



**Regular Meeting of the
Cuyahoga Arts & Culture Board of Trustees**

Cleveland Public Library - Main Branch, Louis Stokes Wing,
2nd Floor, Conference Room B
325 Superior Avenue, Cleveland, OH 44114
Wednesday, September 13, 2023 - 4:00 pm

- 1. Opening of the Meeting**
 - a. Call to Order
 - b. Roll Call
 - c. Auditor of State Award recognition
 - d. **Action:** Motion to approve April 19, 2023 regular meeting minutes

- 2. Extended Public Comment on Today's Agenda**

- 3. Executive Director's Update**

- 4. Finance and Administrative Items**
 - a. Finance Report
 - b. **Action:** Approval of Personnel Report

- 5. R Strategy Update**

- 6. Grantmaking Items**
 - a. 2024-25 Planning Update (Discussion)

- 7. Assembly for the Arts Update: Artist Community Planning & Engagement Grant**

- 8. Public Comment on CAC Business**

- 9. Adjourn**

Next Regular Meeting: November 15, 2023, 4:00 pm



Minutes of the Annual Meeting of the Board of Trustees
Wednesday, April 19, 2023

A meeting of the Cuyahoga Arts & Culture (CAC) Board of Trustees was called to order at 4:01 pm at the Cleveland Public Library, Louis Stokes Wing, 325 Superior Avenue, Cleveland, OH.

Board President Mendez stated that the meeting was being streamed and recorded.

The roll call showed that Trustees Blakemore, Isenhardt, Mendez, Scott Taylor, and Sherman were present. It was determined that there was a quorum.

Also in attendance were: Jill Paulsen, Executive Director and CAC staff.

1. SWEARING IN OF TRUSTEES

Trustee Mendez stated that County Executive Ronayne appointed, and County Council approved, the reappointment of Michele Scott Taylor and appointment of Daniel Blakemore. Trustee Mendez performed the oath of office for Trustees Michele Scott Taylor and Daniel Blakemore. Each swore to honestly, faithfully, and impartially perform their duties while serving as a trustee of Cuyahoga Arts & Culture. Trustees Scott Taylor and Blakemore were appointed to three-year terms ending on March 31, 2026.

Cleveland Public Library Executive Director Felton Thomas shared his welcome, stating that the library is dedicated to literary arts and all arts.

Trustee Mendez noted that the agenda for today's meeting is a result of CAC seeking and using community feedback. First, she noted that CAC's grants team has worked tirelessly over the last six months to be ready to launch its 2024-25 grantmaking process, following the approval of guidelines today. She thanked those who weighed in at every step to make CAC's work better. Second, the feedback gathered over recent months from artists and those interested in supporting artists informed a grant recommendation before the Board today. Trustee Mendez stated that CAC is working in partnership with Assembly to fund them to immediately hold open and inclusive engagement events for residents and artists over the next 4-5 months; this will result in a plan for how they will distribute funding in 2024. Third, she noted the once Assembly's artist listening work is complete, CAC will begin a broader listening process to seek community feedback on its core grantmaking to nonprofits to shape future work.

Trustee Mendez concluded her remarks by stating that she will continue to use CAC's public comment policy as a guide to manage a respectful and productive Board meeting.

2. APPROVAL OF MINUTES

Motion by Trustee Scott Taylor, seconded by Trustee Isenhart, to approve the minutes from the February 15, 2023, Board meeting.

Discussion:

Trustee Scott Taylor noted that her name appeared as Scott Thomas in two places in the minutes and asked that it be corrected.

Trustee Sherman stated that she had three corrections, as follows:

- 1) Under discussion of the approval of the December 14, 2022 minutes she stated the language used, which should be in the February minutes, was “a motion to amend pending motions to approve at the December 14th meeting.”
- 2) Under the Executive Director Report section, her request was for information on how the ARPA funds were used by grant program type and then by category, specifically how many individuals were hired by each.
- 3) Her motion under reports on page 3 “for Board to consider, in light of the likelihood of new levy dollars, to responsibly release more money from CAC’s substantial reserves which are currently intended to be held onto to spend in 2027, the 11th year of the current levy.”

Trustee Scott Taylor accepted these friendly amendments.

There was a vote to approve the minutes including the above friendly amendments. Ayes: Mendez, Isenhart, Scott Taylor, Blakemore, Sherman. The motion carried.

Trustee Sherman made a motion that the recordings of Board meetings serve as the favored version of the meeting minutes; the motion was seconded by Trustee Scott Taylor.

Discussion: Executive Director Paulsen stated that the minutes, as prepared, are full and accurate, as discussed at multiple previous meetings and after ongoing review from CAC counsel. Using video as minutes is not advised due to cost of reliable technology and records retention issues. Trustee Mendez elaborated that if CAC relied on recordings instead of written minutes, CAC would need to invest in equipment and personnel to ensure that recordings were clear and captured every comment.

