

# **Cincinnati Institute of Fine Arts (dba ArtsWave)**

**Financial Statements with Supplementary Information  
August 31, 2025 and 2024  
With Independent Auditors' Report**

**CINCINNATI INSTITUTE OF FINE ARTS  
(DBA ARTSWAVE)  
August 31, 2025 and 2024**

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## Independent Auditors' Report

To the Board of Directors  
Cincinnati Institute of Fine Arts (dba ArtsWave)  
Cincinnati, Ohio

### Opinion

We have audited the accompanying financial statements of Cincinnati Institute of Fine Arts (dba ArtsWave) (a nonprofit organization), which comprise the statements of financial position as of August 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cincinnati Institute of Fine Arts (dba ArtsWave) as of August 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Cincinnati Institute of Fine Arts (dba ArtsWave) and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Cincinnati Institute of Fine Arts' (dba ArtsWave) ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

**Independent Auditors' Report  
(Continued)**

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Cincinnati Institute of Fine Arts' (dba ArtsWave) internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cincinnati Institute of Fine Arts' (dba ArtsWave) ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedules of Endowment and Board Designated Endowment Fair Values are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Barnes, Dennig & Co., Ltd.*

February 10, 2026  
Cincinnati, Ohio

**CINCINNATI INSTITUTE OF FINE ARTS  
(DBA ARTSWAVE)**

**Statements of Financial Position  
August 31, 2025 and 2024**

	<b>2025</b>	<b>2024</b>
<b>Assets</b>		
Cash, cash equivalents, and restricted cash	\$ 3,327,276	\$ 3,654,470
Pledges receivable, net	3,372,991	3,985,119
Accrued interest receivable	245,997	226,719
Investments	131,312,258	122,681,187
Beneficial interest in trust	3,615,183	3,446,781
Property and equipment, net	2,343,290	2,123,317
Operating lease right of use assets	1,233,872	1,318,409
Finance lease right of use assets	14,944	20,464
Other assets	129,190	196,336
Total assets	\$ 145,595,001	\$ 137,652,802
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Grants payable	\$ 8,861,350	\$ 8,909,281
Accounts payable and accrued expenses	152,985	183,705
Refundable advance	21,969	25,924
Note payable	1,277,861	1,484,180
Operating lease liability	1,231,950	1,316,390
Finance lease liability	14,956	20,426
Funds held for the benefit of others	51,459,067	47,976,781
Total liabilities	63,020,138	59,916,687
<b>Net Assets</b>		
Without donor restrictions:		
Operating	3,704,573	2,675,847
Board designated	17,844,807	17,677,554
Total without donor restrictions	21,549,380	20,353,401
With donor restrictions	61,025,483	57,382,714
Total net assets	82,574,863	77,736,115
Total liabilities and net assets	\$ 145,595,001	\$ 137,652,802

See accompanying notes to financial statements

**CINCINNATI INSTITUTE OF FINE ARTS  
(DBA ARTSWAVE)**

**Statements of Activities  
Year Ended August 31, 2025  
(with comparative summarized financial information for year ended August 31, 2024)**

	Without Donor Restrictions			With Donor Restrictions	Totals	
	Operating	Board Designated Endowment	Total		2025	2024
<b>Revenues, gains (losses) and other support</b>						
Annual community campaign	\$ 7,066,416	\$ -	\$ 7,066,416	\$ 3,787,606	\$ 10,854,022	\$ 11,477,090
Contributed nonfinancial assets	445,554	-	445,554	-	445,554	468,684
Gifts, bequests and grants	297,221	-	297,221	931,433	1,228,654	1,409,112
Net investment return	234,040	2,329,344	2,563,384	5,554,129	8,117,513	9,219,392
Spending rate allocation	2,652,492	(831,602)	1,820,890	(1,820,890)	-	-
Beneficial interest value change	-	-	-	168,402	168,402	309,417
Other revenues (losses)	75,108	-	75,108	(38,383)	36,725	68,553
Net assets released from restrictions	4,844,863	94,665	4,939,528	(4,939,528)	-	-
Total revenues, gains (losses) and other support	15,615,694	1,592,407	17,208,101	3,642,769	20,850,870	22,952,248
<b>Expenses</b>						
Program services						
Grants to arts organizations	10,241,114	-	10,241,114	-	10,241,114	9,948,858
Other	2,387,631	-	2,387,631	-	2,387,631	1,784,048
Supporting services						
Management and general	1,500,240	-	1,500,240	-	1,500,240	1,358,858
Fundraising	1,883,137	-	1,883,137	-	1,883,137	2,403,150
Total expenses	16,012,122	-	16,012,122	-	16,012,122	15,494,914
<b>Change in net assets before transfers</b>	(396,428)	1,592,407	1,195,979	3,642,769	4,838,748	7,457,334
<b>Endowment transfers</b>	1,425,154	(1,425,154)	-	-	-	-
<b>Change in net assets</b>	1,028,726	167,253	1,195,979	3,642,769	4,838,748	7,457,334
<b>Net assets, beginning of year</b>	2,675,847	17,677,554	20,353,401	57,382,714	77,736,115	70,278,781
<b>Net assets, end of year</b>	\$ 3,704,573	\$ 17,844,807	\$ 21,549,380	\$ 61,025,483	\$ 82,574,863	\$ 77,736,115

