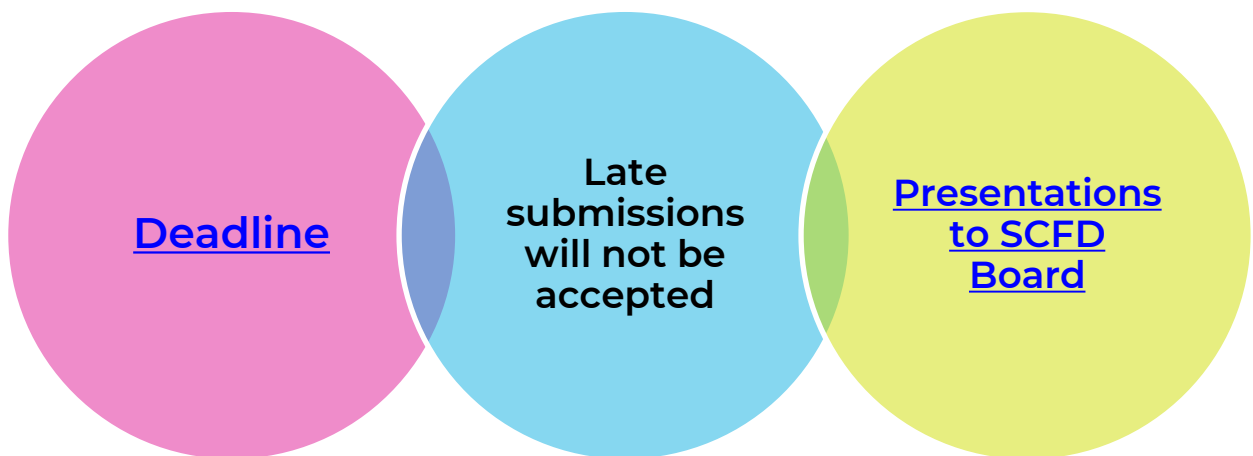




## TIER II ANNUAL SUBMISSION DIRECTIONS & TIPS



# TABLE OF CONTENTS

GETTING STARTED .....	3
LOGGING IN .....	3
NAVIGATING THE GRANT PORTAL .....	3
STARTING, EDITING, AND SUBMITTING AN APPLICATION .....	3
UPLOADING AND VIEWING DOCUMENTS .....	4
QUALIFICATION.....	5
NARRATIVE.....	5
ATTACHMENTS.....	5
CERTIFICATION.....	6
NARRATIVE.....	6
REPORTING.....	6
INCOME & EXPENSES.....	6
IN-KIND AND CAPITAL INCOME/EXPENDITURES .....	7
TAX INFORMATION .....	7
STAFF AND VOLUNTEER .....	7
ATTENDANCE .....	7
SCHOOLS.....	8
ATTACHMENTS.....	8
ASSURANCES.....	8
REVIEW.....	8
QUESTIONS.....	9
ADDENDUMS.....	10
ADDENDUM A: DETAIL OF QUALIFICATION APPLICATION ATTACHMENTS.....	10
FINANCIAL DOCUMENTS .....	10
FORM A – ANNUAL OPERATING INCOME (AOI) .....	10
FORM B – PAID ATTENDANCE .....	13
FORM C – FREE ATTENDANCE .....	15
ADDENDUM B: SAMPLE AUDITOR LETTERS.....	17
ADDENDUM C: SAMPLE FREE ATTENDANCE LETTER.....	19
ADDENDUM D: SAMPLE PAID ATTENDANCE SCHEDULE .....	20
ADDENDUM E: SAMPLE FREE ATTENDANCE SCHEDULE .....	21
ADDENDUM F: INSERTING HYPERLINKS .....	22

# GETTING STARTED

## LOGGING IN

---

Organizations must use the SCFD Grants Portal in Fluxx to submit their Qualification Application/Certification Report. If you experience an issue using the system, ensure your browser is updated to the most recent version to resolve any problem. The system supports the following browsers: Chrome, Firefox, Safari (Apple only), Microsoft Edge, and Opera.

1. Navigate to the [SCFD Tier II web page](#) for all instructions and to access the SCFD Grants Portal in Fluxx or access the [SCFD Grants Portal](#) directly.
2. Log into your account by inputting your login credentials and clicking **Sign in**.
  - **Forgot your password?** Click **Reset or create password**. You will be prompted for your email address. If your email address is registered to an active account in Fluxx, you will receive an email to reset your password.
    - If you do not receive a password reset email from Fluxx, your email address might not be registered in our system. Contact the SCFD office for assistance.
  - **Forgot your user login email?** Contact the SCFD office. Do not create a new user account with a different email address as grants are associated with your email used when first logged into the system.

**First time logging in?** Contact SCFD staff to ensure you are set up with a username. Do not click **Create an account** on the login landing page.

**Need to add/remove organization contacts?** Contact SCFD staff to update.

**IMPORTANT:** Each person who logs in on behalf of an organization will have their own user profile. Only one user can access the report at a time.

## NAVIGATING THE GRANT PORTAL

---

After you are logged into the Fluxx grantee portal, use the menu on the left side of the page to navigate around the grant portal.

### STARTING, EDITING, AND SUBMITTING AN APPLICATION

1. Click on Organizations in the navigation menu on the left side of the page. Review to confirm all areas are complete. Click **Edit** to update any information.