Vote: Aye: Sherman, Nay: Scott Taylor, Mendez, Isenhart, Blakemore. The motion failed.

3. ELECTION OF OFFICERS

Trustee Isenhart presented the slate of officers with Trustee Mendez as President, Trustee Scott Taylor as Vice President, and herself, Trustee Isenhart, as Secretary.

Motion by Trustee Isenhart, seconded by Trustee Blakemore, to approve slate of officers: Trustee Mendez as President, Trustee Scott Taylor as Vice President, and Trustee Isenhart as Secretary.

Discussion: Trustee Sherman asked several questions of Trustee Mendez and Trustee Scott Taylor and they responded. Trustee Isenhart stated that she the Board President and Vice President were doing an excellent job of managing very difficult roles.

Vote: Aye: Blakemore, Isenhart, Mendez, Scott Taylor. Nays: Sherman. The motion carried.

4. PUBLIC COMMENT ON MEETING AGENDA ITEMS

Dave Biro, artist
Liz Maugans, artist

5. EXECUTIVE DIRECTOR'S REPORT

Executive Director Paulsen thanked everyone for joining her and the Board. Her remarks can be found in the board materials.

6. BOARD ACTION – GRANTMAKING

Approval of 2024 Project Support, 2024-2025 General Operating Support, and 2045-2025 Cultural Heritage Guidelines

Mr. Sinatra provided the Board with an overview of the 2024 Project Support and 2024-2025 GOS and Cultural Heritage Guidelines which were included in the Board materials.

Motion by Trustee Scott Taylor, seconded by Trustee Blakemore to approve 2024-2025 General Operating Support, 2024 Project Support and 2024-2025 Cultural Heritage guidelines.

Discussion: Trustee Sherman asked if the change to multi-year PS and CH grants would streamline work for staff and allow CAC to lower overhead; she asked for a report at the next meeting detailing how the change in workflow impacted staff time. Executive Director Paulsen stated that at any one-time staff is actively working on three grant years with 300 organizations between reporting, application cycle and planning. Trustee Mendez asked Executive Director Paulsen what the CAC overhead is, Ms. Paulsen said it is less than 10%, which Trustee Mendez confirmed is exceptionally low compared to most nonprofits which run around 20%.

Vote: Ayes: Sherman, Mendez, Scott Taylor, Isenhart, Blakemore. The motion carried.

Approval of Support for Artists Community Engagement + Planning Grant

Executive Director Paulsen asked the Board to approve a grant to Assembly for the Arts to do community engagement and planning over the next 4-5 months for the Support for Artists program. She said this grant is not a re-do of Support for Artists planning work done by CAC in 2017, but rather a more condensed refresh to update the effort. Assembly's engagement and planning work will result in a plan to support

artists and their efforts to strengthen community. She added that the plan must continue to center racial equity and provide both financial and non-financial support for artists (based on findings from previous SFA work). Assembly's process will be informed by the work of current successful SFA partners (grant recipients). Following the completion of this planning process, CAC will invite Assembly to submit a proposal for how they would manage a program of at least \$400,000 in 2024. CAC is open to increasing this investment to SFA in 2024 but noted that any increase to SFA will come from CAC's overall grantmaking budget and will impact CAC's core grantmaking (GOS, PS and CH). There is also a larger goal for Assembly to bring in additional private and public dollars for artists.

Motion by Trustee Scott Taylor, seconded by Trustee Blakemore, to approve a planning grant of \$20,000 to Assembly for the Arts to conduct focused listening, engagement, planning with artists and residents that will result in a community-driven plan for how 2024 SFA funds will be spent.

Discussion: Trustee Scott Taylor asked where additional money for this grant would come from (since it was not in this year's budget). Executive Director Paulsen said it would come from CAC's only fund, the general fund.

Trustee Sherman stated that she is concerned that \$20,000 is not a large enough grant for Assembly to complete this work and suggested the grant be \$70,000, the amount CAC spent on planning in 2017. Trustee Sherman made an amendment to increase the grant to \$70,000; there was no second.

Trustee Isenhart stated that the proposed grant should be more specific in its directives to Assembly, with the desire to ensure transparency; meetings should be public and advertised, attendance recorded and shared, and the current SFA organizations should be part of the process from the beginning. Trustee Isenhart stated that nothing should be decided in corners or backrooms. She noted that she did agree with the shift in the approach to SFA grantmaking.

Vote on the original motion as submitted: Ayes: Scott Taylor, Blakemore, Mendez, Isenhart, Abstain: Sherman. The motion carried.

Trustee Sherman motioned to secure accurate numbers, expert modeling and forecasting related to a recent clerical error that she believes does not make sense. There was no second to the motion.

7. FINANCE REPORT

Ms. Harris stated that tax revenue through March was \$2,449,689, \$6,689 above forecast and \$28,942 below the same period in 2022. She stated interest revenue was \$121,627 and that non-grant expenses through March were \$220,789. Ms. Harris also provided an update on the status of the 2022 audit.