See accompanying notes to financial statements

**CINCINNATI INSTITUTE OF FINE ARTS  
(DBA ARTSWAVE)**

**Statement of Activities  
Year Ended August 31, 2024**

	Without Donor Restrictions			With Donor Restrictions	Total
	Operating	Board Designated Endowment	Total		
<b>Revenues, gains and other support</b>					
Annual community campaign	\$ 6,819,575	\$ -	\$ 6,819,575	\$ 4,657,515	\$ 11,477,090
Contributed nonfinancial assets	468,684	-	468,684	-	468,684
Gifts, bequests and grants	187,290	-	187,290	1,221,822	1,409,112
Net investment return	207,812	2,767,290	2,975,102	6,244,290	9,219,392
Spending rate allocation	2,657,762	(862,464)	1,795,298	(1,795,298)	-
Beneficial interest value change	-	-	-	309,417	309,417
Other revenues	68,553	-	68,553	-	68,553
Net assets released from restrictions	5,002,842	67,338	5,070,180	(5,070,180)	-
Total revenues, gains and other support	15,412,518	1,972,164	17,384,682	5,567,566	22,952,248
<b>Expenses</b>					
Program services					
Grants to arts organizations	9,948,858	-	9,948,858	-	9,948,858
Other	1,784,048	-	1,784,048	-	1,784,048
Supporting services					
Management and general	1,358,858	-	1,358,858	-	1,358,858
Fundraising	2,403,150	-	2,403,150	-	2,403,150
Total expenses	15,494,914	-	15,494,914	-	15,494,914
<b>Change in net assets before transfers</b>	(82,396)	1,972,164	1,889,768	5,567,566	7,457,334
<b>Endowment transfers</b>	1,640,849	(1,640,849)	-	-	-
<b>Change in net assets</b>	1,558,453	331,315	1,889,768	5,567,566	7,457,334
<b>Net assets, beginning of year</b>	1,117,394	17,346,239	18,463,633	51,815,148	70,278,781
<b>Net assets, end of year</b>	<u>\$ 2,675,847</u>	<u>\$ 17,677,554</u>	<u>\$ 20,353,401</u>	<u>\$ 57,382,714</u>	<u>\$ 77,736,115</u>

See accompanying notes to financial statements

**CINCINNATI INSTITUTE OF FINE ARTS  
(DBA ARTSWAVE)**

**Statement of Functional Expenses  
Year Ended August 31, 2025**

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries	\$ 898,987	\$ 476,007	\$ 979,584	\$ 2,354,578
Employee benefits and payroll taxes	195,028	117,454	255,220	567,702
Total salaries and related expenses	1,094,015	593,461	1,234,804	2,922,280
Grants to arts organizations	10,241,114	-	-	10,241,114
Promotion, publicity and printing	394,350	253,070	75,366	722,786
Depreciation	313,322	214,876	-	528,198
Computer consulting and training	176,686	45,971	93,024	315,681
Arts events and workshops	200,943	105	51,934	252,982
Office rent and occupancy	49,769	32,749	72,589	155,107
Professional fees	61,212	85,430	6,927	153,569
Provision for uncollectible pledges	-	-	121,577	121,577
Equipment rental and maintenance	24,676	31,129	40,210	96,015
Interest	-	90,074	-	90,074
Travel and meetings	11,875	44,956	22,101	78,932
Telephone and internet access	13,540	8,307	19,504	41,351
Postage	16,604	329	24,083	41,016
Insurance	-	31,758	-	31,758
Office furniture and equipment	7,753	3,450	11,114	22,317
Stationery and other printing	3,939	1,677	10,146	15,762
Office supplies	4,775	3,275	7,354	15,404
Other	14,172	59,623	92,404	166,199
Total expenses	\$ 12,628,745	\$ 1,500,240	\$ 1,883,137	\$ 16,012,122

See accompanying notes to financial statements

**CINCINNATI INSTITUTE OF FINE ARTS  
(DBA ARTSWAVE)**

**Statement of Functional Expenses  
Year Ended August 31, 2024**

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries	\$ 757,877	\$ 512,831	\$ 957,976	\$ 2,228,684
Employee benefits and payroll taxes	149,700	115,644	251,824	517,168
Total salaries and related expenses	907,577	628,475	1,209,800	2,745,852
Grants to arts organizations	9,948,858	-	-	9,948,858
Promotion, publicity and printing	425,348	40	363,289	788,677
Depreciation	-	214,691	-	214,691
Computer consulting and training	8,372	90,985	85,250	184,607
Arts events and workshops	214,629	177	78,025	292,831
Office rent and occupancy	37,544	33,878	73,429	144,851
Professional fees	83,514	74,698	4,975	163,187
Provision for uncollectible pledges	-	-	335,144	335,144
Equipment rental and maintenance	32,462	23,877	89,622	145,961
Interest	-	116,268	-	116,268
Travel and meetings	11,163	34,629	14,010	59,802
Telephone and internet access	11,045	9,350	21,744	42,139
Postage	6,338	787	18,799	25,924
Insurance	-	53,454	-	53,454
Office furniture and equipment	4,869	4,623	9,562	19,054
Stationery and other printing	8,058	2,260	5,550	15,868
Office supplies	3,360	4,356	7,068	14,784
Other	29,769	66,310	86,883	182,962
Total expenses	<u>\$ 11,732,906</u>	<u>\$ 1,358,858</u>	<u>\$ 2,403,150</u>	<u>\$ 15,494,914</u>

See accompanying notes to financial statements

**CINCINNATI INSTITUTE OF FINE ARTS  
(DBA ARTSWAVE)**

**Statements of Cash Flows  
Years Ended August 31, 2025 and 2024**

	2025	2024
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 4,838,748	\$ 7,457,334
Adjustments to reconcile change in net assets to cash from operating activities:		
Depreciation	528,198	214,691
Net realized and unrealized gains on investments	(6,802,077)	(7,701,917)
Change in fair value of beneficial interest trust	(168,402)	(309,417)
Provision for uncollectible pledges	121,577	335,144
Noncash lease expense	5,617	5,392
Changes in:		
Pledges receivable	490,551	(593,629)
Accrued interest receivable	(19,278)	(2,822)
Other assets	67,146	(8,202)
Grants payable	(47,931)	(687,829)
Accounts payable and accrued expenses	(30,720)	(34,406)
Refundable advance	(3,955)	6,474
Funds held for the benefit of others	3,482,286	4,255,979
Net cash provided by operating activities	2,461,760	2,936,792
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	31,774,994	29,804,838
Purchases of investments	(33,603,988)	(33,219,249)
Purchases of property and equipment	(748,171)	(597,494)
Net cash used in investing activities	(2,577,165)	(4,011,905)
<b>Cash flows from financing activities</b>		
Payments on notes payable	(206,319)	(230,138)
Principal payments on finance lease	(5,470)	(5,303)
Net cash used in financing activities	(211,789)	(235,441)
<b>Net change in cash, cash equivalents, and restricted cash</b>	(327,194)	(1,310,554)
<b>Cash, cash equivalents, and restricted cash, beginning of year</b>	3,654,470	4,965,024
<b>Cash, cash equivalents, and restricted cash, end of year</b>	\$ 3,327,276	\$ 3,654,470
<b>Supplemental Cash Flow Information</b>		
Property and equipment purchases in accounts payable	\$ -	\$ 58,113
Interest paid	\$ 90,074	\$ 116,268

See accompanying notes to financial statements

**CINCINNATI INSTITUTE OF FINE ARTS  
(DBA ARTSWAVE)**

**Notes to Financial Statements**

**NOTE A ORGANIZATION**

The Cincinnati Institute of Fine Arts, doing business as (dba) ArtsWave, was founded in 1927 by Charles Phelps Taft and Anna Sinton Taft whose fortune and foresight left a legacy of support for the arts for future generations to enjoy. The Taft family endowed a major gift, provided it be matched by the people of Cincinnati.