If you need to update any of the following in the Organization Profile, email [scfd@scfd.org](mailto:scfd@scfd.org).

- Organization Legal Name
- Organization Legal Doing Business As
- Tax ID
- Tax Class

Organization Audit documents for SCFD eligibility are not required at this time.

2. To begin a Tier II application, start on the Welcome page. Scroll down the page and click on the green **Apply for Tier II Funding** button. This will open a new application in edit mode.
  - Use the **Save** button regularly to save your progress as you complete the application. *The portal does not autosave.*
  - Use the **Save and Close** button when you are done working on the application. This will remove you from the editable version of the application.
  - The **Cancel** button will not save any changes made to the application and remove you from the editable version of the application.
3. Assign an organization contact into each category.
  - Primary Contact: primary contact to answer questions about the application and responsible for the content of the application and assurances.
  - Primary Signatory: secondary contact to answer questions about the application.
  - Finance Reviewer: permitted access to review and approve the Bank Confirmation Form for payments.
4. Once an application has been started and saved it will be located under **Requests – Drafts** on the left side navigation menu.
  - Use the **Edit** button on the top right of your application to continue editing your application.
5. After you have completed the application and clicked **Save and Close**, review the final application to ensure all sections are complete. In this screen, the system will show you total calculations and notify you if there are any requirement issues.
6. Use the **Submit** button to submit the application to SCFD. After submission, your application will appear on the left side navigation menu under **Submitted Requests**. **IMPORTANT: You cannot edit the application after you hit the submit button.**

**Note:** Fields in the application marked with an asterisk indicate they are required and must be completed to submit your application.

## UPLOADING AND VIEWING DOCUMENTS

If an attachment contains multiple pages, **combine all pages into a single document** before uploading.

### How to Upload a Document:

1. Click on the green + sign to the right of the required document.
2. An upload window will appear, drag-and-drop a document into the window or click the **Add files** button at the bottom left corner.
3. Click **Start upload**. If you have multiple files, combine them into one document so there is only one upload.
4. A green checkmark icon appears under 'Status' when complete.
5. You may now close the upload window.
6. The uploaded document will move under the Qualification Attachments or Certification Documents box.

### How to Preview an Uploaded Document:

1. Hover over the Document Name you would like to preview. Three icons will appear to the

right of the uploaded document.

2. Use the magnifying glass icon on the left to preview the document, which will open in a preview pane. Use the blue paper/pencil icon to edit the document, and the red '-' to delete the document.

## QUALIFICATION

### NARRATIVE

---

Confirm your current organizational mission with either yes or no from the dropdown menu.

### ATTACHMENTS

---

The system supports the following file types: Word, Excel, and PDF. Ensure your attachment is properly labeled and includes your organization name and attachment title.

*E.g., 990 2024\_SCFD Training Org. See Addendum A for more details and examples. See addendums B and C for sample letters.*

Forms A, B and C must be submitted as separate documents.

#### **Required Attachments:**

1. Audited Financial Statements of Most Recently Completed Fiscal Year
2. Most Recently Filed IRS Form 990. *This is not required of agencies of local government.*
  - The 990 corresponding to the time period of the Audit is preferred
  - It must be the public version including all schedules and Form 990T, if applicable
  - Include the 990 Extension, if applicable
3. Form A – Annual Operating Income and Supporting Documents
  - Independent Auditor’s Report Verifying Form A – Annual Operating Income
  - Applicable Supporting Detail Schedules as attachments:
    - Net Assets Released from Restriction
    - Previous Year SCFD Income
    - The Collaborative Income
    - Unrealized Gains/Losses
    - In-kind
    - Unrelated Business Income per 990T
    - Optional Reconciliation Row
    - Rental & Residency Income
    - Endowment Transfers to Operations
    - Special Events Income
    - Other Income
4. Form B – Paid Attendance and Supporting Documents
  - Independent Auditor’s Report on Applying Agreed Upon Procedures verifying Form B
  - Applicable Supporting Detail Schedules as attachments:
    - Qualifying Performance/Exhibits/Benefits
    - Qualifying Tour Group Admissions/Attendance
    - Virtual/Online Attendance (**Colorado attendance only**)
    - Other Qualifying Attendance
    - Private Events Attendance

- Non-qualifying Performance/Exhibits/Benefits
- Other Non-qualifying Event Attendance

**Optional Attachments:**

5. Form C – Free Attendance and Supporting Documents
  - Organization’s Report on Applying Agreed Upon Procedures verifying Form C
  - Applicable Supporting Detail Schedules as attachments
    - Subscription/Membership Attendance
    - Individual/General Free Admissions
    - Qualifying Performance/Exhibits/Benefits
    - Free Enrollment for Courses or Classes
    - Qualifying Tour Group Admissions/Attendance
    - Free Outreach Programs
    - Other Qualifying Free Attendance

## CERTIFICATION

### NARRATIVE

---

**Narrative text box guidance:**

- All narrative questions have a **2,000-character limit**, including spaces. This equates to around half a page of text.
- Text boxes will expand as you type/paste.
- If pasting information from another document, ensure the information is accurate and complete.
- Do not type in ALL CAPS.
- Hyperlinks can be used to navigate to videos or webpages to highlight your programming.