Appointment of members of the Audit and Finance Advisory Committee

Ms. Harris requested the Board reappoint the current members of the Audit and Finance Advisory Committee to continued one-year terms. She presented Luis Cartagena, Ann McCarthy-Garland, Ken Surratt, and Karolyn Isenhart for reappointment, noting their qualifications. She said this committee ensures

CAC has proper financial controls and policies in place and that its investment of inactive monies complies with its Investment Policy.

A motion by Trustee Blakemore, seconded by Trustee Scott Taylor was made to reappoint members of the audit and finance committee for the period of April 1, 2023 – March 31, 2024: Luis Cartagena, Ann McCarthy-Garland, Ken Surratt, and Karolyn Isenhart.

Discussion: Trustee Sherman stated that she would like the Audit and Finance Advisory Committee to review what she believes are problems in CAC's books. Trustee Sherman motioned to redirect the audit committee to review how CAC keeps records and to seek advice to do financial modeling, and to request a report mid-summer. There was no second.

Ms. Harris said that the role of this committee is to recommend an internal financial controls policy and procedures to ensure there is no fraud or theft. Ms. Harris said that CAC undergoes an annual audit conducted by the Ohio Auditor of State, which entails a random sampling of all entries, minutes, Board approvals, contracts, amount of money in the bank, who signed for payments, when payments were made, and approvals based on grant agreement requirements. CAC has not had a single finding in 15 years. CAC's Board receives a budget and actual each year in the Board packet, and the audit.

Vote on the original motion: Ayes: Scott Taylor, Mendez, Isenhart, Blakemore, Nay: Sherman. The motion carried.

Public Records Manager Designee

Ms. Harris submitted that she has completed annual training to be CAC's Public Records Manager Designee.

Trustee Scott Taylor made a motion, seconded by Trustee Blakemore, to approve Meg Harris as the agency's Public Records Manager Designee.

There was no discussion.

Vote: Ayes: Scott Taylor, Blakemore, Isenhart, Mendez, Sherman. The motion carried.

Appointment of Two CAC board members as ex-officio board members of Assembly for the Arts

Motion by Trustee Isenhart seconded by Trustee Blakemore to designate Trustees Mendez and Scott Taylor to serve on the Assembly for the Arts Board, representing CAC in this service, from now until CAC's next annual meeting, with the instruction that they will represent CAC and CAC's interested in this serve as part of their official duties and responsibilities as CAC Trustees, and also with the understanding that this service may end at an earlier time as determined by the designated Trustees of the Board.

There was no discussion.

Vote: Ayes: Scott Taylor, Blakemore, Isenhart, Mendez, Nay: Sherman. The motion carried.

8. ASSEMBLY FOR THE ARTS

Mr. Johnson, CEO of Assembly for the Arts, provided an update on the organization. He said the proposal for artist planning work, passed at this meeting, will allow Assembly to be a unifying force for the whole creative economy through its programming. He stated that this is not a starting over of the SFA planning team's work that was done more than five years ago. He assured the Board that this listening process will include current and past SFA partners, including Karamu House, Julia de Burgos Cultural Art Center, SPACES, Cleveland Public Theater at the outset.

9. OTHER BUSINESS

Trustee Sherman stated that she had new business. She noted that CAC bylaws require the Board to review the Executive Director each year, which Sherman stated had not been scheduled. Sherman asked when it would be scheduled. Trustee Mendez stated that the Board discussion occurs at the end of the year. Trustee Mendez confirmed that it took place in December 2022. Trustees Scott Taylor and Isenhart concurred. Trustee Mendez added that she intends to hold a Board discussion again at the end of this year for the Executive Director's 2023 review.

10. PUBLIC COMMENT ON CAC BUSINESS

There was no public comment on CAC business.

ADJOURNMENT

Motion by Trustee Scott Taylor, seconded by Trustee Isenhart, to adjourn the meeting.

Discussion: none.

Vote: all Ayes. The motion carried. The meeting was adjourned at 5:35 pm.

Attest:

Karolyn Isenhart, Secretary, Board of Trustees

Executive Director's Report

September 13, 2023

Welcome to Cuyahoga Arts & Culture's September Board meeting.

On September 13th, the Board will:

- Receive an update from R Strategy on the effort to expand local public funding for arts and culture.
- Preview and discuss 2024-25 grantmaking allocations.
- Hear from Assembly regarding their community engagement and planning grant.
- Conduct regular business matters.

Fall is a busy time at CAC. In addition to what the Board will discuss at this meeting, the team is simultaneously preparing for 2024 Project Support, 2024-25 Cultural Heritage, and 2024-25 General Operating Support grant panels. We invite you to watch the livestream on September 19-20th via our website.

I also note the launch of two refreshed CAC websites, (CACgrants.org and ClevelandArtsEvents.com) both redesigned to ensure a better user experience.

See you at the downtown Main branch of the Cleveland Public Library on the 13th.