In 1949, ArtsWave established the annual community campaign to help support the Cincinnati Art Museum, the Cincinnati Symphony Orchestra (CSO), Taft Museum of Art and Cincinnati Opera. In 1978, the Cincinnati Ballet, Cincinnati Playhouse in the Park, May Festival, Contemporary Arts Center and Arts Grants Program were added as additional beneficiaries. An associate membership level was added in 1999.

During 2008, ArtsWave embarked on a research initiative designed to develop an inclusive community dialogue leading to broadly shared public responsibility for arts and culture in the region. With the research results as its basis, the organization developed recommendations for a new mission, community goals, business strategies, and a new name. In September 2010, the Board of Trustees approved the recommended mission and the new name, ArtsWave. ArtsWave supports arts organizations large and small throughout the area to help them create a vital arts scene and all the communitywide benefits that come with that – from economic vitality to more visitors and new businesses to a greater sense of connectedness among the people who live here.

In June 2012, ArtsWave transitioned to impact-based grantmaking. In 2015, ArtsWave developed the Blueprint for Collective Action, a 10-year strategic plan that outlines five strategic objectives that drive economic vibrancy and social connection through the arts. In 2024, ArtsWave awarded grants providing general operating support to 47 local arts organizations through the Sustaining Impact grant program. Additionally, a pool of funds was approved for African American Arts, Catalyzing Impact, Partnering for Impact, Pride, and Young Professional programming project grants that were made over the course of fiscal year 2025.

These financial statements do not include the accounts of the participating organizations which are separate legal entities, except for endowment funds held in trust and for the benefit of others for certain of these organizations participating in ArtsWave's investment pool (Note I).

**NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. Basis of Presentation

The financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) for not-for-profit organizations.

**CINCINNATI INSTITUTE OF FINE ARTS  
(DBA ARTSWAVE)**

**Notes to Financial Statements  
(Continued)**

**NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

1. Basis of Presentation (Continued)

Under these principles, net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of ArtsWave and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve/board designated endowment.

Net assets with donor restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. A portion of perpetual endowment funds are subject to a time restriction under an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resource be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires; that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Generally, the donors of these assets permit ArtsWave to use all, or part, of the income earned on related investments for general or specific purposes.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Contributions for which the donor-imposed restrictions were met within the same period are recorded in net assets with donor restrictions and then released from restrictions. All expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as support without restrictions.

2. Cash, Cash Equivalents, and Restricted Cash

ArtsWave considers all liquid investments with original maturities of three months or less to be cash equivalents. At August 31, 2025 and 2024, cash equivalents consisted primarily of interest-bearing deposit accounts.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash to the sum of corresponding amounts reported within the statements of financial position and the statements of cash flows.

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 1,460,269	\$ 1,379,776
Cash restricted for specific purposes	<u>1,867,007</u>	<u>2,274,694</u>
Total	<u>\$ 3,327,276</u>	<u>3,654,470</u>

**CINCINNATI INSTITUTE OF FINE ARTS  
(DBA ARTSWAVE)**

**Notes to Financial Statements  
(Continued)**

**NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3. Pledges Receivable

Pledges, less an allowance for uncollectible amounts, are recorded as receivables in the year made. Pledges for support in the current annual community campaign are recorded as support revenues. Legacies and bequests made by will or trust are recorded when ArtsWave has an irrevocable right to the bequest and the proceeds are measurable. ArtsWave determines its allowance for uncollectible pledges by considering several factors, including the length of time pledges are past due, ArtsWave's previous loss history and the donor's current ability to pay. When amounts are determined to be uncollectible, they are charged to the allowance. Recoveries of amounts previously written off replenish the allowance. Pledges receivable due beyond one year are discounted using the risk-free interest rate in effect during the year the pledge is received.

4. Investments

ArtsWave's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Net investment return is reported in the statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses.

The vast majority of assets of endowment and Board designated endowment funds are pooled for investment purposes on a fair value basis. Under this method, each participating fund was assigned units based on the relationship of the fair value of all investments at the time they were pooled.

Each month, the pooled assets are valued at fair value, and new unit values are assigned. The unit fair value at the beginning of the month is used to determine the number of units to be allocated as dollars are added to or withdrawn from the pool during the month.

5. Beneficial Interest in Trust

ArtsWave values its beneficial interest in trust at the fair value of the assets at year-end as reported by the trustee, a financial institution, without adjustment by management.

6. Property and Equipment

Property and equipment are recorded at cost or the fair value at the date received, if donated. Capitalization limits are set at \$2,500; expenditures for items costing less are expensed. These assets are depreciated on the straight-line method over their estimated useful lives. Leasehold improvements are amortized over the lesser of their estimated useful life or the remaining life of the lease. Equipment and furniture have estimated useful lives of three to seven years. Capitalized internal-use software consists of the ArtsWave Cincy A&E app. The original launch and significant enhancement phases since the launch are amortized on the straight-line basis over the estimated useful life of three years. The cost of insignificant maintenance and repairs is expensed as incurred; the cost of significant enhancements is capitalized.

**CINCINNATI INSTITUTE OF FINE ARTS  
(DBA ARTSWAVE)**

**Notes to Financial Statements  
(Continued)**

**NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

7. Grants Payable

Grants payable consists of Board-approved distributions of annual campaign income and endowment income to be paid in the following fiscal year.

8. Refundable Advance

Refundable advance represents monies received in advance from conditional contributions for which the conditions have not been met.

9. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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 revenue and expenditures during the reporting period. Actual results could differ from those estimates.

