

19 February 2016

Council Member Ellen Cohen
via email

Dear Council Member Cohen:

As usual, thank you for your leadership as chair of the Quality of Life Committee and thank you for your continued support of the arts and culture in our city.

Per your request, please find attached the following:

- 1) A brief spreadsheet benchmarking HAA civic art (public art) management fees to other programs across the country. We conducted a similar, more comprehensive survey about five years ago, which resulted in the 17% fee we currently use.
- 2) An overview of HAA civic art project management functions, including the panel qualifications and review process, compiled from the 2011-2015 Civic Art & Design Program report.
- 3) A copy of the HAA FY2015 audit and FY16 budget. This budget was revised in January, as part of our annual mid-year review, with a projected reduction of 5% to reflect a decrease in HOT funds.

HAA currently has 23 FTE employees. Utilizing standard accounting practices, HOT funds support approximately 17 of those positions and the remaining are funded through civic art management funds and outside fundraising. Important to note, depending on project workload, civic art administration has been in deficit in four of the six previous years, thus mandating that other funds, including HOT and outside funds, support that program to ensure that we have adequate qualified staff to manage program needs.

Please let me know if you would like any further information. I am always eager to speak about the work of HAA on behalf of and in partnership with the City.

Sincerely,



Houston Arts Alliance CEO + President

Civic Art Administrative Fee Comparison

Agency	Administrative Percent	Explanation
City of Albuquerque	20% by ordinance of 1% set aside for public art	The administrative fee covers everything related to administering the program, except salaries and benefits. Salaries and benefits are paid for by the General Fund. Program costs are generally covered by the parent department. The admin funds basically cover all promotions – from video production to brochures and some advertising, to education and outreach support staff, maintenance and conservation, and other miscellanea. All artist fees (even design fees for finalists, engineering etc.) come from the remaining 80% of the project funds. Relocation costs for art also usually come from project funds.
City of Dallas	20% by ordinance	Admin fee is for the administration of the program including design fees, advertising, signage and related costs
Broward County (Ft Lauderdale, FL)	15% by ordinance	
Austin Art In Public Places (AIPP)	17% for salaries only 2% for art	The admin fee is discretionary depending on yearly budgetary target amount that goes toward staff salaries (remainder is paid through their department funding. In addition to the 17%, they typically set aside other line item costs for various additional project-related fees (conservator review, selection panel payments, plaques, contingency, etc.), also out of the overall project budget (2% for art).
El Paso, TX	15% by ordinance	
Edmonton Arts Council (Edmonton, AB)	10% admin and 10% for conservation of the 1% for art budget	Admin is meant to cover all administration costs including staff, space costs, juries and so forth. It is not sustainable unless EAC has numerous large budget projects to float
San Francisco, CA	20% by Ordinance	
San Jose Public Art	30% of project costs	Based on staff costs plus all the overhead the city charges them. When it comes to directly charging the hours, larger projects come up at about 15-20% and small projects 25-35%.
City of Seattle Public Art	15% for admin, 15% of remainder for project management.	15% is taken "off the top" from all 6 departments civic art budget and used for administrative overhead (office support, accounting, etc.). Then, 15% of each project budget that remains is set aside for staff time (project management).
City of Chicago	20% admin / 80% art on project budgets. Admin fees do not cover staff time/salaries	Chicago's ordinance mandates a 80/20 split (art/admin). In the past, before the reorganization, they had staff and other expenses to be covered from the 20%. Now, staff is budgeted and not covered from the 20%. Some administrative expenses are still covered from the 20%. They're considering if they can devote more of the 20% to art expenses. In the event that there are any funds left at the end of a project our ordinance now authorizes us to move those into a fund for the maintenance of the collection.

**HOUSTON ARTS ALLIANCE
FY 2016 BUDGET - REVISION
COMBINED**

Last Update: 2/1/2016

DEPARTMENTS

	FY16 BUDGET ORDINAL	\$ CHANGE	FY16 REVISED BUDGET	10-ADMIN	20-CAD	30-DEV	35-COMM	40-GRANTS	50-PAS	60-FOUNDRY
Revenue										
PUBLIC FUND SOURCES										
4001	Contributions - HOT	\$ 4,370,063	(231,181)	4,138,882	-	-	-	4,083,717	85,165	-
4001	Contribution - HOT Admin	2,427,813	(128,434)	2,299,379	683,864	-	-	572,508	592,499	251,359
4199	Grant Reversions	-	-	-	683,864	-	-	4,646,216	336,524	199,148
	HOT Contributors	6,797,876	(359,616)	6,438,261	-	-	-	-	-	-
4200	CAD Contract Revenue	640,177	(8,052)	632,125	-	632,125	-	-	-	-
4205	CAD Pass-Thru Revenue	4,409,140	(11,938)	4,397,202	-	4,397,202	-	-	-	-
	CAD Revenue	5,049,317	(19,990)	5,029,327	-	5,029,327	-	-	-	-
	Total - PUBLIC FUND SOURCES	\$ 11,647,193	\$ (379,606)	\$ 11,467,588	\$ 683,864	\$ 5,029,327	\$	\$ 572,508	\$ 4,646,216	\$ 336,524
OTHER FUND SOURCES										
4100	Revenue - Fed/State/County	148,000	(13,000)	135,000	-	-	4,500	-	30,500	-
4300	Foundation Revenue	292,000	188,000	480,000	-	-	-	-	430,000	50,000
	Subtotal - Grant Revenue	440,000	175,000	615,000	-	-	4,500	-	30,500	150,000
	Program Revenue	39,125	(7,225)	31,900	-	-	-	-	-	31,900
	Other Income	426,624	(12,624)	300,250	18,000	-	248,500	-	13,750	20,000
	Total - OTHER FUND SOURCES	\$ 905,749	\$ 42,403	\$ 947,150	\$ 18,000	\$	\$ 253,000	\$ 30,500	\$ 475,550	\$ 170,000
	TOTAL REVENUE	\$ 12,752,942	\$ (238,203)	\$ 12,414,738	\$ 701,864	\$ 5,029,327	\$ 253,000	\$ 4,676,716	\$ 812,174	\$ 369,148
Expenditures										
DIRECT COSTS										
	Grant Exp - HOT	4,370,063	(147,276)	4,222,787	-	-	-	4,137,622	85,165	-
	Grant Exp - Other	124,000	306,500	430,500	-	-	-	30,800	400,000	-
	Subtotal - Grant Expense	4,494,063	159,224	4,653,287	-	-	-	4,168,422	485,165	-
	CAD Projects - Artist/ Conservator Fees	4,464,140	(66,938)	4,397,202	-	4,397,202	-	-	-	-
	Personnel Costs	2,324,550	(159,105)	2,165,445	440,383	480,306	55,549	448,487	181,271	226,904
	Program Expenses	403,346	(19,281)	384,065	-	22,010	143,186	65,060	28,463	27,972
	Operating Expenses	344,487	279	344,766	121,071	17,220	10,249	128,950	31,291	35,985
	Marketing / Community Outreach	100,998	(24,834)	76,164	31,000	-	-	43,164	-	-
	Computer/IT Support/Equipment Purchases	34,600	(1,353)	33,247	5,000	600	-	5,000	22,647	-
	Transfers In/Out	-	-	-	-	20,000	-	(15,000)	-	11,000
	Contribution to Reserve Funds	50,000	(50,000)	-	-	-	-	-	-	-
	Transfers and Contributions	50,000	(50,000)	-	-	20,000	-	(15,000)	13,025	11,000
	Subtotal - DIRECT COSTS	12,216,284	(162,008)	12,054,276	598,454	4,937,337	248,469	514,210	4,685,009	743,418
	Subtotal - ALLOCATED (INDIRECT) COSTS	536,752	(92,292)	444,460	102,409	91,989	12,531	58,296	75,611	68,756
	TOTAL EXPENDITURES	12,753,036	(254,300)	12,498,643	701,863	5,029,327	253,000	572,508	4,760,621	812,174
	Net Surplus (Deficit) Rev over Expenditures	\$ -	\$ (83,905)	\$ (83,905)	\$ -	\$ -	\$ -	\$ -	\$ (83,905)	\$ -