Sincerely,

Jill Paulsen
Executive Director

Updates from CAC Staff

September 13, 2023

CAC's work is rooted in our [10-year community planning process](#), that identifies the two constituents that we must serve as: 1) nonprofit arts organizations; and 2) the residents of Cuyahoga County. Every year, staff creates a [work plan](#) that is grounded in this framework and CAC's [Mission, Vision & Values](#).

What follows is a brief update on the progress made since the Board's last meeting in April.

1. GRANTMAKING: Connecting with and serving nonprofit organizations

2023 Grant Updates

2023 Grants: General Operating Support (GOS), Project Support (PS), Cultural Heritage (CH)

Mid-year reports for General Operating Support 2023 have been received and reviewed. Grantees have **received 90% of their 2023 grant amounts**. Planning and development of General Operating Support 2023 year-end reports and 2024 goals are in progress. Staff continue to work with Project Support grantees as they carry out 2023 projects and complete reports. Staff held mid-year meetings with all Cultural Heritage grantees to share updates and inform our work.

Resident-Led Grantmaking

In June, CAC **co-funded 24 neighborhood arts and culture projects** through its partnership with Neighborhood Connections. Neighbor Up Action Grants support grassroots arts activities led by Cleveland and East Cleveland residents. Neighborhood Connections has also hosted four in-person Arts & Culture Network Nights in locations across the community this year. About 50-100 people attended each session. These gatherings bring the arts community together for relationship building and are co-led with support from staff at CAC and Assembly for the Arts.

The 2023 ioby-CAC Match Fund is nearly complete. The fund provides a dollar-for-dollar match for funds raised by residents, up to \$3,000. So far, CAC has **supported over 40 projects** through the match program in 2023, bringing public funding to neighborhoods across the community.

Support for Artists Grants (SFA)

SPACES, Julia de Burgos Cultural Arts Center, and Assembly for the Arts have made their 2023 artist awards and are working with artists to carry out projects and provide support. **Karamu House** has closed their application process and will award their fellowships this fall.

Assembly for the Arts will launch their artist community listening sessions on September 9, facilitated and documented by Dr. Brea Heidelberg, an arts management educator, consultant, and researcher from Philadelphia, PA. In late August, Assembly requested—and CAC approved—changes to reduce their Scope of Work and extend their project timeline for the community engagement and planning grant. The project is now set to be completed by late October, with reporting and a subsequent 2024 Support for Artists proposal due to CAC in November.

2024 Grant Updates

2024 Grant Applications

CAC received **305 applications for 2024 funding** through CAC’s 2024-25 General Operating Support, 2024 Project Support, and 2024-25 Cultural Heritage grants. An initial eligibility check was due in June followed by the full application deadline (not required for all) on August 3rd.

	General Operating Support	Project Support	Cultural Heritage	Total
Total Applicants	74	218	13	305
<i>Steady Cohort/Bypass</i>	67	126	12	205
<i>Going to Panel</i>	7	92	1	100
<i>First-Time Applicants</i>	n/a	14	n/a	14

Of these applicants, 100 returning and new applicants will be reviewed through CAC’s public panel in September. The remaining grantees have been previously vetted and are in good standing. They will be automatically recommended for grants at the November meeting.

Report on Project Support Bypass Option

In April CAC’s Board approved a **new option for Project Support grantees** – allowing them to bypass the full application and panel processes if they plan to conduct the same project in 2024. Instead, grantees submitted (and staff reviewed and approved) a Project Information Form to confirm eligibility and collect plans for 2024. In total, 126 grantees chose this option, which reduces the burden on applicants (in line with the trust-based philanthropy approach). The bypass approach requires staff management, technical assistance, and approvals equivalent to that of a usual application process. CAC will continue to evaluate the impacts of this option and consider if it could be implemented on a bi-annual basis or further adapted to support grantees.

Supporting Grant Applicants

Every year **CAC offers robust technical assistance** to ensure applicants have the tools and information to succeed in our process. This summer, those well-attended offerings included:

- Plante Moran: Understanding and Filing a 990 workshop
- SMU | DataArts Cultural Data Profile and “The Big Picture: National Research Insights with SMU DataArts” workshop
- Equius: “Making Room at the Table as you Plan for your CAC Grant” workshop
- Project Support application workshop
- General Operating Support application workshop
- Virtual application “office hours” for applicants to meet one-on-one with CAC staff to address their organizations’ application and specific questions.
- Emails and personal phone calls regarding technical assistance and reminders fielded by the entire CAC team.

Evaluation Surveys

After each step in the grant cycle, **staff continue to collect feedback to inform our work**. Those who submitted feedback on CAC’s application process indicated that they were “very satisfied” with the process. One applicant noted: “Very informative and helpful. I was not intimidated by the

process.” Staff use regular communication with applicants and grantees to inform technical assistance and to consider potential improvements for future grant cycles.

