support to universities and a larger community of arts organizations. The Tremain Foundation will slowly phase out its grants to Creative Capital, as it believes it has achieved the original intention of helping to make the Professional Development Workshops accessible to a larger group of artists.

### ***The Doris Duke Charitable Foundation***

The Doris Duke Charitable Foundation (DDCF)’s Arts Program “mission is to support performing artists with the creation and public performance of their work.”<sup>4</sup> DDCF funds Creative Capital Foundation in three ways:

- DDCF gives Creative Capital Foundation money to give directly to artists specifically in modern dance, contemporary theater, and jazz (these are the only areas that DDCF funds in the arts).
- Infrastructure support.
- General operating support.

### ***The Andrew W. Mellon Foundation***

The Mellon Foundation makes grants on an invitation basis only. Grants for the performing arts tend to go to leading institutions and range from \$500,000 to \$2.5 million over two to three years. The Mellon Foundation has a long history of supporting individual dance artists, such as Merce Cunningham, Paul Taylor, Bill T. Jones, Ralph Lemon, Mark Morris, and Susan Marshall. It values partnering with “organizations that are solving problems or addressing issues unique in the field.”<sup>5</sup> This is the basis of its relationship with Creative Capital. Because there is a limit to the number of organizations with which Mellon can develop direct relationships, working through intermediaries like Creative Capital is an effective way to reach a larger portion of the field.

**The Kresge Foundation**

As noted on the New Mexico Grantmakers Directory website: “Through its grant awards, the Kresge Foundation seeks to help arts organizations overcome the challenges that threaten their long-term sustainability while ensuring they continue to fulfill their important role as creative contributors to the community.”<sup>6</sup> Amongst other areas, funding from the Kresge Foundation goes toward developing an organization’s leadership capabilities. Fittingly for Creative Capital Foundation, “the Kresge Foundation believes that artists can more effectively engage audiences and contribute to community life if they have the skills and resources necessary for career success.”<sup>7</sup> The Kresge motto follows:

Well-capitalized cultural institutions + Well-resourced artists + Well-integrated arts and community building = Strong, vibrant cities, towns and communities.

**THE FUTURE OF CREATIVE CAPITAL**

*Our payback provision is more of a philosophical exercise in the sense that we want to open up artists’ minds to the idea that they could actually have a financially sustainable practice. Neither will every artist nor every project that we fund pay back. It’s just not realistic. Whether we think something can make money is never part of the conversation; it is not part of our evaluation process at all. We are getting some money, the occasional checks from artists, and we’re really happy and proud about that. Ruby always says, “The money is very small but we blow the checks up really big.”*

*-Akemi Olusanmi, Associate Director Grants and Services*

Since its founding, Creative Capital has committed more than \$14 million in funding and services to 324 projects representing 411 artists. It has reached an additional 2,200 artists in communities across the country through its trademark Professional Development Program.

In the first ten years of Creative Capital’s existence, only five projects have paid back. Lisa Kron, one artist who has paid back fully, saw her play *Well* go to Broadway, but such outcomes are rare. Nevertheless, most artists feel that the idea of paying back is an important goal to have, and they hope to be able to do so eventually even if it is five dollars at a time. The reality, however, is that most artists never earn enough money on their project to pay back the grant investment.

Lewis Hyde is a scholar, the author of the seminal book *The Gift*, a current Creative Capital Board Member, and one of the original consultants to Archibald Gilles during the creation of Creative Capital Foundation. He is interested in the next generation of funding streams. “Is it possible,” he asks, “to find a way to free ourselves of government funding and private philanthropy?” Movies and live theater have a more sizeable potential for income than poetry does; how will future poets and artists in emerging fields be supported if they cannot generate revenue?

As an example, Hyde cites the musician’s union; in the 1940s, it was able to take a portion of record sales to create a trust for the purpose of funding live performance, today known as the Music Performance Trust. This “recycling of wealth,” as he puts it, led him to ask the question “Is it possible to take a portion of copyright earnings to fund the arts?” In other words, could money made from copyright earnings go toward public support of the arts? He proposes the use of orphaned works, works of art with no identified copyright owner. If the owners of those works remain unidentified and

the copyright cannot be assigned to any other entity, could proceeds from those orphaned works go into a public trust to support the creation of new works by individual artists? Could artists bequeath the rights to their works to Creative Capital, therefore establishing a continued revenue stream?