NOTES: HOT Revenue Basis (Avg. for FY2016) - \$94,007,134

HOUSTON ARTS ALLIANCE
 FY 2016 BUDGET - REVISION
 CONTINUED

Last Update: 2/11/2016

DEPARTMENTS

Revenue	4001 4001 4199	PUBLIC FUND SOURCES Contributions - HOT Contribution - HOT Admin Grant Revisions HOT Contributions	4200 4205	CAD Contract Revenue CAD Pass-Thru Revenue CAD Revenue	OTHER FUND SOURCES Revenue - Fed/State/County Foundation Revenue Subtotal - Grant Revenue Program Revenue Other Income	TOTAL - OTHER FUND SOURCES	TOTAL REVENUE	DEPARTMENTS											
								10-ADMIN	20-CAD	30-DEV	35-COMM	40-GRANTS	50-P&S	60-FOLCLITE					
Expenditures																			
		\$ 4,370,063	(231,181)	4,138,882															
		2,427,013	(128,434)	2,298,579															
		6,397,876	(359,616)	6,038,261															
		640,177	(8,052)	632,125															
		4,409,140	(11,938)	4,397,202															
		5,049,317	(19,999)	5,029,317															
		\$ 11,867,293	\$ (379,606)	\$ 11,487,687															
		148,000	(13,000)	135,000															
		292,000	188,000	480,000															
		440,000	175,000	615,000															
		39,125	(7,225)	31,900															
		426,624	(126,379)	300,245															
		\$ 905,249	\$ 41,401	\$ 947,350															
		\$ 12,752,942	\$ (338,205)	\$ 12,414,737															
		4,370,063	(147,276)	4,222,787															
		124,000	306,500	430,500															
		4,494,063	159,224	4,653,287															
		4,464,140	(66,938)	4,397,202															
		2,324,550	(159,105)	2,165,445															
		403,346	(18,281)	385,065															
		344,487	279	344,766															
		100,998	(74,834)	26,164															
		34,600	(1,353)	33,247															
		50,000	(50,000)	-															
		50,000	(50,000)	-															
		12,216,194	(143,008)	12,073,186															
		536,759	(92,282)	444,477															
		12,752,943	(234,300)	12,498,643															
		\$ -	\$ (83,905)	\$ (83,905)															

NOTES: HOT Revenue Basis (Avg. for FY2016) - \$84,007,134

Houston Arts Alliance
Financial Statements
and Independent Auditors' Report
for the years ended June 30, 2015 and 2014

Houston Arts Alliance

Table of Contents

	Page
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position as of June 30, 2015 and 2014	3
Statement of Activities for the year ended June 30, 2015	4
Statement of Activities for the year ended June 30, 2014	5
Statement of Functional Expenses for the year ended June 30, 2015	6
Statement of Functional Expenses for the year ended June 30, 2014	7
Statements of Cash Flows for the years ended June 30, 2015 and 2014	8
Notes to Financial Statements for the years ended June 30, 2015 and 2014	9
Supplementary Information:	
Supplemental Schedule of Grants to Organizations and Individuals for the year ended June 30, 2015	15

Independent Auditors' Report

To the Board of Directors of
Houston Arts Alliance:

We have audited the accompanying financial statements of Houston Arts Alliance, which comprise the statements of financial position as of June 30, 2015 and 2014 and the related statements of activities, of functional expenses, and of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Houston Arts Alliance as of June 30, 2015 and 2014 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. Supplementary information in the supplemental schedule of grants to organizations and individuals for the year ended June 30, 2015 is presented for purposes of additional analysis and is 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 our 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.

Blazek & Vetterling

September 24, 2015

Houston Arts Alliance

Statements of Financial Position as of June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash	\$ 201,931	\$ 290,574
Receivables:		
City of Houston contracts (Note 2)	1,997,844	1,992,954
Pledges receivable	1,250	571,734
Other	17,475	15,806
Investments (Note 3)	1,857,312	1,839,454
Prepaid expenses and other assets	27,454	18,479
Property and equipment, net (Note 4)	<u>169,629</u>	<u>224,514</u>
TOTAL ASSETS	<u>\$ 4,272,895</u>	<u>\$ 4,953,515</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 336,492	\$ 342,192
Grants payable	<u>1,348,330</u>	<u>1,344,293</u>
Total liabilities	<u>1,684,822</u>	<u>1,686,485</u>
Net assets:		
Unrestricted (Note 5)	418,777	352,034
Temporarily restricted (Note 6)	<u>2,169,296</u>	<u>2,914,996</u>
Total net assets	<u>2,588,073</u>	<u>3,267,030</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,272,895</u>	<u>\$ 4,953,515</u>

See accompanying notes to financial statements.

Houston Arts Alliance

Statement of Activities for the year ended June 30, 2015

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
REVENUE:			
Contributions:			
City of Houston (Note 2)		\$ 6,721,547	\$ 6,721,547
Federal, state, and county grants		78,000	78,000
Other contributions	\$ 193,807	32,200	226,007
Civic art and design contracts –			
City of Houston (Note 2)	2,055,659		2,055,659
Special events	221,440		221,440
Direct donor benefits	(87,964)		(87,964)
Grant reversions		73,905	73,905
Investment return (Note 3)	19,546		19,546
Total revenue	2,402,488	6,905,652	9,308,140
Net assets released from restrictions:			
Grant expenditures	4,820,673	(4,820,673)	
Other program expenditures	2,830,679	(2,830,679)	
Total	10,053,840	(745,700)	9,308,140
EXPENSES:			
Program services:			
Grants and grant administration	4,888,826		4,888,826
Civic art and design	2,218,914		2,218,914
Management assistance and services	680,616		680,616
Folklife and traditional arts	601,215		601,215
Arts advancement	492,322		492,322
Total program services	8,881,893		8,881,893
Management and general	724,394		724,394
Fundraising	380,810		380,810
Total expenses	9,987,097		9,987,097
CHANGES IN NET ASSETS	66,743	(745,700)	(678,957)
Net assets, beginning of year	352,034	2,914,996	3,267,030
Net assets, end of year	\$ 418,777	\$ 2,169,296	\$ 2,588,073

See accompanying notes to financial statements.

Houston Arts Alliance

Statement of Activities for the year ended June 30, 2014

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
REVENUE:			
Contributions:			
City of Houston (Note 2)		\$ 6,570,625	\$ 6,570,625
Federal, state, and county grants		244,500	244,500
Other contributions	\$ 239,670	854,853	1,094,523
Civic art and design contracts – City of Houston (Note 2)	1,071,678		1,071,678
Special events	222,701		222,701
Direct donor benefits	(113,088)		(113,088)
Grant reversions		86,985	86,985
Investment return (Note 3)	40,311		40,311
Total revenue	<u>1,461,272</u>	<u>7,756,963</u>	<u>9,218,235</u>
Net assets released from restrictions:			
Grant expenditures	3,986,658	(3,986,658)	
Other program expenditures	2,460,901	(2,460,901)	
Total	<u>7,908,831</u>	<u>1,309,404</u>	<u>9,218,235</u>
EXPENSES:			
Program services:			
Grants and grant administration	3,986,658		3,986,658
Civic art and design	1,224,156		1,224,156
Management assistance and services	701,086		701,086
Folklife and traditional arts	288,562		288,562
Arts advancement	617,835		617,835
Total program services	<u>6,818,297</u>		<u>6,818,297</u>
Management and general	830,207		830,207
Fundraising	173,853		173,853
Total expenses	<u>7,822,357</u>		<u>7,822,357</u>
CHANGES IN NET ASSETS			
	86,474	1,309,404	1,395,878
Net assets, beginning of year	265,560	1,605,592	1,871,152
Net assets, end of year	<u>\$ 352,034</u>	<u>\$ 2,914,996</u>	<u>\$ 3,267,030</u>

See accompanying notes to financial statements.