List the **percentage (%)** of SCFD funds used by expense category during the last calendar year. The total percentage should be equal to 100% or less. If the total is less than 100% use the narrative to explain why and when the funds are scheduled to be used. (E.g., Personnel 45, Marketing 15, Programming 40)

- Click on the + sign to add Expense Category rows. Try to limit it to eight lines or less.

List the **percentage (%)** of projected SCFD funds for use by expense category for the current calendar year. The total percentage must equal 100%. (E.g., Personnel 45, Marketing 15, Programming 40)

- Click on the + sign to add Expense Category rows. Try to limit it to eight lines or less.

### REPORTING

---

**Note:** Totals for operating income and expenses, net surplus/deficit, capital income, net capital surplus/deficit, attendance and percentages will auto-calculate and appear upon clicking Save and Close.

### INCOME & EXPENSES

Provide income and expenses for your organization’s most recently completed fiscal year. Because organizations may have different fiscal years, it is understood that the financials provided *may or may not* coincide with the funding/programming reported in the Narrative

section.

## IN-KIND AND CAPITAL INCOME/EXPENDITURES

Provide any in-kind income as well as capital income and expenditures for your organization's most recently completed fiscal year.

## TAX INFORMATION

Fill in the amount of State, Federal and occupational privilege taxes paid. IMPORTANT - This includes payroll and withholding. If you have part-time or full-time paid staff these must be filled out.

- Government organizations: Only include taxes for the department that has SCFD eligibility. DO NOT include taxes for the entire municipality.

## STAFF AND VOLUNTEER

**PROVIDE AN OVERVIEW OF YOUR CURRENT KEY STAFF MEMBERS AND VOLUNTEERS** For each key staff member and volunteer, include the following:

- Name
- Position/title
- Expertise
- Employment Status (e.g., full-time, part-time, volunteer, contractor, or board member)
- Whether anyone is both paid staff and a voting member on the board of directors. If any members of your organization serve as both paid staff and board members, describe what policies are in place to ensure that transparency and nonprofit best practices are upheld.

Ensure that the status of all full-time, part-time, and contract employees is compliant with Federal and State labor laws.

## ATTENDANCE

Report the organization's overall in-person and virtual attendance numbers for the most recently completed fiscal year. **Use actual attendance numbers, not impressions or occurrences.**

**REMINDER:**  
Account for a person's attendance in only one category.

**Virtual Attendance:** Include only attendance that provides meaningful engagement and is tangible. **Do not include** counts that do not meet the meaningful engagement requirement. These include social media posts, marketing statistics, website analytics, YouTube/Vimeo views, newsletter subscriptions, indirect, etc.

**Note:** Youth includes anyone your organization classifies as youth.

- **General Visitor** Information: account for all people attending or participating in programming, performances, or exhibits; paid or free.
- **Fundraising:** Account for all people who attended your fundraising events.
- **School Programming:** Account for all people who attended any school programming provided by the organization; paid or free.

**From your Overall Attendance, provide the total number of people served online/virtually.** E.g., If the organization served 3,000 people in-person and virtually (Overall Attendance) and 500 of the 3,000 was served virtually, input 500. Do not include categories mentioned above.

Virtual Attendance should not be greater than the Overall Attendance.

**Reminder: Overall Attendance will calculate and appear upon clicking Save and Close.**

## SCHOOLS

- Number of Schools Served: Based on all the schools your organization provided programming for, count each school once and type the total into the field. If you do not work directly with schools (public, private or home schools), enter "0".
- School Demographics (*optional*): If you have demographic data regarding school children served (gender, race, free lunch, etc.), provide that information.

**Attendance by County:** Break down your total attendance by county to the best of your ability, including your virtual attendance. Fill in the chart with the number of attendees, not percentages. This is important information!

**The total Overall Attendance should match the total Attendance by County.**

## ATTACHMENTS

The system supports the following file types: Word, Excel, and PDF. Ensure your attachment is properly labeled and includes your organization name and attachment title.

*E.g., Key Staff List\_SCFD Training Org*

- To upload and preview a document, follow the instructions under Navigating the Portal section above. After the documents have been uploaded, the document will move to the Certification Documents box.
- The School List attachment **must be** uploaded as an Excel spreadsheet.

### Required Attachments:

1. Most recent Annual Report (Optional) or Board/City Council List if the Annual Report is not applicable/available
2. Current Fiscal Year Budget
3. Key Staff List
4. School List (in Excel format) - include, at minimum, full name and county of each school served
5. Stories of interest, photos of programs, activities, or exhibits (limit to no more than three stories).

## ASSURANCES

---

All applicants must complete the Assurances section. The authorizing official is responsible for the content of each assurance statement.

## REVIEW

To review the final application and report, click **Save and Close**. Carefully proofread the content, ensure all required information is complete, all attachments have been uploaded, and all assurances have been answered. Click the **Submit** button.

**WARNING:** You will not be able to edit the report after submission.

**Reminder:** Your submitted report can be found under the Submitted Reports folder.



**Late/incomplete applications will not be accepted. There will be no exceptions. SCFD encourages organizations to submit early.**

## QUESTIONS

SCFD Staff are available to help! Contact the [SCFD staff](#) if you have any questions or concerns regarding SCFD reporting or application procedures.