As Creative Capital enters its second decade Ruby Lerner knows that focus, innovation and clarity are needed to continue steering the organization into the future. Lerner says, embracing the unknown, “[Creative Capital Foundation] is ever evolving. It could morph and change over time as it has over this first decade.” At once a leader and a new kid on the block, Creative Capital Foundation has come a long way but there is much work to do.

## APPENDIX 1

The following list of organizations, while only a small sampling, is indicative of the arts funding landscape in the United States.

### ***State and Local Funding***

State or local arts councils are the most common ways for artists to receive funding. In New York this would be the New York State Council for the Arts and the New York Department of Cultural Affairs. Other funding examples are as follows:

#### ***The Samuels Foundation***

Originally founded to support Lincoln Center only, the Samuels Foundation is not focused on individuals but provides general operating support in the old-time philanthropy model. They look for nothing in return. "We spot talented organizations, we give them money, and we go away. We don't invest, we don't partner, we don't initiate. We just wish people a good season and they should come back next year." The Samuels Foundation is a comparatively small foundation, which gives them a great deal of freedom. They can operate and move in directions that larger organization can't. The foundation does not have an explicit mission except that they allocate their funding in a 50-50 split between dance, music and theater in the city of New York and geriatric health-care.

#### ***Pew Center for Arts & Heritage***

The Pew center for Arts & Heritage was established by The Pew Charitable Trusts in 2005 and "is dedicated to stimulating vibrant cultural community in the five-county Southeastern Pennsylvania region."<sup>8</sup> The center houses seven funding initiatives of the Pew Charitable Trusts. Two of its most significant programs are:

##### ***The Philadelphia Theatre Initiative***

A project-based program that "supports professional independent theater artists who create and perform their own work" with project grants of up to \$60,000 (over a two-year period) and planning grants of up to \$18,000 (over a one-year period).<sup>9</sup> According to the Pew Center for Arts & Heritage Website: "Generative artists who create and direct—or create and produce—work" may apply for project support if they meet very specific requirements such as: the artists has been a legal resident of Bucks, Chester, Delaware, Montgomery, or Philadelphia county for two years; have had one production for which admission was charged at a professional venue; and their work has been seen and evaluated by site reporters for the Philadelphia Theater Initiative.<sup>10</sup>

##### ***Pew Fellowships in the Arts***

Established by the Pew charitable Trusts in 1991, the Pew Fellowship in the Arts awards "no strings attached" grants to artists "working in a wide variety of performing, visual and literary disciplines."<sup>11</sup> In 2008 the fellowship was increased from \$50,000 to \$60,000.



## NATIONAL

### ***Shubert Foundation***

The Shubert Foundation is the philanthropic arm of the Shubert Organization, a commercial theater producing organization. It exists primarily to perpetuate the American theater and secondarily to perpetuate American dance, as well as funding a number of tertiary ventures. Theater gets about 70% of the funding dollars. The Foundation allocated approximately \$12.5 million in 2008 to theater and about \$2.4 million to dance. It is the largest private foundation nationally providing general operating support consistently to both the nonprofit theater world and to the dance world. Grants range in size from \$5,000 to \$275,000 and go to organizations that either serve the largest communities or serve the field in a larger sense because they produce new work or serve underserved communities. The application is an open submission process.

### ***MacArthur Fellows Program***

The MacArthur Fellows Program, or “Genius Award” as they are known, is a national, multi-disciplinary award, given to individuals who exhibit exceptional potential for future achievement based on a track record of accomplishment. Winners receive \$500,000 dispersed in quarterly installments over five years. This is a “no strings attached” award, with no requirement as to how the individual spends the awards and no follow-up reporting requested. The MacArthur Fellows Program operates by nomination only; there is no way to apply for it and winners only know they have been nominated when they receive a congratulatory phone call.

### ***Rockefeller Foundation***

The Rockefeller Foundation seeks out proposals that fit its interests rather than accepting unsolicited proposals. The foundation’s mission is “to promote the well-being of humanity around the world” and its current interest is covered by five program areas: Basic Survival Safeguards, Global Health, Climate and Environment, Urbanization, and Social and Economic Security.<sup>12</sup> It doesn’t give directly to individual artists but does support the arts and artists through conferences and residencies at the Bellagio Center in Lake Cuomo, Italy, the New York City Innovation Fund, which funds innovative arts organizations in New York City, and through the Multi-Arts Program Fund, co-funded with the Doris Duke Charitable Foundation, which supports individual playwrights, choreographers, directors, composers, and performers and is currently administered by Creative Capital Foundation.