Houston Arts Alliance

Statement of Functional Expenses for the year ended June 30, 2015

	GRANTS AND GRANT ADMINISTRATION	CIVIC ART AND DESIGN	MANAGEMENT ASSISTANCE AND SERVICES	FOLKLORE AND TRADITIONAL ARTS	ARTS ADVANCEMENT	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Grants to organizations and individuals	\$ 4,506,887							\$ 4,506,887
Salaries and related expenses	305,213	\$ 361,120	\$ 313,786	\$ 235,121	\$ 199,825	\$ 428,364	\$ 253,719	\$ 2,064,577
Artist fees and services		1,744,162						1,744,162
Conferences, meetings and panels	20,043	35,138	20,644	309,529	93,064	57,998	53,390	589,806
Professional fees	15,313	31,234	21,891	25,103	113,873	48,314	10,539	266,267
Rent and utilities	13,305	21,161	19,929	11,434	13,216	25,526	8,776	113,347
Depreciation						80,160		80,160
Advertising			199	3,996	27,461	14,160	462	46,278
In-kind expenses	150	4,950	200	300		4,500	37,363	42,513
Supplies and materials	6,108	1,179	4,835	2,805	3,197	16,306	3,462	41,663
Dues and subscriptions	47	5,629	755	205	24,307	8,332	1,410	36,235
Telephone	2,818	3,190	3,401	3,727	2,985	7,154	1,820	27,534
Insurance	2,353	2,702	2,607	2,214	2,860	4,178	1,390	18,792
Equipment rent and maintenance	1,770	93	1,990	1,539	1,987	5,204	1,016	16,208
Postage	68	8,356	74	698	1,863	286	1,913	4,995
Other	14,751		9,090	4,544	7,684	23,912	5,550	73,887
Total expenses	\$ 4,888,826	\$ 2,218,914	\$ 680,616	\$ 601,215	\$ 492,322	\$ 724,394	\$ 380,810	\$ 9,987,097

See accompanying notes to financial statements.

Houston Arts Alliance

Statement of Functional Expenses for the year ended June 30, 2014

	GRANTS AND GRANT ADMINISTRATION	CIVIC ART AND DESIGN	MANAGEMENT ASSISTANCE AND SERVICES	FOLKLORE AND TRADITIONAL ARTS	ARTS ADVANCEMENT	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Grants to organizations and individuals	\$ 3,647,771	\$ 317,682	\$ 266,508	\$ 180,583	\$ 398,696	\$ 450,728	\$ 124,803	\$ 3,914,279
Salaries and related expenses	266,941	827,549	337,207	10,275				2,076,640
Artist fees and services	15,417	35,998	41,953	64,279	99,298	37,969	1,068	837,824
Conferences, meetings and panels	20,793	2,138	6,712	18,257	36,908	115,472	2,995	295,982
Professional fees	11,580	25,324	29,098	5,643	15,194	19,923		203,275
Rent and utilities						98,374		106,762
Depreciation				1,863	25,292	18,357		98,374
Advertising								59,131
In-kind expenses	5,221	2,104	4,758	1,319	4,603	6,711	17,000	17,000
Supplies and materials		1,212	1,551	247	21,443	17,045	1,534	26,250
Dues and subscriptions	3,400	4,272	2,561	2,495	3,283	9,316	11,546	53,044
Telephone		425		375		20,031		25,327
Insurance	2,206	2,411	5,220	1,325	2,654	2,540		20,831
Equipment rent and maintenance	275	31	28	15	3,866	437	1,288	16,356
Postage								5,940
Other	13,054	5,010	5,490	1,886	6,598	33,304		65,342
Total expenses	\$ 3,986,658	\$ 1,224,156	\$ 701,086	\$ 288,562	\$ 617,835	\$ 830,207	\$ 173,853	\$ 7,822,357

See accompanying notes to financial statements.

Houston Arts Alliance

Notes to Financial Statements for the years ended June 30, 2015 and 2014

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – Houston Arts Alliance (the Alliance) is a Texas nonprofit corporation established to promote, encourage and sustain the development of arts and culture in Houston and Harris County, serving the diverse communities and visitors to the region. Revenue is derived primarily from contracts with the City of Houston (the City) from a portion of the City's hotel occupancy tax receipts (HOT Funds) and civic art and design contracts.

The Alliance's programs include:

- *Grants and grant administration* – Grants are investments that expand cultural opportunities for Houstonians and visitors to enjoy the diverse array of arts presented throughout the Greater Houston Area by over 200 not-for-profit organizations and individual artists. The Alliance awards approximately 90% of its City contract funds to Houston organizations and individual artists. Other funding for grants is provided by county, federal and state governments, and local foundations.
- *Civic art and design* – The Civic Art + Design Program (Civic Art) responds to the opportunities and challenges to build the City's civic art canvas and maintain the treasures and legacies in the Civic Art collection. The Alliance works with the City staff to recommend the most appropriate locations for use of Civic Art monies. The Alliance manages the artist selection process and acts as project manager from commission through completion of new works of art. The Alliance works on behalf of the City to manage conservation of artworks throughout the City, utilizing national standards in conservation and contracting professionally licensed conservators. Civic Art serves as a community resource and works on a consulting basis, with both public and private sector entities. The Alliance is committed to expanding the conversation about the vision for civic art in the City.
- *Management assistance and services* – The Program & Services department (P&S) of the Alliance provides year-round relevant programming that assists arts organizations and individual artists in being effective stewards of their resources. As the Alliance provides voice and leadership through its support of arts organizations and individual artists with programs and services that help build and foster a vibrant and creative community, P&S helps sustain and ensure that the creative contribution by arts professionals remains a vital part of community life across the City and the region. This includes Business Volunteer for the Arts, Free Night of Theatre, Arts Database Management Program, and Management Organizational Development Enterprise (MODE). The mission of MODE is to build the organizational capacity of multi-cultural, small and mid-sized arts organizations in the City, facilitating their artistic growth and strengthening their diverse cultural expression in the community.
- *Folklife and Traditional Arts* – The Folklife and Traditional Arts program is focused on promoting and presenting the lively cultural traditions of the nation's fourth largest metropolitan area. The program works in the City's diverse neighborhoods and communities to explore and highlight the contemporary traditions that make Houston one of the most vibrant urban landscapes in the United States. The folk and traditional arts are deeply rooted in a community's identity and built around such factors as shared ethnic heritage, language, religion, occupation or sense of place. Genres of artistic activity that arise within these communities include, but are not limited to, music, dance, crafts, storytelling and other forms of oral expression. These vital and constantly reinvigorated

artistic traditions are shaped by commonly-held values and standards of excellence that are passed from generation to generation, most often within family and community, through demonstration, conversation and practice. The program's goals include research, documentation and public projects that explore the wide variety of established and emerging cultural communities that come together in the greater Houston area. The program also provides technical assistance and resources to local traditional artists, engages in collaborations with colleague organizations, and markets the City's rich and diverse culture to locals and visitors alike.