# ADDENDUMS

## ADDENDUM A: DETAIL OF QUALIFICATION APPLICATION ATTACHMENTS

---

**Do not delete or change the categories on any form.**

### FINANCIAL DOCUMENTS

**The most recently filed IRS Form 990** (public version), including all schedules and Form 990T, if applicable; include a 990 extension, if applicable.

**Organization's Audited Financial Statements** for the most recently completed fiscal year, containing the Audit Letter, balance sheet, statement of revenues and expenses, and auditor's notes to the financial statements; The 'Audit Letter' must be signed by the auditor verifying that an audit of the organization's finances has been conducted in accordance with GAAP or GASBE. This is a different document than the Independent Auditor's Report to accompany the Forms. A Management Letter will be requested by SCFD only if necessary, based on financial or other information in the application.

### FORM A – ANNUAL OPERATING INCOME (AOI)

Per the statute, SCFD applies a two-year trailing Consumer Price Index (CPI) average to calculate the annual [Tier II Qualifying Annual Income Threshold](#).

Form A is used for reporting unrestricted AOI. **AOI is the total income from all sources per the organization's audited financials less the exclusions.** Exclusions are discussed below. **The current year version of Form A is required.** Use of a prior year's form will disqualify the application. Form A must be verified and include the Independent Auditor's Report along with other documents outlined. See Addendum B for sample Independent Auditor Letters.

### TIPS:

- The upper chart records Total Unrestricted AOI and the lower chart records Total Qualifying Income.
- Rename column headings to match the categories used in your organization's audit. Add columns as needed.
- Fill in Line 1 with subtotals from the audit using the figures from the "Without Donor Restrictions" column.
- Rows A-I are Revenue figures excluded from qualifying income.
- Rows L-X are Revenue figures included to establish qualifying income.
- Form A calculates across rows and down columns.
- Combine Form A with any detailed schedules and the auditor's report into a single document. A list of required schedules is listed above and on Form A. The schedules relate to the form's asterisked categories.
- Row F: All unrealized Gains or Losses must be excluded so that only realized income is counted toward Qualifying Revenue.
- Row I exists to allow for the occasional need to reconcile Form A figures to the Audit (net versus gross, etc.; *review with SCFD, if this is the case*).
- **Total Unrestricted AOI (line K) and Total Qualifying Income (line Y) should be equal. This number must exceed the [current](#) Tier II Qualifying Threshold.**

## EXCLUSIONS:

The following forms of income must be excluded from the calculation of unrestricted AOI. Some items are required to be excluded per SCFD statute, other exclusions are accounting industry standards and IRS requirements applicable to 501(c)(3) non-profit organizations or SCFD policy.

- **Capital construction fund income** (C.R.S. §32-13-103 (1.5)) 100% of capital donations must be excluded. Administrative fees cannot be deducted from and shall not count toward qualifying income.
- **Designated funds raised for the purchase of specified capital needs** (C.R.S. §32-13-103 (1.5))
- **Income for endowment corpus** (C.R.S. §32-13-103 (1.5))
- **Previous Year SCFD Income** (C.R.S. §32-13-103 (1.5)) Exclude total SCFD funds received in your most recently completed fiscal year; you must note which quarters of SCFD income are reflected in your audit. If audit totals are different from actual SCFD funds distributed, provide reconciliation, and explain why there is a difference, i.e., accrual accounting, restricted funds, etc.
- **The Collaborative Income (if posted as income)** (C.R.S. §32-13-103 (1.5))
- **In-kind Income** must be excluded even if provided by a related party.
- **Unrelated Business Income per 990T** According to the Internal Revenue Code this is income which is not substantially related to the organization's exempt purpose for exclusion from tax under section 501(c)3, on which the organization must report and pay tax. This income is excluded because the income is not directly associated with the organization's charitable purpose and therefore is not consistent with the intent of the Act.
- **Sales and Seat tax revenue**

## QUALIFYING INCOME EXAMPLES:

All income except the exclusions outlined above, which may include:

### Allowable Earned and Passive Income:

- Ticket sales (net of seat and sales taxes)
- Memberships
- Tuition from classes/workshops
- Concession/gift sales (net of expenses)
- Income from all Rentals & Scientific/Cultural Residencies
- Interest and Investment Income (net of management fees)
- Other income

### Contributed Income:

- Support from Individuals
- Corporate support
- Charitable Foundations
- Income from Endowment
- Government funding (excluding SCFD)
- Special Event Income (net of expenses)