10. Federal Income Tax

ArtsWave has been determined to be exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. It has been determined that ArtsWave is not a private foundation. ArtsWave is subject to income tax that is derived from business activities unrelated to its exempt purpose. ArtsWave files an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS to report its unrelated business taxable income. No amounts have been accrued for unrelated business income tax as the amounts are not material.

11. Advertising

Advertising costs are expensed as incurred. For the years ended August 31, 2025 and 2024, advertising costs were \$561,697 and \$720,645 respectively.

12. Contributed Nonfinancial Assets

Contributed nonfinancial assets included donated goods and services which are recorded at fair value. Donated goods used in ArtsWave's programs are recorded as revenue and expense or additions to the property fund at the time the items are received. Donated services are recorded only if they create or enhance nonfinancial assets or require specialized skills. Donated goods and services recognized as contributed nonfinancial assets were estimated at \$445,554 and \$468,684 for the years ended August 31, 2025 and 2024, respectively.

**CINCINNATI INSTITUTE OF FINE ARTS  
(DBA ARTSWAVE)**

**Notes to Financial Statements  
(Continued)**

**NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

13. Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services categories based on specific identifications or staff time spent within each function. The most significant allocations are salaries and related expenses, which are allocated based on estimates of time and effort.

14. Fair Value Measurements

Fair value is generally determined based on quoted market prices in active markets for identical assets or liabilities. If quoted market prices are not available, ArtsWave uses valuation techniques that place greater reliance on observable inputs and less reliance on unobservable inputs. In measuring fair value, ArtsWave may adjust for risks and uncertainties if a market participant would include such an adjustment in its pricing.

Reclassifications

Certain 2024 amounts have been reclassified to conform to the 2025 presentation.

15. Subsequent events

In preparing its financial statements, ArtsWave has evaluated events subsequent to the statement of position date through February 10, 2026, which is the date the financial statements were available to be issued.

**NOTE C PLEDGES RECEIVABLE**

Pledges receivable consisted of the following unconditional promises to give as of August 31:

	2025	2024
Due within one year	\$ 3,483,093	\$ 4,016,374
Due in one to five years	265,000	325,000
	3,748,093	4,341,374
Less unamortized discount	(12,102)	(20,255)
Less allowance for uncollectible pledges	(363,000)	(336,000)
	\$ 3,372,991	\$ 3,985,119

Discount rates were 5.37% for 2025 and 2024.

**CINCINNATI INSTITUTE OF FINE ARTS  
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**Notes to Financial Statements  
(Continued)**

**NOTE D FAIR VALUE MEASUREMENTS**

Fair value is defined as the price that will be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements and disclosures are based on a three-level hierarchy. Fair value instruments measured at fair value on a recurring basis using quoted prices for identical instruments in an active market (or level 1 inputs) include government money market funds, equity securities, exchanged-traded funds and mutual funds. Financial instruments measured at fair value based on quoted market prices for similar instruments in active markets (or level 2 inputs) include fixed income securities. Financial instruments measured at fair value based on unobservable inputs (or level 3 inputs) include the beneficial interest in trust.

ArtsWave invests in hedge and other limited partnership funds, a private debt fund and private equity funds for which ArtsWave bases fair value on the net asset value of each fund, adjusted for distributions, redemptions, market changes, and other financial and operational information obtained by ArtsWave's management. As a practical expedient, ArtsWave measures the fair value of certain investments based on the investee's net asset value (NAV) or its equivalent. As a result of applying the practical expedient, the fair value of hedge and other limited partnership funds, the private debt fund and private equity funds was determined as of August 31, 2025 and 2024, based on NAV.

The following table summarizes the valuation of financial instruments measured at fair value on a recurring basis in the statement of financial position on August 31, 2025:

	Fair Value	Fair Value Measurements Using			Investments Measured at NAV
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
2025					
Government money market funds	\$ 4,264,087	\$ 4,264,087	\$ -	\$ -	\$ -
Equity securities	2,925,191	2,925,191	-	-	-
Exchange-traded funds	43,817,603	43,817,603	-	-	-
Mutual funds	21,569,720	21,569,720	-	-	-
Fixed income securities	25,450,478	-	25,450,478	-	-
Hedge and other limited partnership funds	19,146,921	-	-	-	19,146,921
Private debt fund	1,093,587	-	-	-	1,093,587
Private equity funds	13,044,671	-	-	-	13,044,671
Total investments	<u>\$ 131,312,258</u>	<u>\$ 72,576,601</u>	<u>\$ 25,450,478</u>	<u>\$ -</u>	<u>\$ 33,285,179</u>
Beneficial interest in trust	<u>\$ 3,615,183</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,615,183</u>	<u>\$ -</u>

**CINCINNATI INSTITUTE OF FINE ARTS  
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**Notes to Financial Statements  
(Continued)**

**NOTE D FAIR VALUE MEASUREMENTS (CONTINUED)**

The following table summarizes the valuation of financial instruments measured at fair value on a recurring basis in the statement of financial position on August 31, 2024:

	Fair Value	Fair Value Measurements Using			Investments Measured at NAV
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Other Significant Unobservable Inputs (Level 3)	
2024					
Government money market funds	\$ 6,992,616	\$ 6,992,616	\$ -	\$ -	\$ -
Equity securities	2,961,541	2,961,541	-	-	-
Exchange-traded funds	38,190,665	38,190,665	-	-	-
Mutual funds	18,748,444	18,748,444	-	-	-
Fixed income securities	24,376,449	-	24,376,449	-	-
Hedge and other limited partnership funds	20,099,990	-	-	-	20,099,990
Private equity funds	11,311,482	-	-	-	11,311,482
Total investments	<u>\$ 122,681,187</u>	<u>\$ 66,893,266</u>	<u>\$ 24,376,449</u>	<u>\$ -</u>	<u>\$ 31,411,472</u>
Beneficial interest in trust	<u>\$ 3,446,781</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,446,781</u>	<u>\$ -</u>

The following table is a reconciliation of the fair value of the beneficial interest in trust measured on a recurring basis for 2025 and 2024:

Balance, August 31, 2023	\$ 3,137,364
Change in value of trust	<u>309,417</u>
Balance, August 31, 2024	3,446,781
Change in value of trust	<u>168,402</u>
Balance, August 31, 2025	<u>\$ 3,615,183</u>

Investments measured at Net Asset Value (NAV) per share at August 31, 2025 and 2024, are as follows:

	2025	2024	2025 Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Hedge and other limited partnership funds:					
Absolute	\$ 8,626,537	\$ 10,712,562	\$ -	Monthly - Quarterly	30 - 45 days
Multi-strategy	10,520,384	9,387,428	-	Quarterly	65 days
Private debt fund	1,093,587	-	-	Quarterly	Last day of prior quarter
Private equity funds	13,044,671	11,311,482	3,422,373	N/A	N/A
	<u>\$ 33,285,179</u>	<u>\$ 31,411,472</u>	<u>\$ 3,422,373</u>		

Investments in the absolute hedge fund do not have a holding period. This fund of funds seeks consistent stable returns by allocation of assets to a wide range of alternative investment strategies across the global financial markets.