Panel

Thirty arts and culture professionals have been recruited to serve as panelists who will evaluate applications to our Project Support, Cultural Heritage, and General Operating Support grant programs. All panelists have been trained and are now reviewing applications. CAC’s public grant review panels will be held virtually on September 19- 20. Project Support applicants requesting up to \$5,000 will continue to be reviewed through a written panel process. All applicants receive detailed feedback from panelists.

2. COMMUNICATIONS: Connecting with residents and promoting CAC-funded events

2022-23 Report to the Community

In June, CAC released its **2022-23 Report to the Community** in a digital and mailed print format. The report highlights CAC's commitments to equity and transparency, as well as the role of CAC grants and relief funding in the work of our grantees. The report has been viewed by hundreds of grantees, public officials, and other residents. View the report at 2022report.cacgrants.org.

New Websites Launched to Better Serve Grantees and Residents

In August, CAC launched **two newly designed websites to better serve the community**. CAC’s new website has a new design and updated navigation, making it easier for grantees to find the information they need more quickly. See more at cacgrants.org.

ClevelandArtsEvents.com has been redesigned in collaboration with Assembly for the Arts. This update reflects a community-wide focus, with an increased presence of the artist directory and opportunities for artists. See more at ClevelandArtsEvents.com.

Media Placements

In addition to consistent crediting for Cuyahoga Arts & Culture in the media by our partners, below is a sampling of recent media clips focused on CAC’s work:

- [Cuyahoga Arts & Culture seeks feedback - Ideastream Public Media](#) (April 19, 2023)
- [Cuyahoga Arts & Culture opens 2024 grant funding opportunities – Fresh Water Cleveland](#) (May 11, 2023)
- [Ohio could reverse course on potential Cuyahoga County vape tax, allow higher tax on cigarettes - cleveland.com](#) (June 26, 2023)
- [A timeline of Cuyahoga County’s cigarette tax for the arts | Ideastream Public Media](#) (July 17, 2023)

3. Effective TEAMWORK and OPERATIONS

Connecting with Community and Building Our Capacity

Since the last Board meeting, CAC staff presented at or participated in the following workshops, peer groups, and trainings.

- Building Equitable Grantmaking Practices – Philanthropy Ohio (Julia Carey)
- Nutrition Equity Fund Planning Team (Julia Carey)
- Partnership in Place – Philanthropy Ohio (Jake Sinatra, Julia Carey, Laura Matteo, Maya Curtis)
- Quarterly Assembly Meetings (all staff)
- Cleveland Council on World Affairs Centennial Civic Forum (Jill Paulsen)
- Funders Collaborative on Covid Relief – Data Equity Working Group (Julia Carey)
- Updating Candid’s Demographic Questions: Why, How, and What’s New? (Maya Curtis)
- Demystifying Trust-Based Philanthropy Series (grants team)
- Seeking Pathways to Racial Equity (grants team)
- Grantmaking Database Conference (Dayvon Nichols)
- Racial Equity Institute Phase I (Laura Matteo)

Effective Teamwork and Operations

CREW Updates

The Core Racial Equity Working group (CREW) serves as the advisory and recommending body to CAC for internal racial equity initiatives that lead to a more racially equitable workplace. In 2023, the CREW updated its roles and responsibilities, to highlight ways that CREW can more regularly connect with the full CAC team. In addition, CREW set 2023 goals, which are designed to move CAC along the Continuum on Becoming a Multicultural Organization, a framework we have been using since 2020.

Staff Updates

- Farewell to Johnnia Stigall, former CAC grants manager.
- Welcome Dayvon Nichols, new CAC grants manager.

FINANCIAL UPDATE

2023 YTD

Revenue. Tax revenue through August 31 was \$6,736,251. This is \$523,249 (7.21%) below forecast and \$678,531 (9.2%) less than the same period in 2022. The rate of decline in revenue is 9.2% YTD. Interest revenue through August was \$348,541. The overall expected yield on investments has increased substantially due to higher interest rates and it is expected that interest revenue will be between \$440,000 – \$450,000 rather than the forecast \$400,000.

Expenditure. The majority of CAC’s budget is comprised of grants which were approved in 2022. These grants are accrued at the beginning of the year and recognized on the balance sheet. Non-grant expenditures through August were \$624,059 and are tracking \$66,570 below budget primarily due to timing of payments.

Investments. As of August 31, CAC investment account balances are as follows:

- STAR Ohio: \$120,576 (yield 5.52%)
- RedTree Investment Group: \$11,185,541 (yield 3.44%)

Audit and Finance Advisory Committee

The Audit and Finance Advisory Committee met on June 28th. The committee participated in the post-audit meeting with the Ohio Auditor of State (OAS). [CAC’s 2022 audit](#) was released by OAS on July 10, 2023. The Auditor of State’s Office presented CAC an [award in recognition of our clean 2022 audit report](#). Fewer than 10% of the nearly 6,000 state and local government agencies that the Office audits each year receive this award.