## CLARIFICATION RELATED TO POSSIBLE SOURCES OF INCOME:

- **Ticket sales and other sources of taxable income are to be recorded net of sales and seat taxes** since taxes are passed through the organizations and, therefore, are not actual income.
- **All Concession sales shall be counted at net income, i.e., less cost of merchandise/food, etc.**
- **Rental income and Special Events income** that are not excessive in comparison to the overall income are allowable. Attach detailed schedules.
- **Scientific or cultural residency** in general terms, is an opportunity for an individual or group of individuals to enhance their participation in a scientific or cultural organization's mission and programs through residence in facilities owned and managed by the qualifying institution.
- **Interest** - report all realized interest income on this line, except interest earned from endowment. **Investment** income must be reported net of fees, management or otherwise.
- **Other income** may include, for example, royalty earnings, program services revenue, paid outreach, etc.
- **In-kind income** is the value of third party contributed goods and services which provide budget relief and is excluded.
- **Income from endowment**, which was transferred to operations, should be counted only once toward an organization's qualifying revenue. Applicants should take care that qualifying revenue does not include contributions to an endowment or unnecessary transfers between endowment and operating funds. SCFD will audit any unusual endowment activity.
- **Government funding (exclusive of SCFD)** – report other grants, awards, or contracts.
- **The Collaborative revenue** is not SCFD revenue. It must be reported as excluded on Line E (*The Collaborative Income*) if it is posted as income and not as a reimbursement. The Collaborative is a cooperative of Tier I and II organizations and is self-administered. These funds should not be confused with funds received directly from SCFD. The Collaborative is supported only with members' SCFD discretionary funds. Therefore, funds received from The Collaborative may not be treated as income. The only exception to this statutory rule is when an organization's *The Collaborative Income* exceeds its payment to The Collaborative. Under those circumstances, only the net increase may be reported as income.

## FORM B – PAID ATTENDANCE

In the Statute, **qualifying paid attendance** means the total annual **paid** attendance at all programs **as verified** by annual audit reports, having met a **4-Part Test** for qualification and furthermore, requires an organization's programs/activities to principally benefit the residents of the District, i.e., the public living in the 7-county District.

Form B must be used to report the annual qualifying and non-qualifying paid attendance and be verified by the accompanying Independent Auditor's Report on Applying Agreed Upon Procedures (see Addendum B for a sample letter).

SCFD recognizes that procedures to verify attendance may vary and therefore strongly advises organizations and their auditors to re-evaluate their process for attendance tracking, reporting and verification annually.

### 4-PART TEST

To confirm qualifying paid attendance, all four of the following tests **must** be met:

1. Program or activity must be **mission-based**; (and meaningfully engages patron/visitor in mission); **and**
2. Program or activity must be one for which the organization normally **charges a fee** to participate; **and**
3. A per-person payment to participate in the program or activity was made to the organization as evidenced by **traceable, contemporaneous documentation**; **and**
4. Program or activity must be **open to the general public** without restriction or limitation by invitation, such that anyone who wishes to purchase a ticket or admission may do so.

**On Form B, all entries marked with an asterisk (\*) require a schedule attachment.**

- Paid Attendance: provide attendance numbers and a brief description about how each activity meets all of the 4-Part Test, proving attendance qualifies. You may combine similar activities into categories (e.g., 1. Camps; 2. Classes/workshops; 3. Festivals).
- Non-qualifying Attendance: provide schedule detailing attendance numbers and a brief description of which part(s) of the 4-Part Test was not met (e.g., 1: Private Events (does not meet part 3); 2: Non-qualifying Performance (no per person fee; was not open to general public))

### QUALIFYING ATTENDANCE INSTRUCTIONS:

- **Subscription Attendance** – count the number of subscriptions (tickets) sold, not the actual attendance of the subscribers who used them, as paid attendance.
- **Membership Attendance** – count members' attendance each time a member makes a visit, as paid attendance.
- **Individual/General/Full Price Admissions** – count the number of full price admissions from primary programming (mission-based, permanent/ongoing). Attendance at non-mission-based activities must be detailed in another Form B category.
- **Individual/General/Reduced Price Admissions** – count the number of reduced-price admissions from primary programming (mission-based, day-to-day). Attendance at non-mission-based activities must be detailed in a different Form B category.
- **Qualifying Performance/Exhibits/Benefits\*** – count the number of paid, mission-based admissions for special programming activities outside the organization's permanent/ongoing programming (e.g., *special events, traveling or singular exhibits, distinctly unique performances*)

- **Paid Enrollment for Course or Class** – count attendance for each class session/workshop within a series. If a participant enrolls in a class that meets four times, that participant will be counted four times.
- **Qualifying Tour Group Admissions/Attendance\*** – count the number of admissions or participants only when a prior written agreement details the up-front person fee has been established (e.g., *for school groups that are paying for an assembly: a contract is in place prior to the event and states the school will pay \$500 for 300 students to attend, or a funder will pay \$150 for three classes of 30 students each (or \$1.66 per student) to receive a workshop at the school.*)
- **Virtual/Online Attendance\*** – count the number of paid attendees to virtual or online programming. **Attendees must be Colorado residents to count towards this category.**
- **Other Qualifying Attendance\*** – count the number of paid attendees not already accounted for in one of the other Form B categories (e.g., *drama camps, paid rehearsal performances, one-time collaborations, special celebratory events*).

### **NON-QUALIFYING ATTENDANCE INSTRUCTIONS:**

These admissions do not count toward qualifying paid admissions as they do not meet all components of the 4-Part Test. However, they are essential in reporting the impact of your work to the community.

- **Non-qualifying Tours (school or other)** – count the number of other non-qualifying school assemblies, tours of your site or other workshops (e.g., *tours that did not have a per person fee*).
- **Private Events\*** – count the number of attendees who utilized your facility or services at events that were not open to the public (e.g., *a corporate retreat at a Tier II venue; even if there were incidental cultural connections; visitors may pass by exhibits, but the primary purpose is for a dedicated meeting, or an invitation only event such as a wedding, birthday party, private celebration, etc.*).
- **Non-qualifying Performance/ Exhibit Benefits\*** – count the number of attendees at activities that may be open to the public, but the specific mission of the cultural organization is secondary to the nature of the activity. This includes all fundraising event attendance.
- **Other Non-Qualifying Event Attendance\*** – count the number of participants at other non-qualifying if they were not accounted for in any other Form B category. (e.g., *volunteer recognition activities*)

**Remember, if an activity does not meet all of the 4-part test requirements, it is non-qualifying.**

See **Addendum B** for samples of auditor letters and paid attendance schedules.