### ***Ford Foundation***

After an overhaul of its giving practices, the Ford Foundation felt that it could increase the impact of its giving by focusing on specific issues. In the area of the arts, the foundation’s goal is to “promote a new generation of arts spaces and arts leadership that will reflect the cultural richness in diverse communities.”<sup>13</sup> In April 2010, the Ford Foundation announced the Supporting Diverse Art Spaces Initiative, which will put \$100 million dollars toward the “construction, maintenance, and enhancement of arts facilities” across the country.<sup>14</sup> The initiative will also include skills-building workshops for the organizations in areas such as management, marketing, planning, and fundraising. In hopes of spurring economic development, some of the awarded projects will also include affordable housing for artists at or near the art centers.<sup>15</sup> The Ford Foundation currently supports Creative Capital’s grant-making to individual artists.

## DISCIPLINE-SPECIFIC SERVICE ORGANIZATIONS

### ***Theatre Communications Group***

TCG is primarily focused on theater organizations and theater artists. Approximately 700 theaters and affiliated organizations and 12,000 individuals are members of TCG nationally. Members benefit from conferences and the resources that TCG provides in the areas of publication, advocacy, research, field studies and surveys, and professional development. Grants for playwrights, directors, producers, managers, actors, and designers are given to individuals to support mentorship, career development, and international collaboration. Grants for theater organizations are also awarded by TCG in the areas of audience development and innovative problem solving.

### ***Dance/USA***

Dance/USA is a national dance service organization that supports classical, modern, jazz, ethnic, and tap dance artists, educators, administrators, and organizations through the dissemination of information, education, research, advocacy, and professional development. Dance/USA also holds an annual conference to foster the discussion of trends and issues affecting the field of dance in America.

### ***OPERA America***

OPERA America is a resource center for artists, managers, and administrators in the field of opera. It is concerned with artistic and professional development, research, publications, directories, education, audience development, community service, advocacy, and public policy. Grants offered to member organizations by OPERA America include repertory development grants to offset the costs of developing and producing new opera and music theater works, a director-designer showcase for emerging opera artists, a teacher training program, and travel grants to see new works and to attend OPERA America Forums, which are designed to deepen member involvement in the discussion of critical issues facing the field.

### ***League of American Orchestras***

The League of American Orchestras services over 950 youth, collegiate, community, and professional orchestras as well as over 500 business-partners ranging from acoustics to ticketing. The league's concerns are addressed by the categories of learning and leadership development; advocacy and government; and knowledge, resources and innovation. Fellowship and mentoring opportunities are offered by the league to assist the development of future managers, executive directors, conductors, and board members.

### ***Association of Performing Arts Presenters (APAP)***

Arts Presenters is a national service organization serving over 2,000 members. It is designed to develop and support the field of arts presenting and the professionals who work in it through "advocacy, resource sharing, professional development, and civic engagement."<sup>16</sup> On behalf of a number of national foundations, APAP serves as a funnel through which these larger foundations can support innovative and cross-cultural programming.

## PROFESSIONAL DEVELOPMENT FOR ORGANIZATIONS

### ***Nonprofit Finance Fund***

Since 1980 the Nonprofit Finance Fund has “provided financial resources in the form of loans, grants, and asset-building programs, in concert with management advice.”<sup>17</sup> Its mission is to “create a strong, well-capitalized, and durable nonprofit sector that connects money to mission effectively, supporting the highest aspirations and most generous impulses of people and communities.”<sup>18</sup>

### ***National Arts Strategies***

Established in 1985 as the National Arts Stabilization Fund to assist established organizations in becoming financially stable, National Arts Strategies offers programs and services to assist experienced executive arts leaders to make significant improvements in their organizations. Through skill building seminars and leadership sessions, executives are impacted both personally and professionally, enabling them to change the way their organizations function.