Preparing for 2024-25 Grantmaking Allocations

Note: The following scenarios are draft and subject to change. They will continue to be updated as new information becomes available. The scenarios have been created for discussion purposes and are not Board-approved.

Key 2023 Dates

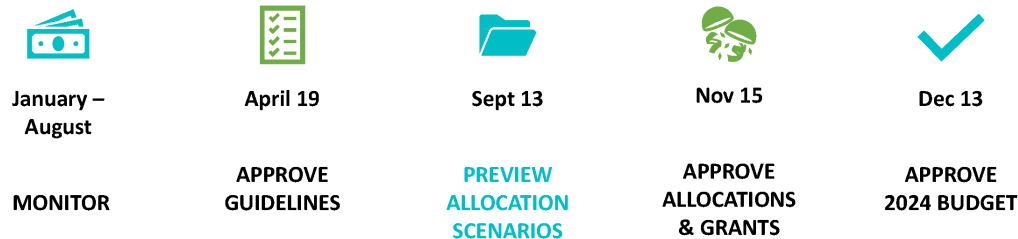
Every **April** CAC’s Board approves the guidelines and policies for its grantmaking for the following year. The guidelines are based on ongoing community feedback and CAC’s long-term plan for how to allocate funding in the 2nd levy period.

This April, the Board approved CAC’s 2024-25 **grantmaking policies**, including:

- making two-year commitments to General Operating Support and Cultural Heritage grant recipients (grant amounts the same in 2024 and 2025).
- establishing how grant awards are calculated.
- setting a maximum grant request amount for Project Support.

At its **September** meeting, the Board discusses funding allocations for the next year’s grantmaking, focusing on its core grant areas (General Operating Support, Project Support and Cultural Heritage) and grounded in the policy decisions it made in April.

In **November** the Board approves **allocations and grant amounts** for the core programs for the following year.



Context When Considering Allocation Scenarios

The following information provides context for the allocation scenarios that the Board will discuss.

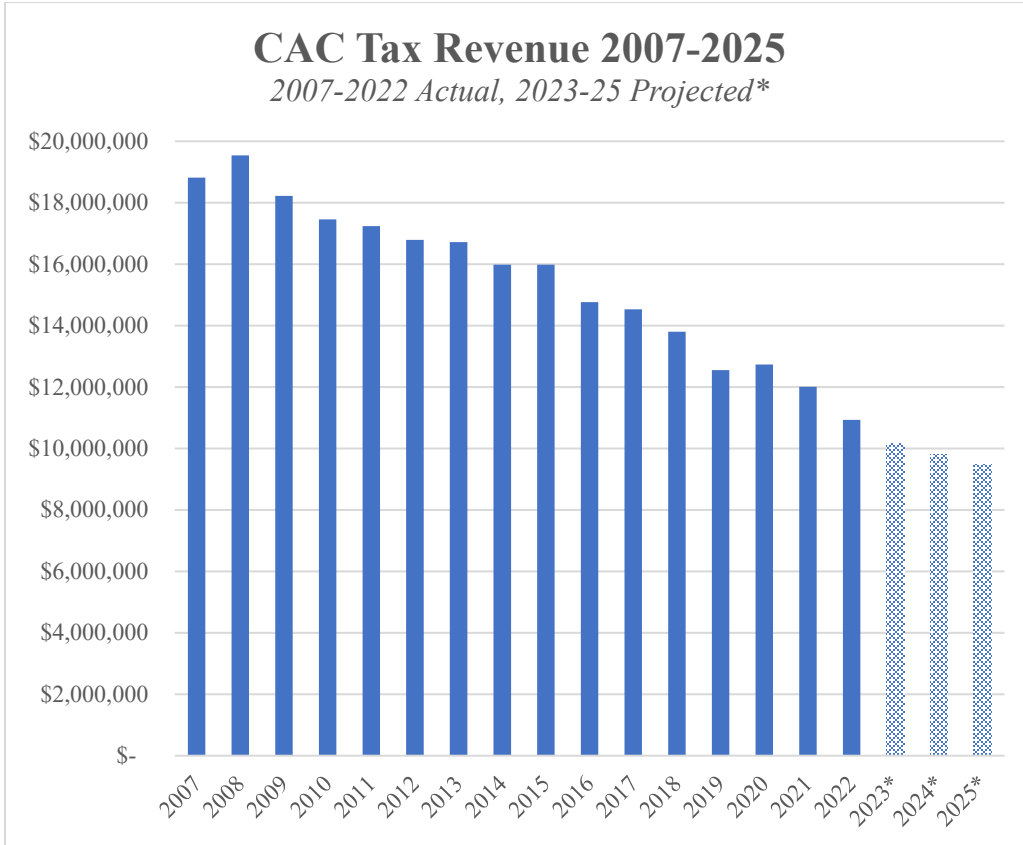
1) Statewide Cigarette Tax Revenue Trend

Since CAC’s inception, the cigarette tax collected in Cuyahoga County has declined in all but two years; in those years tax receipts remained nearly flat. The decreasing cigarette tax receipts in Cuyahoga County are in line with those across the State of Ohio, as detailed in the State of Ohio Operating Budget for Fiscal Years 2024-2025. In its budget, the State of Ohio plans for a 3.2% decrease in tax receipts for FY24; State tax receipts fell short of its revenue target for cigarette and other tobacco products in 2023.