## FORM C – FREE ATTENDANCE

Form C must be used to report annual qualifying **documented free attendance** and non-qualifying free attendance and be verified by the organization's leadership on Applying Agreed Upon Procedures (see Addendum C for a sample letter).

SCFD recognizes that procedures to verify attendance may vary and are growing throughout this new process; therefore, we strongly advise organizations to re-evaluate their attendance tracking, reporting, and verification processes annually. Call the SCFD office with questions.

**Do Not include free virtual attendance on Form C.** Only paid virtual attendance from the State of Colorado counts towards the Tier II funding formula.

### 4-PART TEST

To confirm documented free attendance, all four of the following tests **must** be met:

1. The program or activity must serve the primary purpose of the organization and be **mission-based**; (and meaningfully engages patron/visitor in mission); **and**
2. Participation in the program or activity must be **free of charge** to said participant, regardless of the program or activity's fee structure; **and**
3. A per-person count, demonstrating participation in the program or activity, is kept by the organization as evidenced by **verifiable, contemporaneous documentation**; **and**
4. The program or activity must be **open to the general public**, such that anyone who wishes to participate may do so.

**On Form C, all entries marked by an asterisk (\*) require a schedule attachment.**

- For Qualifying Documented Free Attendance, provide attendance numbers and a brief description of how each activity meets all of the 4-Part Test, proving attendance qualifies. You may combine similar activities into categories (e.g. 1. Camps; 2. Classes/workshops; 3. Festivals).

### QUALIFYING DOCUMENTED FREE ATTENDANCE INSTRUCTIONS:

- **Subscription/Membership Attendance\*** – count the number of subscriptions (tickets) given free of charge and used by subscribers or count a members' attendance each time a member makes a visit, free of charge.
- **Individual/General Free Attendance\*** – count the number of free of charge admissions from primary programming (mission-based, permanent/ongoing). Attendance at non-mission-based activities must be detailed in another Form C category.
- **Qualifying Performance/Exhibits/Benefits\*** – count the number of free of charge, mission-based admissions for special programming activities outside the organization's permanent/ongoing programming (E.g., special events, traveling or singular exhibits, and distinctly unique performances)
- **Free Enrollment for Courses or Classes\*** – count attendance for each class session/workshop within a series. (E.g., If a participant enrolls for a class that meets four times, that participant will be counted four times.)
- **Qualifying Tour Group Admissions/Attendance\*** – count the number of free school assemblies, tours of your site or other workshops (e.g., tours that were free or did not have a per person fee).
- **Free Outreach Programs\*** – count the attendance at unpaid outreach activities or events.
- **Other Qualifying Free Attendance\*** – count the number of participants at other free activities if they were not accounted for in any other Form C category.

## **NON-QUALIFYING FREE ATTENDANCE INSTRUCTIONS:**

These admissions do not count toward qualifying documented free admissions as they do not meet all components of the 4-Part Test. However, they are essential in reporting the impact of your work to the community.

- **Non-mission Related Attendance** – count the number of people attending non-mission related free events, performances, activities, etc.
- **Untrackable Attendance** – include the count of people from events, activities, performances, etc. that are not verifiable (E.g., police counts, aerial/drone footage, virtual/online attendance)
- **Other Non-Qualifying Free Attendance** – count the number of participants at other non-qualifying free activities that were not accounted for in any other Form C category (E.g., volunteer recognition activities)

See **Addendum C** for sample documented free attendance letter.



# ADDENDUM B: SAMPLE AUDITOR LETTERS

---

Verifying Form A – Annual Operating Income

## Independent Auditor's Report

To the Board of Directors

Tier II Applicant Example Museum

Scientific and Cultural Facilities District:

We have audited the accompanying Tier II Form A – Annual Operating Income (the Form) of Tier II Applicant Example Museum (the Museum) for the year ended Month Day, Year, and the related notes to the Form.

### Management's Responsibility for Form A – Annual Operating Income

Management is responsible for the preparation and fair presentation of the Form in accordance with the requirements and definitions of the Scientific and Cultural Facilities District. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Form that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Form. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Form, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Museum's preparation and fair presentation of the Form 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 Museum'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 Form.

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 Form referred to above presents fairly, in all material respects, the operating and qualifying income of Tier II Applicant Example Museum for the year ended Month Day, Year, determined on the basis of accounting practices specified by the Scientific and Cultural Facilities District as described in Note 1.

### Basis of Accounting

We draw attention to Note 1 of the Form, which describes the basis of accounting. The Form was prepared in conformity with the financial reporting practices prescribed by the Scientific and Cultural Facilities District, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Scientific and Cultural Facilities District. Our opinion is not modified with respect to this matter.