## APPENDIX 2

### CREATIVE CAPITAL FOUNDATION

#### Statement of Financial Position

June 30, 2009

#### Assets

##### **Current assets**

Cash	\$ 2,525,315
Investments - Note 8	3,602,637
Contributions and grants receivable - Note 9	5,917,666
Other receivables	6,660
Equipment - at cost - net of accumulated depreciation of \$105,774	32,511
Artwork - Notes 2 and 7	125,000
Prepaid expenses	17,151
Security deposit	3,200
	<hr/>
Total current assets	12,230,140

##### **Long-term assets**

Long-term investment - Note 8	<hr/> 1,026,000
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<b>Total assets</b>	<b><u>\$ 13,256,140</u></b>
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#### Liabilities and net assets

##### **Liabilities**

Accounts and accrued expenses payable	\$ 76,355
Grants payable	<hr/> 303,019
	<hr/>
Total liabilities	<hr/> 379,374

##### **Net assets**

Unrestricted	572,675
Unrestricted - reserved - Note 5	<hr/> 110,710
Total unrestricted net assets - Note 5	683,385
Temporarily restricted - Note 3	11,167,381
Permanently restricted - Note 4	<hr/> 1,026,000
	<hr/>
Total net assets	<hr/> 12,876,766

<b>Total liabilities and net assets</b>	<b><u>\$ 13,256,140</u></b>
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**CREATIVE CAPITAL FOUNDATION****Statement of Activities and Change in Net Assets**

For the year ended June 30, 2009

	Unrestricted	Temporarily restricted	Permanently restricted	Total
<b><u>Revenue</u></b>				
Contributions – Note 3	\$ 558,976	\$ 8,362,995		\$ 8,921,971
Program service fees	277,708			277,708
In-kind contributions	133,386			133,386
Interest income	14,397			14,397
Net investment income - Note 8	( 211,133)			( 211,133)
Other - Note 10	39,792			39,792
Total revenue	813,126	8,362,995		9,176,121
Net assets released from restrictions	4,547,264	( 4,547,264)		-
<b>Total revenue</b>	<u>5,360,390</u>	<u>3,815,731</u>		<u>9,176,121</u>
<b><u>Expenses</u></b>				
<b>Program services – Note 1</b>				
Grant making	3,777,688			3,777,688
Artist services	904,637			904,637
Artist career development	610,452			610,452
Total program services	<u>5,292,777</u>			<u>5,292,777</u>
<b>Supporting services</b>				
Management and general	152,799			152,799
Fundraising	335,490			335,490
Total supporting services	<u>488,289</u>			<u>488,289</u>
<b>Total expenses</b>	<u>5,781,066</u>			<u>5,781,066</u>
Change in net assets	( 420,676)	3,815,731	\$ -	3,395,055
Net assets as of June 30, 2008	<u>1,104,061</u>	<u>7,351,650</u>	<u>1,026,000</u>	<u>9,481,711</u>
Net assets as of June 30, 2009	<u>\$ 683,385</u>	<u>\$ 11,167,381</u>	<u>\$ 1,026,000</u>	<u>\$ 12,876,766</u>

**CREATIVE CAPITAL FOUNDATION**  
**Statement of Functional Expenses**  
For the year ended June 30, 2009

	Program services				Supporting services		Total program and supporting services
	Grant making	Artist services	Artist career development		Management and general	Fund raising	
				Total			
Salaries	\$ 372,152	\$ 351,633	\$ 212,392	\$ 936,177	\$ 100,811	\$ 224,406	\$ 1,261,394
Fringe benefits	72,912	68,892	41,615	183,419	19,756	43,967	247,142
Total personnel	445,064	420,525	254,007	1,119,596	120,567	268,373	1,508,536
Grants	2,982,564			2,982,564			2,982,564
Professional fees	13,254	13,682	8,123	35,059	2,565	5,131	42,755
Consulting fees	65,988	55,922	219,824	341,734	7,840		349,574
Administrative fees	34,415			34,415			34,415
Occupancy	52,159	53,842	31,968	137,969	10,095	20,191	168,255
Office supplies	6,875	7,096	4,213	18,184	1,332	2,661	22,177
Website	3,731	3,852	2,287	9,870	722	1,444	12,036
Postage and mailing	7,428	7,668	4,553	19,649	1,438	2,875	23,962
Printing and duplication	5,768	6,060	9,294	21,122	1,188	1,774	24,084
Telephone	4,556	4,703	2,793	12,052	882	1,764	14,698
Design		850		850			850
Honorariums	71,180			71,180			71,180
Promotion	4,889	5,047	2,996	12,932	946	1,893	15,771
Grantee Conference		221,736		221,736			221,736
Repairs and maintenance	3,228	3,332	1,978	8,538	625	1,249	10,412
Conferences and meetings	18,669	56,394	4,132	79,195	2,700	1,119	83,014
Travel	48,109	33,800	58,270	140,179		5,153	145,332
Dues and subscriptions	2,149	2,218	1,317	5,684	416	832	6,932
Insurance	1,537	1,587	942	4,066	298	595	4,959
Special events						18,065	18,065
Advertising	2,078	2,145	1,274	5,497	402	804	6,703
Depreciation	4,047	4,178	2,481	10,706	783	1,567	13,056
Total	\$ 3,777,688	\$ 904,637	\$ 610,452	\$ 5,292,777	\$ 152,799	\$ 335,490	\$ 5,781,066