**CINCINNATI INSTITUTE OF FINE ARTS  
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**Notes to Financial Statements  
(Continued)**

**NOTE D FAIR VALUE MEASUREMENTS (CONTINUED)**

The multi-strategy funds invest in funds focused on taking long positions in equity securities. Subsequent to satisfying a 12-month lock-up period, redemptions up to 25% of estimated NAV may occur on March 31st, June 30th, and September 30th, and up to 100% of estimated NAV may occur on December 31st.

The private debt fund invests in established middle market companies through first lien, stretch senior, unitranche, second lien, subordinated debt, and equity co-investment solutions. This fund is structured as a limited partnership where ArtsWave is a limited partner of the fund. The fund has an indefinite term and continues until dissolution or termination in accordance with the limited partnership agreement, and limited partners may request quarterly withdrawals subject to satisfying a 12-month lock-up period. Because it is not probable that the individual investment will be sold, the fair value of ArtsWave's individual investment has been estimated using the NAV of ArtsWave's ownership interest in partners' capital.

Private equity funds invest in growth equities, venture capital, leveraged buyouts and private placements. These funds are structured as limited partnerships where ArtsWave is a limited partner of the fund. The funds have a ten-year term and generally cannot be redeemed until the fund is terminated. It is estimated that the underlying assets will be liquidated over the next ten years. However, the individual investments that will be sold have not yet been determined. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been estimated using the NAV of ArtsWave's ownership interest in partners' capital.

**NOTE E ENDOWMENT FUNDS**

ArtsWave's endowment funds include donor restricted endowment funds, funds designated by the Board for reinvestment in the endowment funds, and investment income on the endowment funds that can be appropriated for expenditure. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the absence or existence of donor-imposed restrictions.

Management of ArtsWave has interpreted the Ohio-enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the endowment funds held in perpetuity absent explicit donor stipulations to the contrary. As a result of this interpretation, ArtsWave will classify as net assets with donor restrictions in perpetuity: (a) the original value of gifts donated to funds held in perpetuity, (b) the original value of subsequent gifts to funds held in perpetuity, and (c) accumulations to funds held in perpetuity made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with ArtsWave's interpretation of UPMIFA, investment income and appreciation/depreciation earned on the endowment funds held in perpetuity are credited to net assets with donor restrictions until the later of satisfaction of donor restrictions or appropriation for expenditure by the governing board. ArtsWave's policy for other endowment gifts is to include 100% of the unrealized and realized appreciation as net assets with donor restrictions and subsequently release funds needed to satisfy investment management fees and spending rate allocation, as applicable, based upon the original donor's specifications. These transactions are presented on the statements of activities within the spending rate allocation.

**CINCINNATI INSTITUTE OF FINE ARTS  
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**Notes to Financial Statements  
(Continued)**

**NOTE E ENDOWMENT FUNDS (CONTINUED)**

**Investment return objectives, risk parameters and strategies**

ArtsWave has adopted investment and spending policies for endowment investments that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment investments. To satisfy these long-term objectives, ArtsWave relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). ArtsWave targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

**Spending policy**

ArtsWave has a policy of appropriating for distribution each year a certain percentage of its endowment fund's average fair value over the prior 20 quarters through March 31st preceding the fiscal year in which the distribution is planned. The spending distribution rate was 4.0% in 2025 and 2024.

The original endowment gift amounts including the funds held for the benefit of others (see Note I) were \$9,582,393 and \$9,552,343 as of August 31, 2025 and 2024, respectively. An additional \$23,590,098 and \$22,313,033 in endowment investments as of August 31, 2025 and 2024, respectively, relates to board designated gifts also held in the endowment pool.

The endowment investment asset composition by type of fund consists of the following as of August 31:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 53,251,287	\$ 53,251,287
Board-designated endowment funds	23,590,098	-	23,590,098
<b>Total endowment funds</b>	<b>\$ 23,590,098</b>	<b>\$ 53,251,287</b>	<b>\$ 76,841,385</b>
	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 49,510,544	\$ 49,510,544
Board-designated endowment funds	22,313,033	-	22,313,033
<b>Total endowment funds</b>	<b>\$ 22,313,033</b>	<b>\$ 49,510,544</b>	<b>\$ 71,823,577</b>

**CINCINNATI INSTITUTE OF FINE ARTS  
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**Notes to Financial Statements  
(Continued)**

**NOTE E ENDOWMENT FUNDS (CONTINUED)**

The change in endowment fund investments, not including investments held for the benefit of or in trust for others, for the year ended August 31, 2025, is as follows:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment investments, beginning of year	\$ 22,313,033	\$ 49,510,544	\$ 71,823,577
Net investment return	2,409,724	5,554,129	7,963,853
Contributions	185,000	30,050	215,050
Appropriation of endowment assets for expenditure	(835,031)	(1,843,436)	(2,678,467)
Other changes:			
Transfers from board designated funds to operations	(482,628)	-	(482,628)
Endowment investments, end of year	<u>\$ 23,590,098</u>	<u>\$ 53,251,287</u>	<u>\$ 76,841,385</u>

The change in endowment fund investments, not including investments held for the benefit of or in trust for others, for the year ended August 31, 2024, is as follows:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment investments, beginning of year	\$ 21,244,181	\$ 45,090,588	\$ 66,334,769
Net investment return	2,836,607	6,244,290	9,080,897
Contributions	96,039	10,700	106,739
Appropriation of endowment assets for expenditure	(862,464)	(1,835,034)	(2,697,498)
Other changes:			
Transfers from board designated funds to operations	(1,001,330)	-	(1,001,330)
Endowment investments, end of year	<u>\$ 22,313,033</u>	<u>\$ 49,510,544</u>	<u>\$ 71,823,577</u>