### Restriction on Use

Our report is intended solely for the information and use of the Board of Directors and management of Tier II Applicant Example Museum and the Scientific and Cultural Facilities District and is not intended to be and should not be used by anyone other than these specified parties.

A-OK Auditing, Inc.

Month Day, Year

## Verifying Form B – Paid Attendance

### **Independent Accountant's Report on Applying Agreed-Upon Procedures**

The Board of Directors

Tier II Applicant Example Museum

Scientific and Cultural Facilities District:

We have performed the procedures enumerated below which were agreed to by management of the Tier II Applicant Example Museum (Museum) solely to assist you in evaluating the accuracy of the accompanying 2023 Form B - Paid Attendance (Attendance Form) prepared in accordance with the requirements of the Scientific and Cultural Facilities District for the year ended Month Day, Year.

This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

1. We obtained the admission summary reports for all exhibitions and performances and computed the attendance totals and found them to be in agreement with the Form.
2. We selected twenty exhibition or performance dates held during the year and obtained the admission detail reports, recalculated the ticket prices by buyer type (i.e., full price, member, etc.) and found them to be in agreement with the Museum's ticket receipts record.
3. We selected twenty classes held during the year and obtained the admission detail reports, compared the number of participants to the individual class rosters, and agreed the payments made by one participant in each class to the Museum's education payment record.
4. We observed that the seating capacity of the Museum's performance hall equaled or exceeded the totals of attendance for each individual performance.
5. We read the attendance justification as it relates to the Attendance Form and have determined, based on inquiries of management about the methods of preparing the information, comparing the information for consistency with management's responses to our inquiries, and other knowledge obtained during our performance of the agreed-upon procedures on the Attendance Form, that the justification to include attendance on the form as qualifying appear reasonable and are based upon the following criteria established by the SCFD in a 4-Part Test, the elements of which are:
  - 1) the program or activity must be mission-based; and
  - 2) the program or activity must be one for which the organization normally charges a fee to participate; and
  - 3) a per-person payment to participate in the program or activity was made to the organization as evidenced by traceable, contemporaneous documentation; and
  - 4) the program or activity must be open to the general public without restriction or limitation by invitation, such that anyone who wishes to purchase a ticket or admission may do so.

We were not engaged to, and did not perform an audit examination, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

We have applied certain limited procedures to the required information in accordance with attestation standards established by the American Institute of Certified Public Accountants, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries and other knowledge obtained during our performance of the agreed-upon procedures on the Attendance Form. Our procedures were not sufficient to allow us to express an opinion or provide any assurance on the 4-Part Test. Accordingly, we do not express such an opinion or provide any assurance.

This report is intended solely for the use of the specified users listed above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

A-OK Auditing, Inc.  
Month Day, Year

# ADDENDUM C: SAMPLE FREE ATTENDANCE LETTER

---

## Organization’s Report on Applying Agreed-Upon Procedures

The Board of Directors  
Tier II Applicant Example Museum  
Scientific and Cultural Facilities District:

We have performed the procedures enumerated below, which were agreed to by the management of [the organization], solely to evaluate how [the organization] documented qualifying free attendance, prepared in accordance with the requirements of the SCFD. We determined that the activities listed on Form C qualify to be counted as documented free attendance in the funding formula for the most recently completed fiscal year.

[Applicant Organization] assures the following criteria were met in regard to qualifying documented free attendance:

1. The program or activity is mission-based; and
2. Participation in the program or activity must be free of charge to said participant, regardless of the program or activity’s fee structure; and
3. A per-person count, demonstrating participation in the program or activity, is kept by the organization as evidenced by verifiable, contemporaneous documentation; and
4. The program or activity must be open to the general public, such that anyone who wishes to participate may do so.

*See Resolution 17-14 pertaining to Weighting of Tier II Funding Formula Factors.*

[Applicant Organization] attests the following:

1. The free attendance reported on Form C is accurate and true to the best of our knowledge.
2. The acceptable methods for documenting free attendance reported on Form C are evidenced by contemporaneous documentation.
3. [Applicant Organization] will provide the contemporaneous documentation to any of these counts should SCFD staff request it for verification.
4. [Applicant Organization] agrees that the SCFD Staff will be responsible for verifying reported free attendance, as needed.
5. [Applicant Organization] acknowledges that the decision of SCFD staff is final.

This report is intended solely for the use of the specified users listed above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

[Applicant Organization Director Name]

[Applicant Organization Director Signature]

Month Day, Year

## ADDENDUM D: SAMPLE PAID ATTENDANCE SCHEDULE

<b>Schedule: Qualifying Performance/Exhibits/Benefits</b>		
<b>Attendance</b>	<b>Category Type</b>	<b>Management's 4-Part Test Description</b>
10,517	Student Performances	Meets all tests: #1- direct implementation of mission through providing a real-life opportunity for students to experience the world of performing arts, #2- program for which a fee is normally charged, #3- have per-person payment, #4- open to general public

<b>Schedule: Qualifying Tour Group Admissions/Attendance</b>		
<b>Attendance</b>	<b>Category Type</b>	<b>Management's 4-Part Test Description</b>
4,738	Community engagement classes and workshops	Meets all tests: #1- direct implementation of mission through fieldtrips or in-school workshops featuring a rotation of introductory dance classes, #2- program for which a fee is normally charged, #3- have per-person payment, #4- open to any school

<b>Schedule: Private Events</b>		
<b>Attendance</b>	<b>Category Type</b>	<b>Management's 4-Part Test Description</b>
525	Invite-only events and performances	Does not meet #4 as events are not open to the public.