**CREATIVE CAPITAL FOUNDATION****Notes to Financial Statements**

June 30, 2009

**Note 1 Organization**

Creative Capital Foundation (“CCF”) was incorporated in the State of New York in May 1998 as a not-for-profit organization. CCF concentrates its efforts towards the support of artists creating original innovative work in visual, performing, media, literature, and interdisciplinary arts. In addition to financial support, CCF provides its participating grantees with career and promotional services and other pertinent advice through its artist services activities. As part of its support to the community of artists nationwide, CCF’s professional development program makes available throughout the U.S. career development workshops in fundraising, promotion, and strategic planning.

Since 2001, CCF has administered the Multi-Arts Production (MAP) grant program which was initially funded solely by the Rockefeller Foundation. In 2007, CCF received additional funding for the administration of the MAP fund from the Doris Duke Foundation. In 2006, CCF also began administering the Arts’ Writers Grant Program for the Andy Warhol Foundation for the Visual Arts.

CCF is exempt from Federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and is classified as a publicly supported organization as described in Sections 509(a)(1) and 170(b)(1)(a)(vi).

**Note 2 Summary of significant accounting policies**

**Accrual basis.** The financial statements have been prepared using the accrual basis of accounting, in accordance with the AICPA’s Audit and Accounting Guide “Not-for-Profit Organizations.”

**Net assets.** Net assets are classified and reported as follows:

Unrestricted - this class includes net assets from unrestricted contributions and from other resources not subject to donor-imposed stipulations.

Temporarily restricted - this class includes net assets that are subject to donor-imposed stipulations that either expire by the passage of time or can be fulfilled by actions of CCF pursuant to these stipulations.

Permanently restricted - this class represents donations which have been accepted with the donor-stipulation that the principal be maintained intact in perpetuity while permitting CCF to use or expend all of the income derived from the donated assets.

**Fixed assets.** Equipment is recorded at cost and depreciated over the estimated useful lives of 3 to 5 years using the straight line method.

**Investments.** Investments in marketable securities are maintained in investment accounts held as available for sale and are reported at their fair values at fiscal year end. Gains or losses and investment income on investments are reported in the statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations.

**CREATIVE CAPITAL FOUNDATION****Notes to Financial Statements**

June 30, 2009

**Note 2 Summary of significant accounting policies (continued)**

**Cash and cash equivalents.** All highly liquid investments with maturity of three months or less when purchased are considered to be cash equivalents. CCF maintains its cash and cash equivalents in what it believes to be quality financial institutions. Accounts are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 effective through December 31, 2013. CCF is exposed to credit risk for amounts held in excess of the FDIC limit.

**Support.** Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions.

Gifts of goods and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

In the absence of explicit donor stipulations about how long those long-lived assets must be maintained, CCF reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Functional allocations.** The costs of providing the organization's programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Gifts of artwork.** CCF established a policy starting in 2008 regarding gifts of artwork. These gifts will be accepted from the donor in lieu of a cash contribution and treated as an asset that can be sold at any time with prior board approval.

**New accounting pronouncements.** Statement of Financial Standards No. 157, Fair Value Measurements (SFAS 157) defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosure about fair value measurements. Fair value is defined under SFAS 157 as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value under SFAS 157 must maximize the use of observable inputs and minimize the use of unobservable inputs.