- *Arts advancement* – Through special projects, networking, publications and other communication methods, community relations efforts aim to increase the understanding of the importance of the arts to the City. This includes partnerships with the Bayou City Art Festival, Metlife Foundation National Arts Forum series and workshops in conjunction with National Arts Marketing Programs. Additionally, artshound.com is the Alliance's online calendar and the go-to site for information about the City's thriving arts and culture sector. The site provides comprehensive information about festivals, gallery openings, workshops, auditions, artist profiles, venue and organization information, civic art, dance, music, theatre and more.

Federal income tax status – The Alliance is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §170(b)(1)(A)(vi). The Alliance files annual federal information returns that are subject to routine examination; however, there are no examinations for any tax periods currently in progress. The Alliance believes it is no longer subject to examinations of returns for tax years ended before June 30, 2012.

Segregated cash – Amounts received under the City contract are maintained in separate accounts until expended. At June 30, 2015 and 2014, \$1,446,774 and \$942,281, respectively, were maintained in segregated cash and investment accounts.

Pledges receivable that are expected to be collected within one year are reported at net realizable value. Amounts expected to be collected in more than one year are discounted, if material, to estimate the present value of future cash flows. All pledges receivable at June 30, 2015 are due within one year.

Property and equipment is reported at cost, if purchased, or at fair value at the date of gift, if donated. Depreciation is calculated using the straight-line method over estimated useful lives of 3 to 7 years.

Net asset classification – Contributions and the related net assets are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Unrestricted net assets* include those net assets whose use is not restricted by donor-imposed stipulations, even though their use may be limited in other respects, such as by contract or board designation.
- *Temporarily restricted net assets* include contributions restricted by the donor for specific purposes or time periods. When a purpose restriction is accomplished or a time restriction ends, temporarily restricted net assets are released to unrestricted net assets.

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as restricted support.

Non-cash contributions – Donated materials and use of facilities are recognized at fair value as contributions when an unconditional commitment is received from the donor. The related expense is recognized as the item is used. Contributions of services are recognized when services received (a) create

or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Civic art and design contracts are recognized as revenue when the services are provided. Amounts received in advance are recorded as deferred revenue.

Grants made are recognized as expense at estimated fair value when the Alliance approves an unconditional commitment to a recipient. Commitments made but not yet funded are recorded as grants payable. At June 30, 2015, all grants payable are due to be paid within one year.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts of reported revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

NOTE 2 – CITY OF HOUSTON CONTRACTS

The Alliance is party to a five-year contract with the City to promote tourism and the convention and hotel industry through a coordinated program that in cooperation with other arts, tourism and convention organizations will promote, develop, and publicize a full array of arts destinations, arts activities, and arts exhibitions and displays in order to enhance the City's image and reputation as an arts city and a destination for cultural tourism. Under the terms of the contract, the City distributes 19.3% of the HOT Funds it receives to support the arts. Amounts received by the Alliance are used as follows: 1) to provide grants to artists, artistic, cultural, or educational programs and activities, and other program expenses, 2) to fund administrative expenses, and 3) to support the City Initiatives program.

The Alliance also is party to a three-year contract with the City to provide professional civic art and conservation administration services to the City under the direction of the General Service Department (GSD) and to a separate annual contract with the City to provide these services to the Houston Airport System (HAS). Services performed under the GSD contract are provided pursuant to specific letters of authorization (LOA) that outline the scope of services and a not-to-exceed dollar amount that the Alliance may be awarded. Basic services performed under the HAS contract are covered by a \$12,705 management fee plus reimbursable expenses. Additional services may be performed under this contract pursuant to specific LOA's that outline the scope of services and a not-to-exceed budget amount.

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure 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. The three levels of the fair value hierarchy are as follows:

- *Level 1* – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date.
- *Level 2* – Inputs are other than quoted prices included in Level 1, which are either directly observable or can be derived from or corroborated by observable market data at the reporting date.
- *Level 3* – Inputs are not observable and are based on the reporting entity's assumptions about the inputs market participants would use in pricing the asset or liability.

Assets measured at fair value at June 30, 2015 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Investments:				
Corporate bonds		\$ 522,320		\$ 522,320
U. S. Treasury notes and bonds		453,003		453,003
Money market mutual funds	\$ 435,640			435,640
U. S. Government agency bonds		295,377		295,377
Intermediate term bond mutual fund	141,792			141,792
Common stock	<u>9,180</u>			<u>9,180</u>
Total assets measured at fair value	<u>\$ 586,612</u>	<u>\$ 1,270,700</u>	<u>\$ 0</u>	<u>\$ 1,857,312</u>

Assets measured at fair value at June 30, 2014 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Investments:				
U. S. Treasury notes and bonds		\$ 681,632		\$ 681,632
Money market mutual funds	\$ 996,780			996,780
U. S. Government agency bonds		154,338		154,338
Common stock	<u>6,704</u>			<u>6,704</u>
Total assets measured at fair value	<u>\$ 1,003,484</u>	<u>\$ 835,970</u>	<u>\$ 0</u>	<u>\$ 1,839,454</u>

Valuation methods used for assets measured at fair value are as follows:

- *Corporate bonds, U. S. Treasury notes and bonds and U. S. Government agency bonds* are valued using prices obtained from active market makers and inter-dealer brokers on a daily basis.
- *Mutual funds* are valued at the reported net asset value.
- *Common stock* is valued using prices obtained from active markets.

These valuation methods may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Alliance believes its valuation methods are appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

Investments are exposed to various risks such as interest rate, market, and credit risks. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities. The Board of Directors of the Alliance monitors the performance of the investment portfolio and, at the recommendation of the investment manager, may approve modifications to the targeted allocations.

Investment return includes earnings on cash and consists of the following:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 26,344	\$ 34,371
Net realized and unrealized gain (loss) on investments	<u>(6,798)</u>	<u>5,940</u>
Total investment return	<u>\$ 19,546</u>	<u>\$ 40,311</u>

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2015</u>	<u>2014</u>
Furniture and equipment	\$ 496,157	\$ 470,882
Leasehold improvements	<u>284,061</u>	<u>284,061</u>
Total property and equipment, at cost	780,218	754,943
Accumulated depreciation	<u>(610,589)</u>	<u>(530,429)</u>
Property and equipment, net	<u>\$ 169,629</u>	<u>\$ 224,514</u>

NOTE 5 – UNRESTRICTED NET ASSETS

Unrestricted net assets consist of the following:

	<u>2015</u>	<u>2014</u>
Operating cash reserve	\$ 457,374	\$ 457,374
Undesignated	<u>(38,597)</u>	<u>(105,340)</u>
Total unrestricted net assets	<u>\$ 418,777</u>	<u>\$ 352,034</u>

NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2015</u>	<u>2014</u>
HOT Funds grants	\$ 659,824	\$ 958,954
HOT Funds administrative services	603,408	595,575
City Initiatives	388,896	417,754
Capacity Building Initiatives	118,422	118,422
Other program funds	98,357	275,976
Business Volunteers for the Arts	93,698	95,844
Arts Marketing	85,810	120,929
Folk Life programs	50,280	237,507
Pre-Incubator grants	31,413	31,413
Database service	25,306	32,484
Technology	13,632	13,632
Other	<u>250</u>	<u>16,506</u>
Total temporarily restricted net assets	<u>\$ 2,169,296</u>	<u>\$ 2,914,996</u>

NOTE 7 – EMPLOYEE BENEFIT PLAN

The Alliance maintains a §403(b) defined contribution retirement annuity plan (the Plan) for full-time employees employed for more than six months. Participants may contribute amounts subject to Internal Revenue Service limitations and the Alliance contributes a percentage of each employee's annual eligible compensation. The Alliance's contribution to the Plan totaled \$102,643 in 2015 and \$93,920 in 2014.