**CINCINNATI INSTITUTE OF FINE ARTS  
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**Notes to Financial Statements  
(Continued)**

**NOTE E ENDOWMENT FUNDS (CONTINUED)**

**Transfers from board designated endowment**

In accordance with its policy, ArtsWave transferred all unanticipated gifts and bequests greater than \$5,000 to the board designated endowment fund. ArtsWave transfers to the board designated endowment fund excess campaign reserves, operating surpluses generated in the prior year, or excess operating cash. Additionally, upon Board approval ArtsWave will transfer funds from the board designated endowment fund to operations to fund specific projects, grants, or planned transitional growth. Differences from transfers in the table above and the statement of activities are attributed to timing of cash deposits from the board designated endowment investment account.

**NOTE F PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at August 31:

	2025	2024
Equipment and furniture	\$ 458,684	\$ 458,684
Leasehold improvements	1,441,647	1,441,647
ArtsWave Cincy A&E App	1,386,326	-
ArtsWave Cincy A&E App in process	-	638,155
	3,286,657	2,538,486
Less accumulated depreciation	(943,367)	(415,169)
	\$ 2,343,290	2,123,317

**NOTE G LEASES**

ArtsWave leases office space as well as certain equipment. ArtsWave has three long-term leases extending beyond 12 months. ArtsWave has a 30-year operating lease that commenced in December 2009 for the rental of office space on the second floor and a portion of the first floor of the Hale Justis Building in Cincinnati, Ohio. The initial term of the lease was for ten years from December 14, 2009 through January 31, 2020. The lease agreement contains four options to extend the term beyond the initial term for periods of five years each. In 2020, ArtsWave exercised its first option to extend the term beyond the initial term. Because it is reasonably certain that ArtsWave will exercise its three remaining options to extend the lease, these extension terms were recognized as part of the office space lease liability and right-of-use asset. In addition, in December 2022 ArtsWave entered into a long-term finance lease of a color copier. The initial term of the lease is for four years. The lease agreement contains an option to extend the term for an additional year at the end of the initial term, and it is reasonably certain that ArtsWave will exercise this option to extend the lease. This extension term was recognized as part of the copier lease liability and right-of-use asset. ArtsWave also has a five-year finance lease that commenced in April 2023 for the rental of a digital mail machine. The lease agreement for the mail machine does not contain an option to extend the term of the lease.

**CINCINNATI INSTITUTE OF FINE ARTS  
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**Notes to Financial Statements  
(Continued)**

**NOTE G LEASES (CONTINUED)**

ArtsWave has made several significant assumptions and judgments in applying the requirements of FASB Accounting Standards Update (ASU) No. 2016-02 to its leases. The office space lease agreement contains both lease components as well as non-lease components obligating the lessor to maintain common areas of the building, including the elevators and stairways, elevator lobby areas, the parking lot, sidewalks, landscaped areas, and utility lines of the property. Similarly, the mail machine lease contract consists of both lease components as well as non-lease components, including an option to pay an additional fee for the repair or replacement of stolen, damaged, or destroyed equipment, a program in which ArtsWave has opted to participate. Rather than allocating the consideration in its office space and mail machine lease contracts between their separate lease components and non-lease components, ArtsWave has elected the practical expedient available under ASU 2016-02 not to separate the lease and non-lease components and instead to combine them into single lease components. ArtsWave has also made the accounting policy election under ASU 2016-02 not to capitalize short-term leases with terms of 12 months or less, and instead to recognize the lease payments in the statement of functional expenses as equipment rental and maintenance expenses.

The office space lease agreement specifies fixed payments for the initial term of the lease from December 2009 through January 2020. Regarding the extension terms, however, the contract states that the lease payments shall be 95% of the current fair market price for comparable spaces as of the commencement of the applicable extension term, provided that the rent shall not be less than the rent for the last year of the immediately preceding term, nor more than 115% of the rent for the last year of the preceding term. Thus, although the lease payments of the extension terms contain variability in that they can fluctuate to a certain extent with market values, the payments are ultimately in-substance fixed payments, being bound by lower and upper limits. ASU 2016-02 requires lessees with in-substance fixed payments to use the lower of the payment options when calculating the present value of future lease payments in order to measure the lease liability. Accordingly, ArtsWave used its current lease payment amount in making this calculation, because this amount represents the lowest possible payment option for subsequent extension terms. Changes to future lease payments will be accounted for in the year of change.

In measuring its lease liabilities, ArtsWave elected the practical expedient available to nonpublic entities to use a risk-free rate of return, such as the U.S. Treasury rate for a period comparable with that of the lease term, to determine the present value of future lease payments. Because the remaining lease term of the office space was 18 years and five months as of the date of ASU 2016-02 implementation on September 1, 2021, ArtsWave used the 20-year U.S. Treasury Bond rate as of that date, which was 1.84%. Likewise, because the lease term for the copier is for five years, ArtsWave used the five year U.S. Treasury Note rate as of the date of lease commencement, which was 3.64%. ArtsWave also used the five-year U.S. Treasury rate to calculate its mail machine lease liability. The rate was 3.60% as of the date of lease commencement.

ArtsWave also incurred variable lease costs, which are not included in the measurement of the lease liabilities. These costs, which are expensed as incurred, consist of reimbursements and payments of the office space lessor's utilities expenses and payments of service fees (per print/copy) for the copier.

**CINCINNATI INSTITUTE OF FINE ARTS  
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**Notes to Financial Statements  
(Continued)**

**NOTE G LEASES (CONTINUED)**

A summary of total lease cost and other lease information for years ended August 31, 2025 and 2024 follows:

	2025	2024
Operating lease costs	\$ 98,135	\$ 98,135
Finance lease costs:		
Amortization of right-of-use assets	5,520	5,280
Interest on lease obligations	637	796
Variable lease costs	17,631	14,505
	\$ 121,923	\$ 118,716
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flow from operating leases	\$ 98,135	\$ 98,135
Operating cash flow from finance leases	649	843
Financing cash flow from finance leases	5,469	5,303
Weighted-average remaining lease term:		
Operating leases	14.4 years	15.4 years
Finance leases	2.6 years	3.6 years
Weighted-average discount rate:		
Operating leases	1.8%	1.8%
Finance leases	3.6%	3.6%

The following table shows ArtsWave's operating lease liability as of August 31, 2025, the lease payments due (undiscounted cash flows) on an annual basis for the next five fiscal years and a total of the amounts for the remaining years, and the present value of those lease payments using an annual discount rate of 1.84% for the office space lease.