**CREATIVE CAPITAL FOUNDATION****Notes to Financial Statements**

June 30, 2009

**Note 2 Summary of significant accounting policies (continued)**

The standard describes how to measure fair value based on a three-level hierarchy of inputs, of which the first two are considered observable and the last unobservable.

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liability.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The adoption of this statement does not have a material impact on CCF's statement of activities or financial position.

In addition, in August 2008, the FASB released a Staff Position document ("FSP"), SFAS No. 117-1, "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enhanced Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds." The FSP requires expanded disclosures about the activities in an organization's endowment funds (both donor restricted and board designated) and is effective for operating years ending after December 15, 2008 (see Note 3, 4 and 5).

In fiscal year 2010, CCF will adopt Financial Accounting Standards Board Interpretation No. 48, "Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement of No. 109" (FIN 48). Due to CCF's general tax exempt status, FIN 48 is not expected to have a material effect on its financial statements.

**Fair value measurements.** CCF adopted SFAS 157 which requires classification of assets and liabilities based on valuation methods using three levels. Level 1 values are based on quoted prices in active markets for identical securities. Level 2 values are based on significant observable market inputs, such as quoted prices for similar securities and quoted prices in inactive markets. Level 3 values are based on significant unobservable inputs that reflect the fund's determination of assumptions that market participants might reasonably use in valuing the securities. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying investment.

The following table presents CCF's valuation levels of investments as of June 30, 2009:

Level 1 Quoted prices	\$ 4,628,637
Level 2 Other significant observable inputs	-
Level 3 Unobservable inputs	-
Total	<u>\$ 4,628,637</u>

**CREATIVE CAPITAL FOUNDATION****Notes to Financial Statements**

June 30, 2009

**Note 3 Temporarily restricted net assets**

	Beginning balances	Additions	Releases	Ending balances
The Emily Hall Tremain Foundation	\$ 100,000		\$ 100,000	
The Doris Duke Charitable Foundation	3,284,671	\$ 1,622,400	1,672,540	\$ 3,234,531
The Andy Warhol Foundation for the Visual Arts:				
General support *	500,000	1,500,000	1,000,000	1,000,000
Cash reserve *	1,000,000			1,000,000
Arts' Writers grant program	585,082	4,824,462	770,672	4,638,872
The William and Flora Hewlett Foundation	297,333		125,000	172,333
New York Community Trust – Van Lier Fund	6,250		6,250	
The Muriel Pollia Foundation	150,000		50,000	100,000
The Ford Foundation	91,667	100,000	100,000	91,667
James Irvine Foundation	208,000		106,000	102,000
Rockefeller MAP Fund	1,128,647		496,802	631,845
The Nathan Cummings Foundation		100,000	100,000	
Met Life Foundation		25,000		25,000
LEF Foundation		171,133		171,133
Various donors		20,000	20,000	
Sub-total	7,351,650	8,362,995	4,547,264	11,167,381
Net investment	-	( 103,268 )	( 103,268 )	-
Total temporarily restricted contributions	\$ 7,351,650	\$ 8,259,727	\$ 4,443,996	\$ 11,167,381

\* In 2001, the Andy Warhol Foundation for the Visual Arts made a \$10 million commitment to help CCF launch an endowment campaign to ensure the organization's performance. The commitment was issued as a challenge grant to be matched dollar-for-dollar by May 2004. With the stock market's poor performance in 2001 and not being able to meet the endowment challenge match by 2004, CCF asked and received approval from the Andy Warhol Foundation to reconfigure the grant as follows: The new challenge would be \$1 million in annual operating support for each of nine years, beginning in 2004 and ending in 2012, plus \$1 million allocated to a CCF cash reserve. Before the Andy Warhol Foundation would release its annual commitment of \$1 million, CCF had to demonstrate that, in the prior calendar year, it generated at least an additional \$800,000 through earned income and contributions from other sources, as well as maintained support to approximately 40 artists per cycle. As of June 30, 2008, CCF had received \$6 million (\$1 million as cash reserve, \$5 million as operating support) of the original \$10 million commitment. In May 2009, the original commitment was terminated and the challenge grant was revised by the Andy Warhol Foundation as follows: The annual contribution would increase to \$1,500,000 through 2018 and would have to be matched dollar-for-dollar by other contributions and Professional Development Program workshop earnings. The level of support to grantees would have to be maintained at current levels with an increase in the number of new grants to artists from approximately 40 to 46 in each of the four grant making years within the CCF artist grantee seven year cycle. If in any single year more funds were raised than were spent to maintain CCF's level of artist support, the surplus can be carried over and applied towards fulfilling the following year's commitment. As of June 30, 2009 CCF had received \$1.5 million of the new \$15 million commitment.