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 24, 2015, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.

Account	Balance	Change	Balance
Accounts receivable	100,000	0	100,000
Inventory	50,000	0	50,000
Prepaid expenses	20,000	0	20,000
Other assets	10,000	0	10,000
Accounts payable	150,000	0	150,000
Accrued liabilities	80,000	0	80,000
Other liabilities	30,000	0	30,000
Equity	1,000,000	0	1,000,000
Total	1,380,000	0	1,380,000

Houston Arts Alliance

Supplemental Schedule of Grants to Organizations and Individuals for the year ended June 30, 2015

Arts Marketing Grants:	
Art Colony Association, Inc.	\$ 20,000
Bach Society at Christ the King Evangelical Lutheran Church	20,000
Dance Source Houston	20,000
Ensemble Theatre, The	20,000
Houston Chamber Choir	20,000
Houston Cinema Arts Society	20,000
Houston International Dance Coalition	20,000
Opera in the Heights	<u>20,000</u>
Total Arts Marketing Grants	<u>160,000</u>
APG Outreach:	
Houston Together, Strong & Invincible	10,000
Visual Arts Productions	10,000
World Youth Foundation, Inc.	<u>10,000</u>
Total APG Outreach	<u>30,000</u>
Art Project Grants:	
14 Pews	9,000
Ad Deum Dance Company	7,800
Aperio, Music of the Americas	10,000
Apollo Chamber Players	10,000
Architecture Center Houston Foundation	10,000
Art Cars of Houston, Inc.	8,692
Bootown	3,000
Chinese Community Center, Inc.	10,000
Colombian Folkloric Ballet	4,500
Dionysus Theatre	4,000
Evelyn Rubenstein Jewish Community Center	9,000
Greater Houston Chorus d.b.a. Houston Choral Showcase	5,000
Italian Cultural & Community Center of Houston	5,000
Lone Star Lyric Theater Festival	9,000
Michele Brangwen Dance Ensemble	5,000
Noblemotion Dance	6,000
Obsidian Arts Space, Inc.	2,500
Periwinkle Foundation, The	10,000
Public Poetry	1,200
Stark Naked Theatre Company	10,000
University of Houston-Clear Lake	4,000
University of Houston-Downtown/O'Kane Gallery	6,500
Uptown Dance Company	9,000
Wordsmyth Theater Company	2,500
World Youth Foundation, Inc.	<u>10,000</u>
Total Art Project Grants	<u>171,692</u>

(continued)

Houston Arts Alliance

Supplemental Schedule of Grants to Organizations and Individuals
for the year ended June 30, 2015

(continued)

General Operating Support Grants:	
American Festival For The Arts	56,140
ARS Lyrica Houston	38,590
Art Colony Association, Inc.	21,987
Art League Houston	40,282
Aurora Picture Show	32,853
Bach Society at Christ the King Evangelical Lutheran Church	17,564
Bay Area Chorus	7,085
Bay Area Houston Ballet & Theatre	39,288
Bayou City Concert Musicals	7,753
Bayou City Performing Arts	21,034
Box 13 Artspace	5,928
Brilliant Lecture Series, Inc.	59,909
CANTARE Houston	8,136
Catastrophic Theatre, The	34,550
Chamber Music Houston	48,373
City Ballet of Houston	13,987
Classical Theatre Company	12,182
Czech Cultural & Community Center	24,031
Dance Houston	26,252
Dance Source Houston	22,858
Discovery Green	73,394
Diverse Works Artspace, Inc.	65,905
Fotofest, Inc.	36,247
Foundation for Modern Music	17,360
Freneticore	16,070
Fresh Arts, Inc.	51,267
Glasstire	18,174
Greater Houston Preservation Alliance	48,029
Gulf Coast: A Journal of Literature and Fine Arts	14,576
Heritage Society, The	35,749
HITS Theatre	41,940
Houston Boychoir, Inc.	17,286
Houston Center for Contemporary Craft	54,122
Houston Center for Photography	50,818
Houston Chamber Choir	50,572
Houston Children's Chorus	35,525
Houston Cinema Arts Society	37,246
Houston Early Music	11,928
Houston Fire Museum	53,002
Houston Institute for Culture	8,987
Houston International Dance Coalition	43,474
Houston International Film Festival, Inc.	20,370

(continued)

Houston Arts Alliance

Supplemental Schedule of Grants to Organizations and Individuals
for the year ended June 30, 2015

(continued)

Houston Metropolitan Dance Center, Inc.	49,217
Houston Swing Dance Society	48,024
Houston Young Artists Concert	7,025
Houston Youth Symphony and Ballet	49,173
Indian Film Festival of Houston, Inc.	7,979
Inprint, Inc.	59,228
Interactive Theater Company, Inc.	13,922
Jazz Education, Inc.	20,969
Karen Stokes Dance	9,036
Kingwood Dance Theatre	9,273
Kingwood Pops Orchestra, Inc.	5,121
Main Street Theater	54,122
Mercury Baroque Ensemble	58,519
Mildred's Umbrella Theater Company	10,345
Museum of Printing History, The	17,333
Musiqqa	31,862
Nameless Sound	23,147
Opera in the Heights	51,514
Orange Show Center for Visionary Art, The	49,244
Revels Houston, Inc.	8,834
Rice Design Alliance	39,099
River Oaks Chamber Orchestra	72,221
Rothko Chapel	29,257
Russian Cultural Center "Our Texas"	10,484
Several Dancers Core	12,880
Southwest Alternate Media Project	15,758
Stages Repertory Theatre	43,728
Suchu, Inc.	13,361
Texas Dragon Boat Association	13,457
Texas Medical Center Orchestra	10,276
Theater Lab Houston	12,144
Theatre Southwest, Inc.	4,496
University of Houston – Blaffer Art Museum	38,444
Virtuosi of Houston	33,412
Weather Research Center – The Weather Museum	17,368
Writers in the Schools	36,947
Young Audiences of Houston	<u>86,506</u>
Total General Operating Support Grants	<u>2,414,548</u>
General Operating Support – Expansion Grants (GOSE):	
Ambassadors International Ballet Folklorico	8,640
Asia Society Texas Center	75,622

(continued)

Houston Arts Alliance

Supplemental Schedule of Grants to Organizations and Individuals
for the year ended June 30, 2015

(continued)

Bharathi Kalai Manram	13,421
Brazilian Arts Foundation	49,913
Center for African American Military History	56,856
Children's Prison Arts Project	15,539
City Dance, Inc.	33,503
Community Artists' Collective	17,304
Dance of Asian America	29,222
Diaz Music Institute	14,535
Ensemble Theatre, The	76,002
Express Theatre, Inc.	42,093
Indo-American Association	60,868
Indian Performing Arts Samskriti	17,061
Institute of Hispanic Culture of Houston	13,914
Korean American Society of Houston	7,849
MECA	70,226
OCA – Organization of Chinese Americans	9,671
Positive Project, The	7,563
Project Row Houses	76,002
University of Houston – Arte Publico Press	67,867
Voices Breaking Boundaries	<u>29,326</u>
Total General Operating Support – Expansion Grants (GOSE)	<u>792,997</u>
City Initiative Fund Grants:	
Asia Society Texas Center	10,000
Bharathi Kalai Manram	10,000
Box 13 Artspace	10,000
Buffalo Bayou Partnership	25,000
Caribbean American Heritage Foundation of Houston	10,000
City Ballet of Houston	5,000
Contemporary Arts Museum Houston	10,000
Dance Source Houston	10,000
Decidete Mujer	9,950
Fresh Arts, Inc.	3,000
Grace Song, Inc.	10,000
Houston Boychoir, Inc.	10,000
Houston East End Chamber Of Commerce	10,000
Houston Grand Opera Association, Inc.	10,000
Houston – Leipzig Sister City Association	10,000
Houston Parks Board	50,000
Houston – Tampico Sister City Association, Inc.	5,000
Katco Arts Academy	10,000
League of United Latin American Citizens	10,000