	Lease Payments Due (i.e. Undiscounted Cash Flows)						Less Interest	Lease Liability
	2026	2027	2028	2029	2030	Thereafter		
<b>Office Space:</b>	98,135	98,135	98,135	98,135	98,135	924,105	(182,830)	1,231,950

The following table shows ArtsWave's finance lease liabilities as of August 31, 2025, the lease payments due (undiscounted cash flows) on an annual basis for the duration of the lease terms, and the present value of those lease payments using annual discount rates of 3.64% for the copier lease and 3.60% for the mail machine lease.

	Lease Payments Due (i.e. Undiscounted Cash Flows)				Lease Liability
	2026	2027	2028	Less Interest	
	6,146	6,146	3,364	(700)	14,956

**CINCINNATI INSTITUTE OF FINE ARTS  
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**Notes to Financial Statements  
(Continued)**

**NOTE H GRANTS PAYABLE**

Grants payable consists of the following at August 31:

	2025	2024
Allocated grants	\$ 10,114,603	\$ 10,100,259
Unallocated grants	(1,253,253)	(1,190,978)
	\$ 8,861,350	\$ 8,909,281

Unallocated grants represent board approved grants from net assets with donor restrictions for which a recipient has not yet been identified. These allocations are recognized as contra liabilities upon board approval for tracking purposes. Once a recipient has been identified, the contra-liability is reversed, and the appropriate donor restricted net assets are released from restrictions.

**NOTE I FUNDS HELD FOR THE BENEFIT OF OTHERS**

Funds held for the benefit of others are recognized in the accompanying statements of financial position and represent endowment assets held by ArtsWave within the investment pool (Note D) on behalf of local area not-for-profit organizations. The related investment purchases and sales and corresponding changes in fund liabilities are included within investing activity on the statements of cash flows. Total funds held for the benefit of others were \$51,459,067 and \$47,976,781 at August 31, 2025 and 2024, respectively.

**NOTE J NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available primarily for the use of ArtsWave and its beneficiary organizations and consist of the following as of August 31:

	2025	2024
Endowment funds	\$ 53,251,287	\$ 49,510,544
Beneficial interest in trust	3,615,183	3,446,781
Time restrictions	1,419,819	1,300,990
Other program restrictions	2,739,194	3,124,399
	\$ 61,025,483	\$ 57,382,714

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. Net assets released from restrictions were \$4,939,528 and \$5,070,180 in 2025 and 2024, respectively, primarily due to the fulfillment of the purpose for which the resource was restricted or due to time restrictions expiring on net assets available for future operations and programs.

**CINCINNATI INSTITUTE OF FINE ARTS  
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**Notes to Financial Statements  
(Continued)**

**NOTE K RISKS AND UNCERTAINTIES**

Cash balances in certain accounts at banks exceed the Federal Deposit Insurance Corporation (FDIC) limits by \$3,070,157 and \$3,411,472 at August 31, 2025 and 2024, respectively.

Pledges receivable are from various employers, employees of such employers, trusts and foundations, and the general public in the Greater Cincinnati region.

ArtsWave holds a variety of investments, the underlying securities of which are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the value of investment securities would occur in the near term and such changes could materially affect the amounts reported in the financial statements.

**NOTE L RETIREMENT PLAN**

ArtsWave maintains a safe harbor retirement savings plan which allows participants to make contributions by salary deduction pursuant to Section 401(k) of the Internal Revenue Code. ArtsWave makes safe harbor matching contributions equal to 116.66% of the employee's elective deferrals that do not exceed 6% of the employee's compensation. Employees vest immediately in their own and ArtsWave's contributions. ArtsWave's contributions to the plan in 2025 and 2024 were \$133,226 and \$130,867, respectively.

**NOTE M RELATED PARTY TRANSACTIONS**

Members of ArtsWave's Board of Trustees and senior management may, from time to time, be associated, either directly or through interlocking board memberships, with entities doing business with ArtsWave. ArtsWave employs a conflict-of-interest policy that requires any such associations to be disclosed in writing. When such associations exist, measures are taken to mitigate any actual or perceived conflict, including recusal of the board member from any decisions involving the entity doing business with ArtsWave. The transactions with entities associated with trustees or senior management are not considered to be significant.

**NOTE N LIQUIDITY AND AVAILABILITY**

ArtsWave is substantially supported by investment return and contributions from donors. Because a donor's restriction requires resources to be used in a particular manner or in a future period, ArtsWave must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of ArtsWave's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Funds held within the board designated endowment would be used to help satisfy liquidity needs if necessary.

**CINCINNATI INSTITUTE OF FINE ARTS  
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**Notes to Financial Statements  
(Continued)**

**NOTE N LIQUIDITY AND AVAILABILITY (CONTINUED)**

The following table presents the financial assets available to meet cash needs for general expenditure within one year at August 31:

	<u>2025</u>	<u>2024</u>
Financial Assets		
Cash, cash equivalents, and restricted cash	\$ 3,327,276	\$ 3,654,470
Pledges receivable, net	3,372,991	3,985,119
Accrued interest receivable	245,997	226,719
Investments	131,312,258	122,681,187
Beneficial interest in trust	<u>3,615,183</u>	<u>3,446,781</u>
Financial assets available at year-end	141,873,705	133,994,276
Less those unavailable for general expenditures within one year due to:		
Pledges receivable without donor restriction due in one to five years, net	118,695	194,904
Investments held in donor restricted endowment	53,251,287	49,510,544
Beneficial interest in trust	3,615,183	3,446,781
Funds held for the benefit of others	51,459,067	47,976,781
Restricted by donor for purpose and time	4,159,013	4,425,389
Private debt and equity fund lockups - without donor restriction	<u>2,543,949</u>	<u>2,058,108</u>
Total limitations on available resources	<u>115,028,499</u>	<u>107,417,603</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 26,845,206</u>	<u>\$ 26,576,673</u>

**NOTE O CONTRIBUTED NONFINANCIAL ASSETS**

For the years ended August 31, contributed nonfinancial assets recognized within the statements of activities included:

	<u>2025</u>	<u>2024</u>
Media advertising space	\$ 347,919	\$ 457,507
Other	<u>97,635</u>	<u>11,177</u>
	<u>\$ 445,554</u>	<u>\$ 468,684</u>

ArtsWave recognized contributed nonfinancial assets within revenue, including contributed media advertising space and various other goods and services. Contributed nonfinancial assets did not have donor-imposed restrictions.