**CREATIVE CAPITAL FOUNDATION****Notes to Financial Statements**

June 30, 2009

**Note 4 Permanently restricted net assets**

Permanently restricted net assets are comprised of donor-restricted funds stated at the original value of the contribution. Donor-restricted funds are subject to restrictions such that the principal value thereof cannot be used. The income generated from the endowment funds is available for general operations.

**Note 5 Unrestricted reserved**

For 2009, CCF reserved 50% of all unrestricted contributions (both unrestricted and time restriction released during the current year) to fund grants to artists as follows:

Beginning balance		\$ 540,154
Unrestricted contributions received (\$558,976 x 50%)	\$ 279,488	
Time restricted contributions released (\$4,547,264 x 50%)	<u>2,273,632</u>	
Additional reserved		<u>2,553,120</u>
Total reserved contributions available		3,093,274
Grants to artists		( <u>2,982,564</u> )
Net unrestricted reserved balance at end of year		<u>\$ 110,710</u>

**Note 6 Lease commitment**

CCF has a two year lease on an office space for the Map Fund at 73 Spring Street that expires on November 30, 2009. CCF has the intention of renewing the lease in the near future.

**Note 7 Artwork**

In fiscal year 2009, CCF received a painting as a donation with an appraised value of \$125,000.

**Note 8 Investments**

The investment portfolio consists of investments in mutual funds and a long/short domestic equity fund. The fair value of investments as of June 30, 2009 is as follows:

Cash and cash equivalent		\$ 3,033,104
Mutual funds – ING Principal Protection Fund		519,928
Blended funds – included stocks and bonds		
Vanguard Balanced Index Fund (Admiral shares)	\$ 558,718	
Fidelity Puritan Fund	<u>516,887</u>	
		<u>1,075,605</u>
Total		<u>\$ 4,628,637</u>

**CREATIVE CAPITAL FOUNDATION****Notes to Financial Statements**

June 30, 2009

**Note 8 Investments – (continued)**

Investment classification as follows:

Short term investments	\$ 3,602,637
Long term investments (Permanently restricted net assets – See Note 4)	1,026,000
Total	<u>\$ 4,628,637</u>

Investment income net of capital losses:

Interest and dividends	\$ 85,879
Realized loss on investment transactions	( 38,679)
Unrealized loss on investments	( 258,333)
Total	<u>(\$ 211,133)</u>

Allocation of investment income net of capital losses:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Interest and dividends		\$ 60,178	\$ 25,701	\$ 85,879
Realized/unrealized gain/(loss)		( 163,446)	( 133,566)	( 297,012)
Total investment return		( 103,268)	( 107,865)	( 211,133)
Transfers	( \$ 211,133)	103,268	107,865	-
Total allocation	<u>( \$ 211,333)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>( \$ 211,333)</u>

**Note 9 Contributions and grants receivable**

Contributions and grants receivable are comprised of the unconditional promises to give shown below. Unconditional promises to give are recorded at the present value of their estimated future cash flows. In determining the present value of the expected future cash flows, a discount rate of 0.56% to 3.6% was applied at June 30, 2009.

	<u>2009</u>
Amounts due in	
Less than one year	\$ 2,920,000
One to five years	3,150,000
More than five years	75,000
Less: discount	( 227,334)
	<u>\$ 5,917,666</u>

As of June 30, 2009, \$5,917,666 of contributions receivable is temporarily restricted. Management expects all pledges to be fully collected and, accordingly, no allowance for doubtful pledges has been provided.

**CREATIVE CAPITAL FOUNDATION****Notes to Financial Statements**

June 30, 2009

**Note 10 Other income**

For the fiscal year 2009, other income of \$ 39,792 is made up of the following:

Grantee payback	\$	112
MAP administrative fee		34,415
Miscellaneous		<u>5,265</u>
Total other income	\$	<u>39,792</u>

## APPENDIX 3

# Creative Capital

## DONOR LIST

In its first decade, nearly 400 donors have contributed more than \$23 million to implement and maintain Creative Capital's programs and operations.