(continued)

Houston Arts Alliance

Supplemental Schedule of Grants to Organizations and Individuals
for the year ended June 30, 2015

(continued)

Nigerian-American Multicultural Center	10,000
Robin Farr Davidson	10,000
Russian Cultural Center "Our Texas"	6,000
Southwest Alternate Media Project	10,000
Texas Black Expo, Inc.	10,000
University of Houston – Cynthia Woods Mitchell Center for Arts	10,000
University of Houston – Downtown/O’Kane Gallery	10,000
Weather Research Center – The Weather Museum	10,000
Windsor Village United Methodist Church	10,000
Windsync	10,000
Women in Film & Television Houston	30,000
Young Audiences of Houston	10,000
Total City Initiative Fund Grants	<u>363,950</u>
Capacity Building Initiative – Pre-Incubator:	
14 Pews	2,500
Cypress Symphony	10,000
Landing Theatre Company, The	7,500
Magpies & Peacocks	7,500
Piping Rock Singers, Inc.	2,500
Public Poetry	2,500
Silambam Houston	10,000
Wordsmyth Theater Company	10,000
Total Capacity Building Initiative – Pre-Incubator	<u>52,500</u>
Capacity Building Initiative – Residency Incubator: Tech & Admin:	
Houston Boychoir, Inc.	15,000
Karen Stokes Dance	15,000
Mildred’s Umbrella Theater Company	15,000
Nobleemotion Dance	15,000
Stark Naked Theatre Company	15,000
Total Capacity Building Initiative – Residency Incubator: Tech & Admin	<u>75,000</u>
Capacity Building Initiative – Residency Incubator: Sustainability:	
Asia Society Texas Center	15,000
Diverse Works Artspace, Inc.	15,000
Houston Center for Contemporary Craft	20,000
Main Street Theater	15,000
Mercury Baroque Ensemble	20,000
Writers in the Schools	15,000
Total Capacity Building Initiative – Residency Incubator: Sustainability	<u>100,000</u>

(continued)

Houston Arts Alliance

Supplemental Schedule of Grants to Organizations and Individuals
for the year ended June 30, 2015

(continued)

Capacity Building Initiative – Residency Incubator: Accelerator:	
Brazilian Arts Foundation	15,000
Musiqqa	15,000
Southwest Alternate Media Project	<u>20,000</u>
Total Capacity Building Initiative – Residency Incubator: Accelerator	<u>50,000</u>
Individual Artist Grants:	
Al-Zand, Karim	10,000
Allison Hunter Projects LLC	10,000
Allen, Nicholas	10,000
Barilla, Anthony	10,000
Beck, Logan	10,000
Bise, Michael	10,000
Bouillet, Comusina	5,000
Brandt, Anthony	10,000
Campana, Joseph	10,000
Clements, Fern Camella	10,000
Corn, Marti	10,000
Cyrus, Jamal	10,000
Diaz, Jose A.	10,000
Feldman, Michael	10,000
Galvan, Jorge	10,000
Gandy, Thomas	10,000
Gannon, Curtis	10,000
Gershon, Peter	10,000
Green, Todd	10,000
Hance, Claire Lydia	10,000
Hansen, Margaret Mary	10,000
Harris, Lisa E.	10,000
Havel, Dan	10,000
Hearn, Jasmine	5,000
Horn, Ashley	10,000
Johnson, Felicia	10,000
Koenig, Abigail	5,000
Koutsoudas, Kristina	10,000
Kumar, Rathna	10,000
Lavenda, Richard	10,000
Leach, Jonathan	10,000
Leal, Jason	5,000
Mays, Jessica	10,000
Mihalic, Falon	5,000
Miller, Crista	10,000
Mills, Anthony	10,000

(continued)

Houston Arts Alliance

Supplemental Schedule of Grants to Organizations and Individuals
for the year ended June 30, 2015

(continued)

Mira, Susannah	10,000
Mittin, Alisa	10,000
Moorhead, Katrina	10,000
Music World Arts & Entertainment Foundation	10,000
Nance, Dennis	10,000
Newsome, Marc	10,000
Nolan, Olivia Lovie	10,000
Pyle, Phillip	4,700
Sandhu, Harbeer	10,000
Tapscott, M'Kina	5,000
Taylor, Kathy	10,000
Theis, David William	10,000
Thibodeaux, Cressandra	10,000
Thomas, Christopher	10,000
Underwood, Jeremy	5,000
Vidal, Monica	10,000
Wilbanks, Jessica	5,000
Wood, Jennifer Leigh	10,000
Total Individual Artist Grants	<u>494,700</u>
Individual Artist Grants – Folk Arts Fellowship (FAF):	
Allen, Nicholas	7,500
Paiva, Roxanne – Our Global Village	<u>7,500</u>
Total Individual Artist Grants – Folk Arts Fellowship (FAF)	<u>15,000</u>
PSE:	
Aperio, Music of the Americas	6,250
Apollo Chamber Players	6,250
Bootown	6,250
Frame Dance Productions	<u>6,250</u>
Total PSE	<u>25,000</u>
Touring and Neighborhood Grants – TNAP:	
Alley Theatre	6,115
Cypress Creek Community Chorale	5,911
Cypress Creek Foundation for the Arts & Community Enrichment	6,794
Dance of Asian America	5,503
Dance Houston	5,367
Freneticore	6,183
Houston Choral Society	7,134
Houston Repertoire Ballet	6,794

(continued)

Houston Arts Alliance

Supplemental Schedule of Grants to Organizations and Individuals
for the year ended June 30, 2015

(continued)

San Jacinto Community College District	7,541
South Union Community Development, Inc.	<u>6,658</u>
Total Touring and Neighborhood Grants – TNAP	<u>64,000</u>
Power 2 Give Matching Grants:	
14 Pews	250
Apollo Chamber Players	1,381
Dance Houston	25
Frame Dance Productions	4,400
Greater Houston Chorus d.b.a. Houston Choral Showcase	1,000
Houston Metropolitan Dance Center, Inc.	20
Houston Swing Dance Society	250
Karen Stokes Dance	830
Michele Brangwen Dance Ensemble	1,050
Mildred's Umbrella Theater Company	210
Noblemotion Dance	870
Wordsmyth Theater Company	<u>1,000</u>
Total Power 2 Give Matching Grants	<u>11,286</u>
Total Grants to Organizations and Individuals	<u>\$4,820,673</u>

Houston Arts Alliance Civic Art + Design: Program Background

Houston Arts Alliance manages the City of Houston's Art Collection and facilitates creation and placement of permanent and temporary art in Houston's public spaces, including city facilities, parks and Houston's airports. The collection includes gifts, donations and works acquired prior to the enactment of the Civic Art Program legislation.

Creating great public spaces for civic and cultural use requires artists, designers, architects, the City and the community to collaborate. HAA fosters those partnerships, both public and private. Houston Arts Alliance manages all Civic Art Ordinance funded projects (including conservation) and serves a vital role in generating a culturally relevant and rich environment for Houston residents and visitors alike.

Civic Art + Design Program Funding as per City Council Ordinance

Civic art is funded through the City of Houston's capital bond funds, authorized by the City Council Ordinance No. 2006-731. The City's Civic Art ordinance, passed in 1999, designates 1.75% of eligible capital improvement project costs for permanent civic art works and conservation of existing works in the City's Collection. The percentage is calculated on a project by project basis from the costs of design and construction services.