**CINCINNATI INSTITUTE OF FINE ARTS  
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**Notes to Financial Statements  
(Continued)**

**NOTE O CONTRIBUTED NONFINANCIAL ASSETS (CONTINUED)**

Contributed media advertising space was used for marketing purposes. Media space was valued according to the actual discount amounts specified in advertising agreements between ArtsWave and media companies.

**NOTE P NOTE PAYABLE**

In April 2022, ArtsWave entered into a convertible loan for \$2,500,000, including interest at the Term SOFR + 1.75% (6.125% at August 31, 2025) which converted to a term note on April 1, 2023 (the conversion date). The note, including principal and interest, will be payable over 96 months until February 2032. ArtsWave used these funds for capital upgrades to its office space. The outstanding balance at August 31, 2025 and 2024 was \$1,277,861 and \$1,484,180, respectively.

The note is secured by an investment account held at the bank and subject to certain covenants. ArtsWave was in compliance with all debt covenants at August 31, 2025 and 2024.

Scheduled annual principal maturities of long-term debt for the years succeeding August 31, 2025 are summarized as follows:

2026	\$ 206,318
2027	206,318
2028	206,318
2029	206,318
2030	206,318
Thereafter	<u>246,271</u>
	<u><u>\$ 1,277,861</u></u>

**SUPPLEMENTARY INFORMATION**

**CINCINNATI INSTITUTE OF FINE ARTS  
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**SCHEDULES OF ENDOWMENT AND BOARD  
DESIGNATED ENDOWMENT FAIR VALUES**

	<b>August 31, 2025 Fair Value</b>	<b>August 31, 2024 Fair Value</b>
Endowment and funds held for the benefit of others - income restricted:		
Taft Museum:		
Anna S. Taft	\$ 21,912,495	\$ 20,393,031
Louise Taft Semple Foundation (directorship)	1,973,771	1,836,903
Cincinnati Symphony Orchestra:		
Mr. & Mrs. Charles Phelps Taft	18,225,698	16,961,769
Thomas J. Emery Memorial	2,247,723	2,091,856
Mary Hanna and others	681,344	634,095
Mr. & Mrs. William Kite	78,603	73,152
Betscher and Outcalt Memorial	33,484	31,164
Anonymous	204,477	190,299
Weibel	102,901	95,760
Cincinnati Opera Association:		
Mr. & Mrs. Lawrence H. Kyle	131,668	122,540
Eleanor Feld	22,327	20,772
Maurice Oshry (Cincinnati Opera Association)	78,801	73,335
Anonymous	1,220,852	1,136,139
Children's Education Fund:		
Cincinnati Art Museum	1,108,710	1,031,819
Cincinnati Symphony Orchestra	949,683	883,823
Cincinnati Opera Association	475,565	442,584
Playhouse in the Park	317,492	295,473
Cincinnati Ballet	158,517	147,532
Contemporary Arts Center	158,517	147,532
Anonymous (Cincinnati Art Museum)	407,661	379,391
Dorothy Rawson (allocated to art museum and orchestra)	519,743	483,696
Blanche and Rebekah Alter (allocated to Taft art museum and orchestra)	1,896,523	1,765,009
Rosa F. and Samuel B. Sachs (Annual Sachs Award)	960,325	893,736
Richard P. Windisch and Martha W. Van Goeben (May Festival)	428,193	398,499
Mid-Sized Arts Endowment	2,076,012	1,932,043
Arts Education Experiences	43,017	11,491
Annual community campaign	627,347	583,842
Goldsmith endowed annual campaign gift	87,864	81,767
Susan & Burton Closson endowed campaign gift	221,476	206,115
	<b>57,350,789</b>	<b>53,345,167</b>

See Independent Auditors' Report

**CINCINNATI INSTITUTE OF FINE ARTS  
(DBA ARTSWAVE)**

**SCHEDULES OF ENDOWMENT AND BOARD  
DESIGNATED ENDOWMENT FAIR VALUES  
(CONTINUED)**

	<b>August 31, 2025 Fair Value</b>	<b>August 31, 2024 Fair Value</b>
Endowment and funds held for the benefit of others - income without restriction:		
Taft - 1927 matching endowment	\$ 43,520,033	\$ 40,482,660
National Endowment for the Arts matching endowment - Thomas J. Emery Memorial	1,630,213	1,517,159
William P. Anderson Foundation	396,086	368,613
Alice F. Weston	204,152	189,999
Eleanor and Charlie Taft Fund	346,915	322,861
Anonymous	428,193	398,499
LKC Foundation	71,881	66,895
Mr. and Mrs. Louis John Johnen Memorial Fund	593,824	552,644
John Sherman	13,097	12,188
Ruth Wilkerson	83,002	77,247
Albert W. Vontz, Jr.	51,327	47,767
	<u>47,338,723</u>	<u>44,036,532</u>
Board designated endowment:		
ArtsWave 100 Unrestricted	281,052	96,051
Bertrand B. Kahn (scholarships)	111,682	103,934
Arts Services Office endowments	1,736,497	1,616,063
Board Designated Operating Reserves	11,721,338	11,432,879
ArtsWave general	5,140,461	4,783,975
Annual community campaign	4,599,068	4,280,131
	<u>23,590,098</u>	<u>22,313,033</u>
Total endowment and funds held for the benefit of others and board designated endowment, at fair value	128,279,610	119,694,732
Charitable Gift Annuities	<u>20,842</u>	<u>105,626</u>
Total	<u>\$ 128,300,452</u>	<u>\$ 119,800,358</u>

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