### Founding Donor

The Andy Warhol Foundation for the Visual Arts\*

### Lead Donors

William K. Bowes, Jr. Foundation\*  
The Doris Duke Charitable Foundation  
The Ford Foundation

The William and Flora Hewlett Foundation  
James Irvine Foundation\*  
The Rockefeller Foundation\*

Emily Hall Tremain Foundation\*

### Principal Donors

The Booth Ferris Foundation  
The Nathan Cummings Foundation  
The Wallace Alexander Gerbode Foundation\*  
LEF Foundation\*

Albert A. List Foundation\*  
Mertz-Gilmore Foundation\*  
The Peter Norton Family Foundation\*  
Muriel Pollia Foundation

Rockefeller Brothers Fund  
The TOBY Fund  
The Theo Westenberger Estate

### Major Donors

A G Foundation\*  
The Lily Auchincloss Foundation\*  
The Concordia Foundation  
Suzi Keats Cordish and David Cordish

Lewis B. and Dorothy Cullman Foundation  
The Jerome Foundation\*  
JPMorgan Chase Foundation  
The John S. and James L. Knight Foundation

New York Community Trust  
Catharine and Jeffrey Soros\*  
Surdna Foundation

### Sustaining Donors

Anonymous (California)  
Anonymous (New York)\*  
Lucy and Isadore B. Adelman Foundation  
Altria Corporate Services, Inc.  
The Annenberg Foundation  
Broad Art Foundation\*  
The Daniel J. and Edith A. Ehrlich Family Foundation

Ronald and Frayda Feldman  
The Goldstone Family Foundation  
H & M Fund  
Karan-Weiss  
Thomas S. Kenan Institute for the Arts\*  
The Leonard and Evelyn Lauder Foundation  
The Liman Foundation\*  
The Andrew W. Mellon Foundation

Harriet Meyer and Ulrich E. Meyer  
The Minneapolis Foundation  
Kathleen O'Grady  
Peregrine Capital Management\*  
The Prospect Hill Foundation  
The Edward and Sally Van Lier Fund  
of the New York Community Trust  
The Zephyr Trust

### Contributing Donors

Sunny Bates  
The Benton Foundation\*  
The Mary Duke Biddle Foundation  
Robert Browne  
Red Burns  
Greg Cameron  
Thomas Cleary  
Ed and Eve Colloton  
James and Kathleen Cowie  
Patricia Cox  
Carla Emil and Richard Silverstein  
Enterprise Foundation  
Gabriella de Ferrari  
Kenneth Fishel  
Foundation for the Carolinas  
John Fowler  
The Fowler Brothers Foundation  
Paola Freccero  
Andrew Freireich in memory of  
Theo Westenberger  
Archibald and Linda Gillies  
Erika Glazer

Herman Goldman Foundation  
Barbara Goldstein  
Elizabeth Firestone Graham Foundation  
Halcyon Hill Foundation  
The Heathcote Art Foundation\*  
Lisa Heller  
Cheryl Henson and Ed Finn  
Frank and Maryellen Herringer  
Kristina I. Horn  
David Howe and Charlene Wang-Howe  
Lewis Hyde  
Morgan Jenness  
John Johnson and Susan Short  
Rita J. and Stanley H. Kaplan  
Family Foundation  
Jerry and Terri Kohl Family Foundation  
Werner Kramarsky  
The Lerner Foundation  
Harry and Gloria Lerner  
Ruby Lerner  
Ann Leven  
The Seymour and Carol Levin Foundation  
Richard Linklater

Karen Marta  
Andrew Martin  
Jane Metcalfe and Louis Rossetto  
The Joan Mitchell Foundation  
Muse Family Foundation  
Jodi Peikoff  
Andrew and Kirsten Pitts  
James Schamus  
Peter Seidler  
The Silver Tie Fund  
Juliet Lea Hillman Simonds Foundation  
Jennifer Smith  
Leslie Stevens  
Catharine Stimpson  
Cyndi Stivers  
Michael and Philippa Straus  
The Buddy Taub Foundation  
Liza Vann and Cameron Smith  
Warburg Realty Partnership, Ltd.  
Fred Wilson  
Penny Winton\*

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