HAA contracts with both public and private entities and serves the city under three separate contracts - one each with the Houston Airport System, General Services Department, and Houston First Corporation—to administer artist contracts, manage the Collection, and oversee all project management phases associated with civic art commissions and conservation projects.

17% Administration Fee for Civic Art + Design Projects

By contract, Houston Arts Alliance is paid 17% above the actual cost of each Commissioning or Conservation project to cover project management and the related costs of administration. This fee is paid on a project by project basis.

Civic Art Committee

The Houston arts Alliance Board of Directors is comprised of 32 board members, including the mayor's appointed liaison and 6 mayoral appointees that are also approved by City Council. The Civic Art Committee is chaired by a member of the board and includes both board members and community representatives with an interest/expertise in civic art and public space design. The Mayor's liaison also serves as a nonvoting member of the Civic Art Committee.

Commissions

Project management services that are rendered for the commissions of new work and are covered by the 17% fee include the following:

- A full time Civic Art + Design staff of arts professionals with unique expertise in public art project management, collection management, and conservation.
- On site project management, participation in coordination meetings, client communications.
- Specialized Civic Art consulting services to all of the City's departments, City staff, Management Districts, TIRZ's, Park conservancies, etc. upon request.
- Civic Art percentage set-aside is identified by the Capital Improvement Plan (CIP).
- HAA works with the City Department/Agency to determine the feasible opportunities for the inclusion of art within a construction project. A project budget is determined based on the set-aside for the construction, the needs of the project, and the amount remaining in the affected department's Civic Art funds.
- HAA generates and promotes a call to artists. The call can be local, regional, or national, depending on the scope of the project. The process of artist selection is managed in accordance with national best practices. HAA receives all artist submissions and selects panelists to review the submissions.
- HAA convenes a selection panel that typically consists of representatives from the affected department or affected facility, representatives from the local community, and arts professionals (artists, museum curators, etc.). The Selection Panel reviews the artists' submissions and selects a short-list of 3 semi-finalists based on qualifications and past work submitted.
- The semi-finalist artists are invited to generate concept proposals for the project and are paid an honorarium for their work. At this point, if the City Department desires it, the proposals are presented to the local community and citizens are invited to provide written comment. The panel reconvenes at a later time to review the semi-finalist concept proposals and selects the finalist based on the concept proposal.
- The selected Finalist's concept is reviewed and approved by the HAA Civic Art Committee. The Civic Art + Design Program is overseen by the Civic Art Committee. The Committee is chaired by an HAA Executive Committee Member. Other voting members, appointed by the President of the Board, include HAA board members, artists, architects and museum professionals.
- The CAC's recommendation is reviewed and approved by the HAA Board of Directors.
- The recommendation of the Board of Directors is forwarded to the Director of the City Department/Agency for whom the project is being developed for final review and approval. If the selection is not approved, the selection process starts over again.
- Upon Client (COH Department/Agency) approval, HAA enters a contract with the selected Artist for the commission. All liability for the project is held by HAA and the Artist.
- HAA manages the Artist's scope of work in phases:
 - Preliminary Design – HAA coordinates the artist to work the architects, general contractors, City PM's, and other stakeholders on the project to refine the concept.

- Final Design – HAA reviews the Artists Final Design, which includes a finalized budget, any required engineered drawings, and other necessary documentation before giving the artist a Notice to Proceed.
- Fabrication – HAA oversees the fabrication of the artwork to ensure consistency with the Final Design and manage any necessary adjustments. HAA also works with the artist to make sure that the work will be durable and low maintenance.
- Installation – HAA coordinates the installation of the artwork with the COH City Department/Agency, Project Manager and General Contractor at the site and oversees the process on site.
- Final Documentation – HAA reviews all final documents submitted by the Artist including maintenance instructions, as-built drawings, and other documents necessary for the long-term care of the artwork.
- Promotion – HAA Communications Department promotes the project to its local, national and international press list in coordination with the COH department/agency.
- Accounting – HAA finance provided financial oversight of the project to assure that all funds are spent according to the contract.
- Upon completion of the project, HAA submits all final documentation and requests acceptance from the contract-holding City Department/Agency.
- Upon final acceptance by the City of Houston, the completed work of Civic Art is accessioned in the City of Houston Art Collection and remains within the jurisdiction of the affected City Department, which is responsible for the ongoing maintenance of the work of art. If any conservation is necessary.

Conservation

HAA manages the City's art conservation projects through accepted national standards. Project management services paid for conservation covered by this 17% fee include the following:

- Evaluation/Assessment. A work of art is identified by HAA or COH/agency for evaluation and assessment. The Collection Manager visits the site and conducts a visual inspection, recording any visible deterioration or damage to the work of art. HAA can make a recommendation to prioritize conservation based on this evaluation. If the inspection indicates there may be additional deterioration not visible, the Collection Manager may recommend an additional evaluation/assessment to be performed by a qualified conservator.
- Contracting. The City Department/Agency identifies funding available to complete the required work. HAA recruits a qualified conservator, fabricator or contractor with a relevant specialty that then negotiates a service contract with HAA. By contract obligation, the scope of work for each project is reviewed by the affected City Department and approved by the Director of the Department. Prior to any conservation work, the Collection Manager contacts the artist or the artist's estate if possible to inform them of the impending conservation of the

artwork. Conservators are identified by HAA based on the procedures set forth in the Collection Management Policy.

- Conservation. A qualified contractor performs the work according to the Scope of Work and documents the procedures through photographs and written reports.
- Closeout. HAA staff conducts a final inspection, archives any documentation of the work performed, and submits a recommendation of acceptance to the city. HAA conducts a final walkthrough with city staff for final acceptance.
- On Hold. Projects may be placed on hold if any unexpected circumstances prevent the work to be done safely and without further damage to works of art upon which he/she has been contracted to perform services. Additionally, recommended work may be placed on hold if there is redevelopment of a site, nearby construction or demolition. Conservation will not be considered if HAA determines that existing environmental factors would continue to damage the work and efforts to correct the damage cannot be remedied by conservation.
- Emergency Stabilization. HAA has the responsibility to oversee emergency conservation to works in the Collection that are damaged by unforeseen circumstances or pose a hazard to public safety. Emergency stabilization can prevent the further deterioration of the work of art and/or prevent foreseeable accidents on city property.

Collection Management

Through an LOA with GSD, Houston Arts Alliance also manages the City of Houston Art Collection held by City Department/Agency for a monthly fee of \$3,500. (Management of the City of Houston Art Collection located at HAS is through HAA's contract with HAS. As of February 19, 2016, HAA does not have a contract with HAS for these services.)

City of Houston Art Collection Management is governed by the Collection Management Policy adopted by the HAA Board in May 2007. This policy document helps to define the scope of the City of Houston Art Collection, accession/de-accession policies, stewardship procedures, as well as policies for temporary art and art on loan. It was created in accordance with national best practices.

As new donations are accepted, new commissions completed, and other artworks are de-accessioned, the inventory of the city's Art Collection will constantly change. HAA continues the work of cataloging and documenting objects in the collection daily. This work can include on-site visual inspections of objects, photo-documentation of condition and/or location of objects, research into the history of artwork and of artists represented in the City's Art Collection, providing information on objects and inventories to City Departments, and entering information into collection management database software.

Acquisitions and Accessions: HAA is charged with reviewing new acquisitions of art objects for accession into the City of Houston Art Collection. The Civic Art Committee recommends accession actions to City Council based on an aesthetic review of the acquisition. This included potential gifts of works of art to the City of Houston. Not all

objects owned by the city need to be part of the Art Collection; therefore the procedure to formally accession objects into the Collection is an important way to make that distinction.

