



## **Eligible Revenue and Support (ERS) Form FAQs and Definitions** *For use with the General Operating Support program*

Download the [ERS form here](#).

### **FREQUENTLY ASKED QUESTIONS**

#### **What is the Eligible Revenue and Support form?**

The Eligible Revenue and Support (ERS) form is a document in which organizations enter their annual sources of funding, defined as unrestricted revenue and support. Cuyahoga Arts & Culture (CAC) collects the ERS form of current General Operating Support grantees once a year with Mid-Year or Year-End reports, depending on an organization's fiscal year end date. ERS forms are also collected from new applicants to the GOS program after the organization has been recommended for a grant, at the end of the application process.

#### **Why does the ERS form matter?**

CAC uses the ERS form to determine the base revenue figure for each organization in the GOS funding pool. Consider the ERS form an "apples-to-apples" process; it allows CAC to normalize all applicants' unrestricted revenue. The ERS form enables CAC to treat all organizations fairly, regardless of size or revenue structure.

#### **How do you complete your ERS forms?**

The ERS form must be completed based on your organization's most recently completed independently certified financial review/audit. We strongly recommend that you have the ERS form completed by the accountant or auditor who prepared the independently certified financial reviews/audits. Use the definitions that follow to guide the completion of the forms.

#### **What is an audit reconciliation report?**

An audit reconciliation report is a simple numerical document that helps connect an organization's ERS form to its audit. It is your opportunity to explain any complexities in your financials that do not automatically break out as delineated in CAC's eligible revenue and support definitions. CAC will accept an audit reconciliation report in any format; there is no form to download, nor is there a specific format to follow. An audit reconciliation report is a tool that enables CAC to more quickly confirm your eligible operating revenue. Organizations that have revenues under \$1 million are not required to submit a reconciliation report, but are encouraged to complete one if the review/audit categories do not closely mirror those in the ERS form.

#### **Who must submit an audit reconciliation report with their ERS form?**

All organizations with annual revenue greater than \$1 million must submit an audit reconciliation report that ties the ERS form back to a certified audit.

If CAC is unable to reconcile the completed ERS form to the Statement of Activities, we will contact the organization. Please note that ERS figures will be adjusted for any audit period less than or greater than 12 months in order to reflect a 12-month period.

#### **When is my organization required to submit the ERS form?**

- Organizations with fiscal year end dates between January 1 and July 31 are required to complete and submit the ERS form for the previous fiscal year with Year-End reports.

- Organizations with fiscal year end dates between August 1 and December 31 are required to complete and submit the ERS form for the previous fiscal year with the Mid-Year reports.
- New applicants will be asked by their program manager to complete an ERS form for each of their past three fiscal years if they are recommended for a grant by panel.

For example: ABC Dance Company has a fiscal year end date of June 1. This organization would need to submit an ERS form with their Year-End Report. After completing the ERS form, their revenues are shown to be in excess of \$1 million. ABC Dance would also need to submit an Audit Reconciliation Report with their ERS form.

## ERS FORM LINE-ITEM DEFINITIONS

**Revenue (unrestricted):** Gross increases in assets and decreases in liabilities from delivery of goods, services or other earning activities.

1. Admissions—earned revenue from ticket and subscription sales for presentation of arts or cultural events.
2. Memberships—earned subscription dues from individuals and corporations for member benefits such as ticket discounts or free admissions, performance notices, receptions and invitations to special events.
3. Contracted Services Revenue—revenues derived from fees earned through sale of services, including tuition (net of scholarships), workshops, performances, residences and classes.
4. Other Revenues—**net earned revenue** for items such as:
  - a. Concessions, catalog sales, gift shop sales, gallery sales, rentals, parking, tours and advertising space (include the expense portion under line 23b)
  - b. Income on investments and endowment funds, including interest, dividends, realized gains and losses that were *designated for operations* during this fiscal year.
  - c. Portion of Museum Accessions  
**Museums Only:** Accessions for the last fiscal year prorated as follows:
    - Up to \$1M of artwork expenditure are counted at 100%
    - Between \$1M and \$2M of expenditure are counted at 50%
    - Above \$2M of expenditure are counted at 25%
  - d. Any other earned revenues not covered above as itemized.
  - e. Any other earned revenues not covered above as itemized.
5. Total Revenues - Unrestricted (calculated automatically by adding lines 6 through 10b)

**Support (unrestricted):** The transfer of property from one person or organization to another, without consideration. Non-cash contributions (i.e. stock gifts, artwork, equipment) and in-kind donated services are excluded.

6. Corporate Support—support contributions from business sources.
7. Foundation Support—support contributions from foundation sources.
8. Other Private Support—contributions derived from individual solicitation or through auxiliary group activities.
9. Government Support—includes federal, state and local funding, less grants received from CAC (Note: CAC funds should be listed in Line 23a).
10. Other Support
  - a. Benefit revenues from fundraisers, net the cost of associated with the events (include the expense portion under line 23c).

- b. Net assets released from restriction within the fiscal year that are for annual operations and meet the criteria of Eligible Revenue for purposes of this form.
- c. Any additional general support contributions for operating purposes that are not covered above. This category includes United Way allocations, grants from other organizations and any inter-fund transfers made for operating purposes that were not previously recognized as revenue or support on the ERS form.

If the organization has a separate plant type fund (i.e., plant, property, building equipment or maintenance), then consideration for revenue and support will be given only for maintenance activities (i.e., operating) and not for capital or other restricted fund purposes. Inclusion on the ERS form shall be the smaller of the Fund's (1) adjusted revenues and support, or (2) the Fund's adjusted operating expenses. Adjusted revenues and support are the Fund's revenues and support to ultimately be received in cash. Adjusted revenues exclude any revenues and support for donated capital items or in-kind donated services. Adjusted operating expenses are total operating expenses less (1) depreciation; (2) amortization; and (3) interest expense. Operating expenses may not be capital in nature.

### **NON-ELIGIBLE REVENUE AND SUPPORT**

Certain types of revenue sources such as, but not limited to, funds received from CAC, in-kind donations, flow through revenues used for awards or grants to individuals or organizations, revenues received for fiscal agency, revenues designated for capital expenses and temporarily and permanently restricted revenue should be excluded as Eligible Revenue on the ERS form. For a complete list of Non-Eligible Revenue, refer to page three, line items 13-23 of the ERS form.

### **Questions?**

Contact a member of the [grants team](#).