<b>Schedule: Non-Qualifying Performance/Exhibits/Benefits</b>		
<b>Attendance</b>	<b>Category Type</b>	<b>Management's 4-Part Test Description</b>
317	Fundraising event	Does not meet #4 as events are not open to the public.

## ADDENDUM E: SAMPLE FREE ATTENDANCE SCHEDULE

---

<b>Schedule 1: Subscription/Membership Free Admissions</b>		
<b>Attendance</b>	<b>Category Type</b>	<b>Management's 4-Part Test Description</b>
2,261	Subscription/ Membership Attendance	Meets all tests: #1- direct implementation of mission through art exhibitions, #2- program is free of charge to participants, #3- per-person attendance is kept by organization contemporaneously, #4- open to general public

<b>Schedule 2: Individual/General Free Admissions</b>		
<b>Attendance</b>	<b>Category Type</b>	<b>Management's 4-Part Test Description</b>
4,738	Individual/General Free Admissions	Meets all tests: #1- direct implementation of mission through art exhibitions, #2- program is free of charge to participants, #3- per-person attendance is kept by organization contemporaneously, #4- open to general public

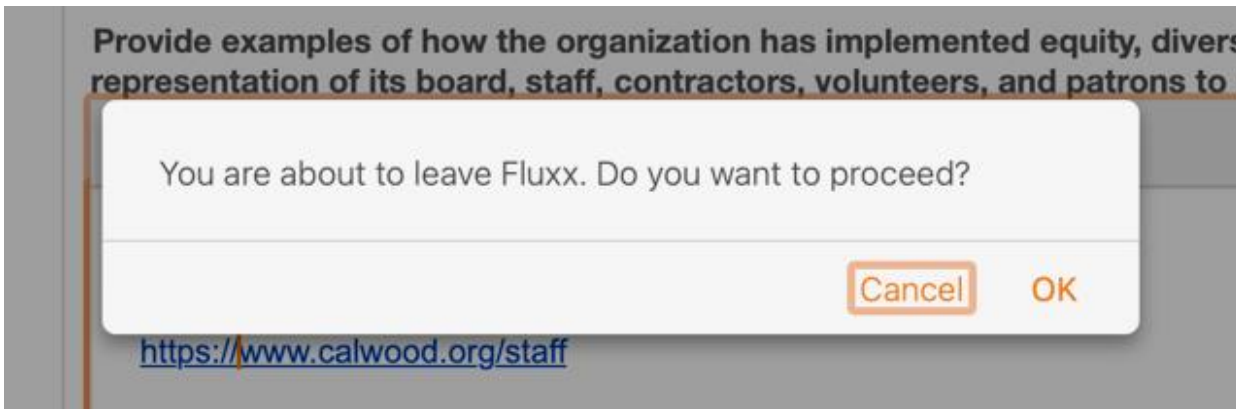
<b>Schedule 3: Non-mission Related Attendance</b>		
<b>Attendance</b>	<b>Category Type</b>	<b>Management's 4-Part Test Description</b>
525	Invite-only events	Does not meet #4 as events are not open to the public.

## ADDENDUM F: INSERTING HYPERLINKS

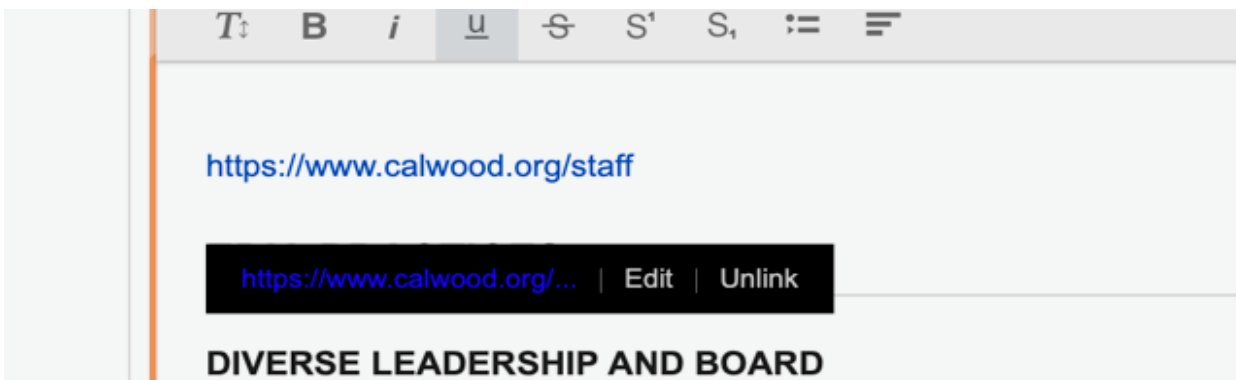
---

To insert hyperlinks for documents, web pages, or videos, follow the instructions below.

1. After pasting the full URL into Fluxx, click on the URL. The following message appears: **“You are about to leave Fluxx. Do you want to proceed?”** Select **“Cancel.”**



Then there is an option to *Edit | Unlink*. Select **“Edit.”**



Then type in the *Text* field a shortened name for the URL, see below.