Whether the City desires to accession an existing object or an artwork to be commissioned for donation, it is helpful that the City continue to provide information to HAA in order to perform the aesthetic review:

- Information regarding the artwork (title, year completed, medium, dimensions, etc.) and the artist (examples of previous work, C.V., etc.)
- Images of the artwork proposed for accession
- Value of the artwork
- Proposed siting and installation (if applicable)

Temporary Artworks

The Civic Art Committee also reviews proposals for temporary artworks on City of Houston property and TXDOT right-of-way and makes a recommendation to the affected Department Director/Agency. HAA has developed an on line submission system to make the application process more transparent and to facilitate an ease of review by the Civic Art Committee and effected city departments.

Recent examples include:

- Funnel Tunnel by Patrick Renner, a temporary sculpture on Montrose Boulevard
- True North, an exhibition of Houston-based sculptors on Heights Boulevard in 2013
- True South, an exhibition of Houston-based sculptors on Heights Boulevard in 2015
- Mini Murals Project, a pilot program created by UP Art Studios to paint PWE signal cabinets in the City of Houston
- Open the Door, a temporary art project sponsored by the Texan French Alliance.
- Fire Fly Field, a sculpture proposed for Woodland Park by The Friends of Woodland Park

HAA staff also fields daily phone calls and emails from individuals and organizations with questions about the collection, requests for advice on projects they want to initiate, and suggestions for projects that HAA may want to consider). Civic Art + Design staff regularly provides advice and information to TIRZ's, management districts, super neighborhood councils and other civic organizations who want to initiate public art projects

Services include

- A full time Collection Manager on staff at HAA whose responsibility is the management of the City of Houston Art Collection in adherence to COH policies and procedures.

- Web hosting costs for www.publicarthouston.org; Houston Arts Alliance developed publicarthouston.org, a website dedicated to the City of Houston Art Collection. This site is being redesigned in FY16.
- Collection Management Software Updates: HAA uses collection management database software to catalog objects in the City of Houston Art Collection. It is important that HAA stays current with software updates and technical support for this product.
- Collection Management for 529 objects in the City of Houston Art Collection (the Art Collection) within the jurisdiction of GSD.
 - Manage the Art Collection database and provide an inventory of objects in the Art Collection at annual intervals.
 - Assist GSD and other departments, including the Mayor's Office of Cultural Affairs, on questions from the public about donated gifts, temporary artwork installations on City property and other issues.
 - Review and make recommendations on acceptance of proposed acquisition of artwork by the City through purchase, gift or otherwise other than Civic Art acquired pursuant to City ordinance No.2006-731 as defined therein.
 - Review and make recommendation on proposed removal, relocation or alteration of any existing artwork on City property or owned by the City.
 - Advise GSD and other departments, including the Mayor's Office of Cultural Affairs, on all questions regarding the Art Collection.
 - Provide staff expertise and support to the City during planning phases for CIP projects.
 - Provide an annual conservation priority schedule for objects in the Art Collection.
 - Research the history, provenance, and donation terms of objects in the Art Collection, as needed for conservation priorities.
 - Management of content relating to the Art Collection as represented on HAA's online public art map, PublicArtHouston.org; migrate content on the collection to other platforms such as Google Maps and the City of Houston GIS as requested.
 - Respond to all inquiries from the public regarding the City of Houston Art Collection, including information for school tours, image rights questions, and reports of damage to or misuse of artworks.
 - Provide support and guidance to the Civic Art Committee, a committee of the Houston Arts Alliance with the designated authority to review and make recommendations to the City on acquisition of all Civic Art and Design, including that commissioned through the CIP process.
 - Review proposals for temporary artwork to be placed on public sites and recommend the appropriate method and means and department approvals.
 - All necessary staff time from other Houston Arts Alliance departments (e.g. Communications, Finance and CEO's office) of to accomplish the scope of work.
 - Curatorial Services: one art exhibition curated by HAA at City Hall per year and on view for 90 days (with the option from the GSD Director to

extend the exhibition for up to two consecutive 90 day periods) as per the City Council Ordinance. Direct Exhibition expenses will not exceed \$4,000.00 annually for Artist honoraria, delivery of the objects, installation, labeling, and removal of objects.

- Annual cost is \$84,000.00 (Billed at the rate of \$3,500.00 monthly)

Current Civic Art Contracts

HAA enters into single year or multi-year contract with the following: HAS, GSD, and Houston First.

HAA Panelist Information

Annually, a public call for panel members is posted from which the Civic Art Committee endorses potential panel members. Criteria includes general knowledge of public art, architecture, and civic space design. Importantly, each panel includes a representative from the facility or the neighborhood in which the piece will be located.

A Selection Panel comprising three to five professionals reviews each proposal. Before the start of the fiscal year, the Civic Art Committee and the HAA staff develop a list of candidates to serve on one or more of these panels. The staff uses the final list to solicit members of individual review panels. For smaller-scale projects, the panel typically consists of three members: two arts professionals and a representative of the facility where the artwork will be placed. For major projects, panels typically have five members: A representative from the facility where the artwork will be placed, the facility architect (if new construction), and three arts professionals. The last may include curators, artists, collectors, conservators, or museum professionals. Panelists may come from Houston or elsewhere, but for major projects the goal is always to have at least one out-of-town panelist. For major commissions the panel will be asked to consider not only artistic quality but also client concerns, conservation needs, security concerns, weather issues, etc. Panels consider the artist's credentials, critical reputation, and professional recognition; ability to respond to the needs of the community and multiple stakeholders; and ability to manage successfully all aspects of the project, including budgets, schedules, subcontractors, and installers.

How are the panelists and process vetted?

All policies and procedures for Civic art and Design are vetted by the Civic Art Committee and ratified by the Board of Directors of the Houston Arts Alliance.

Civic Art Activities Over the Past Five Years

In FY11-FY15 HAA managed 67 civic art commissions on behalf of the City of Houston. Additionally, 186 works were purchased, and 15 works of art were donated to the City. Each project for a new or renovated facility is developed in consultation with the contracting agency: Houston Airport System (HAS), General Services Department

(GSD), or Houston First Corporation (HFC). In the case of GSD projects, HAA and GSD project managers also work closely with the commissioning department generating the Percent for Art funds to identify their vision for civic art as it relates to the use of the facility. Every commission and work of art is acquired through an open and competitive process. As per the Civic Arts Ordinance, Houston Arts Alliance created the selection process for commissions and acquisitions in accordance with national standards.

Selected Projects: HAS

Houston Arts Alliance and the HAS Public Art Program has partnered to develop a large collection of portable works by local, regional and international artists to reflect Houston's diversity and dynamism in welcoming visitors. Airports are dynamic and changing environments, and having more works of art that are portable allows for works of art to be easily moved as the needs of the airports change and evolve. HAS is fortunate in having one of the largest collections of public art in the state of Texas. The airport system has collected nearly 200 commissioned and donated works of art. Carefully placed throughout the airport's terminals, each artwork offers aesthetic and cultural value to the identity of Houston as a truly international city. Pieces include everything from sculptures to photographs and may be found both inside and outside of the airport. In this time period, many works of art were acquired for the HAS art collection that are now on view at George Bush Intercontinental Airport (IAH) and William P. Hobby Airport (HOU). Other major projects include Dennis Oppenheim's Radiant Fountains and Hana Hillerova's Houston, Can You Hear Me? at IAH, and the commissioning several major works of art for the Hobby International.

Conservation and Restoration Activities

In FY11-15 Civic Art + Design completed 92 conservation projects for the City of Houston Art Collection, including the restoration of murals and sculptures at the Julia Ideson Library, the relocation and conservation of works at Hermann Park's Centennial Gardens, and computer system and lighting repair to Dennis Oppenheim's Radiant Fountains at IAH.