2) CAC Revenue Projections for Year End

Tax receipts continue to decline. Revenue through August 2023 is 9.2% lower than the same period in 2022. Historically, the first eight months of revenue receipts are a good predictor for total year-end revenue receipts. Following this pattern, we anticipate 2023 YE revenue to be approximately 7% lower than 2022.

As CAC prepares to award 2024 grants later this year, it will be important to take into consideration this continued decline in tax receipts as well as the implications of making multi-year grant commitments (General Operating Support and Cultural Heritage).



CAC Tax Revenue Table (above)

Revenue is down approximately **50%** since CAC’s inception (2007-2023).

Revenue is down approximately **30%** since last CAC reduced the General Operating Support allocation (2018-2023).

3) Legal Considerations

As CAC’s general fund has increasingly been used to balance its budget (intentionally), it is important that we acknowledge with a lowered general fund [Section 5705.41 of the Ohio Revised Code](#) must be considered as CAC makes grant awards for the upcoming years.

As a political subdivision of the State of Ohio CAC is legally required to have sufficient funds in the bank when it makes contracts for grants; it cannot rely on anticipated tax receipts from future months and years. This means that CAC must ensure that when contracts are signed for grants awarded in November it has sufficient deposits in the general fund to meet the amount of the grant contracts, free from previous encumbrance. These scenarios ensure CAC, its Board of Trustees, its fiscal officer, and fiscal officer designee are making decisions that comply with the Ohio Revised Code. All recommendations are prepared in good faith using the available information.

4) Vital Efforts to Secure Additional Funding

While there is work underway to increase CAC’s tax, any additional revenue amount is unknown at this time and therefore is not included in the 2024-25 allocation scenarios. When a new, expanded levy passes, increased revenue will start flowing to CAC approximately four months after a successful vote; it will take several months after that for funding to build up again to impact future grant allocations.



TBD

**POTENTIAL
LEVY
PASSES**



4 Months Later

**NEW REVENUE
BEGINS TO
FLOW TO CAC**



6-9 Months Later

**FUNDING
IMPACTS
GRANTS**

DRAFT Preliminary Allocation Scenarios for 2024-25 Grantmaking for Discussion

The draft scenarios below are estimated, high-level overviews created for discussion purposes. They are subject to change as more information becomes available and are not Board-approved.

For context, the most recent grants paid were: \$11,880,922 in 2022 and \$12,329,640 in 2023.

Potential 2024-25 scenarios for the Board to consider, as of September 2023, are as follows:

SCENARIO 1

Scenario 1	2024	2025	Total Grantmaking 2024-25
Estimated General Fund at Year-End	\$ 13,141,236	\$ 13,020,105	
Estimated Grant Allocation	\$ 9,145,500	\$ 9,145,500	\$18,291,000
Estimated Unencumbered Balance after Grantmaking	\$ 3,995,736	\$ 3,874,605	

Implications

- Continues commitment to consistent, multi-year funding.
 - General Operating Support and Cultural Heritage grant amounts would be the same for 2024 and 2025.
- Provides steady funding through 2027, even if a new levy does not pass.
- Enables CAC to earn additional investment income which can be used the following year.

SCENARIO 2

Scenario 2	2024	2025	Total Grantmaking 2024-25
Estimated General Fund at Year-End	\$ 13,141,118	\$ 11,100,500	
Estimated Grant Allocation	\$ 11,100,000	\$ 11,100,000	\$22,200,000
Estimated Unencumbered Balance after Grantmaking	\$ 2,041,118	\$ 500	

Implications

- Consistent with ongoing community feedback.
- Continues commitment to consistent, multi-year funding, using the general fund to allow for larger grants.
 - General Operating Support and Cultural Heritage grant amounts would be the same for 2024 and 2025.
- Enables CAC to earn additional investment income which can be used in 2025 to put the most money into the community over a two-year period.

DRAFT Preliminary Allocation Scenarios for 2024-25 Grantmaking for Discussion (cont.)

The draft scenarios are estimated, high-level overviews created for discussion purposes. They are subject to change as more information becomes available and are not Board-approved.

SCENARIO 3

Scenario 3	2024	2025	Total Grantmaking 2024-25
Estimated General Fund at Year-End	\$ 13,141,236	\$ 8,890,774	
Estimated Grant Allocation	\$ 13,125,000	\$ 8,875,000	\$22,000,000
Estimated Unencumbered Balance after Grantmaking	\$ 16,236	\$ 15,774	

Implications

- Allows for a 2024 allocation that is slightly higher than 2023, followed by an approximately 35% allocation decrease in 2025.
 - Grant amounts would need to be recalculated each year.
- Inconsistent with community feedback preferring smaller decreases over time (vs. cliff effect).
- Reduces interest income and therefore allocation pool for following year.

Cuyahoga Arts & Culture				
Through 8/31/2023				
	Actual YTD	Budget YTD	\$ Over/Under Budget	% of Budget
Ordinary Revenue/Expenditures				
Revenue				
Excise Tax	\$ 6,736,251	\$ 7,259,500	\$ (523,249)	92.79%
Interest	\$ 348,541	\$ 295,000	\$ 53,541	118.15%
Other revenue			\$ -	
Total Revenue	\$ 7,084,791	\$ 7,554,500	\$ (469,709)	93.78%
Expenditures				
Arts & Cultural Programming				
Salaries, Wages and Benefits	\$ 238,613	\$ 254,345	\$ (15,732)	93.8%
Grant Panel Expenses	\$ 33	\$ -	\$ 33	
Grant Management Expenses	\$ 15,774	\$ 30,150	\$ (14,376)	52.3%
Awareness Activities	\$ 15,196	\$ 18,550	\$ (3,355)	81.9%
Grants**	\$ 12,325,195	\$ 12,345,795	\$ (20,601)	99.8%
Total A&C Exenditures	\$ 12,594,809	\$ 12,648,840	\$ (54,031)	99.6%
General & Administrative				
Salaries, Wages and Benefits	\$ 233,516	\$ 230,552	\$ 2,964	101.3%
Facilities, Supplies, Equipment	\$ 44,763	\$ 53,169	\$ (8,405)	84.2%
Professional Fees	\$ 76,165	\$ 103,863	\$ (27,698)	73.3%
Depreciation	\$ -		\$ -	
Total G&A Expenditures	\$ 354,444	\$ 387,584	\$ (33,140)	91.4%
Total Expenditures	\$ 12,949,253	\$ 13,036,424	\$ (87,171)	99.3%
Net Ordinary Revenue	\$ (5,864,462)	\$ (5,481,924)	\$ (382,538)	

** Outstanding 2022 and 2023 grant obligations are on the balance sheet.

Non-grant cash disbursements YTD	\$ 624,059	\$ 690,629	\$ (66,570)
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Cuyahoga Arts & Culture
Balance Sheet as of

As of August 31, 2023

	<u>Total</u>
ASSETS	
Current Assets	
Bank Accounts	
KeyBank	\$ 66,932
RedTree (U.S.Bank)	\$ 11,185,541
Star Ohio	\$ 120,576
Total Bank Accounts	<u>\$ 11,373,049</u>
Accounts Receivable	
11000 Accounts Receivable	\$ 884,886
Total Accounts Receivable	<u>\$ 884,886</u>
Total Current Assets	<u>\$ 12,257,936</u>
Fixed Assets	
15000 Furniture and Equipment	\$ 870
17000 Accumulated Depreciation	-\$ 360
Total Fixed Assets	<u>\$ 510</u>
TOTAL ASSETS	<u>\$ 12,258,446</u>
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
24000 Payroll Liabilities	\$ 2,027
24200 GOS Grants	\$ 1,084,865
24300 PS and CH Grants	\$ 886,123
24400 SFA and Other (CC) Grants	\$ 234,500
Total Other Current Liabilities	<u>\$ 2,207,515</u>
Total Current Liabilities	<u>\$ 2,207,515</u>
Total Liabilities	<u>\$ 2,207,515</u>
Equity	
32000 General Fund	\$ 15,915,393
Net Income	-\$ 5,864,462
Total Equity	<u>\$ 10,050,931</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 12,258,446</u>

CIGARETTE TAX RECEIPTS FY 22 VS FY 23 YTD				
Month	2022	2023	2023	
			\$VAR	22/23 % VAR
JANUARY	\$ 1,020,374.75	\$ 902,452.46	\$ (117,922.29)	-11.6%
FEBRUARY	\$ 672,520.40	\$ 661,798.93	\$ (10,721.47)	-1.6%
MARCH	\$ 835,735.13	\$ 935,437.39	\$ 99,702.26	11.9%
APRIL	\$ 1,027,927.45	\$ 758,029.32	\$ (269,898.13)	-26.3%
MAY	\$ 784,357.79	\$ 816,989.21	\$ 32,631.42	4.2%
JUNE	\$ 1,814,603.74	\$ 1,656,081.30	\$ (158,522.44)	-8.7%
JULY	\$ 229,478.81	\$ 120,575.75	\$ (108,903.06)	-47%
AUGUST	\$ 1,029,783.44	\$ 884,886.34	\$ (144,897.10)	-14%
SEPTEMBER	\$ 862,646.97			
OCTOBER	\$ 852,483.05			
NOVEMBER	\$ 954,067.95			
DECEMBER	\$ 847,393.00			
TOTALS	\$ 10,931,372.49	\$ 6,736,250.70	\$ (678,530.81)	-9.2%