

Springboard for the Arts

St. Paul, Minnesota

Financial Statements

Auditor's Report

For the Years Ended

June 30, 2017 and 2016



CERTIFIED PUBLIC ACCOUNTANTS

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Carpenter, Evert & Associates

Certified Public Accountants

7760 France Avenue S. Suite 940 Bloomington Minnesota 55435

952.831.0085 carpenterevert.com

Independent Auditor's Report

Board of Directors
Springboard for the Arts
St. Paul, Minnesota

We have audited the accompanying financial statements of Springboard for the Arts, which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets, functional expense, and 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.

Auditor's 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 the audits to obtain reasonable assurance about whether the financial statements are free of 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 auditor's 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 Springboard for the Arts as of June 30, 2017 and 2016, 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.

Carpenter, Evert & Associates, L.L.C.
Certified Public Accountants

Minneapolis, Minnesota
January 18, 2018

SPRINGBOARD FOR THE ARTS
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenue:						
Contributions	\$ 175,504	\$ 3,200,474	\$ 3,375,978	\$ 197,427	\$ 154,000	\$ 351,427
Government Grants	105,210	96,000	201,210	134,778	-	134,778
Program Fees	239,885	-	239,885	179,751	-	179,751
Other Income	6,310	-	6,310	18,552	-	18,552
Net Assets Released from Restrictions:						
Satisfaction of Time Restrictions	234,000	(234,000)	-	756,316	(756,316)	-
Satisfaction of Program Restrictions	881,435	(881,435)	-	151,000	(151,000)	-
Total Support and Revenue	1,642,344	2,181,039	3,823,383	1,437,824	(753,316)	684,508
Expense:						
Program Services:						
Artist Development	142,971	-	142,971	152,741	-	152,741
Community Development	351,071	-	351,071	252,300	-	252,300
CSA	-	-	-	21,349	-	21,349
Fergus Falls	365,878	-	365,878	230,670	-	230,670
Artist Healthcare	102,022	-	102,022	123,744	-	123,744
Incubator	111,073	-	111,073	116,403	-	116,403
Artist Resources	151,996	-	151,996	119,480	-	119,480
National Program	213,231	-	213,231	261,664	-	261,664
General Program	62,988	-	62,988	6,494	-	6,494
Total Program Services	1,501,230	-	1,501,230	1,284,845	-	1,284,845
Support Services:						
Management and General	106,349	-	106,349	139,134	-	139,134
Fundraising	10,470	-	10,470	7,800	-	7,800
Total Support Services	116,819	-	116,819	146,934	-	146,934
Total Expense	1,618,049	-	1,618,049	1,431,779	-	1,431,779
Change in Net Assets	24,295	2,181,039	2,205,334	6,045	(753,316)	(747,271)
Net Assets - Beginning of Year	552,423	675,117	1,227,540	546,378	1,428,433	1,974,811
Net Assets - End of Year	\$ 576,718	\$ 2,856,156	\$ 3,432,874	\$ 552,423	\$ 675,117	\$ 1,227,540

The accompanying Notes to Financial Statements
are an integral part of these statements.

SPRINGBOARD FOR THE ARTS
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2017 WITH COMPARATIVE TOTALS FOR 2016

2017								
Program Services								
Artist Development	Community Development	Fergus Falls	Artist Healthcare	Incubator	Artist Resources	National Program	General Program	Total Program Services
\$ 88,138	\$ 119,815	\$ 136,310	\$ 69,562	\$ 73,618	\$ 91,074	\$ 80,114	\$ -	\$ 658,631
7,300	7,887	11,089	4,127	5,979	7,717	4,781	-	48,880
7,269	9,420	10,770	5,777	5,984	7,059	6,528	-	52,807
102,707	137,122	158,169	79,466	85,581	105,850	91,423	-	760,318
22,095	198,567	133,308	5,212	12,396	6,798	90,802	56,100	525,278
2,806	2,591	29,996	2,390	3,294	19,178	2,390	483	63,128
2,020	2,853	12,357	1,474	326	1,249	12,837	14	33,130
5,299	1,102	7,365	514	514	5,146	2,434	-	22,374
434	1,009	2,851	6,321	2,813	3,089	4,039	2,747	23,303
2,340	2,497	5,363	2,342	2,416	2,681	2,541	-	20,180
936	1,214	7,091	896	215	2,534	890	33	13,809
468	276	5,812	45	-	9	1,532	3,328	11,470
270	295	-	-	159	1,599	604	-	2,927
500	499	499	499	499	499	499	-	3,494
289	217	215	21	22	258	211	283	1,516
111	111	111	151	147	111	311	-	1,053
15	40	63	13	13	317	40	-	501
2,681	2,678	2,678	2,678	2,678	2,678	2,678	-	18,749
\$ 142,971	\$ 351,071	\$ 365,878	\$ 102,022	\$ 111,073	\$ 151,996	\$ 213,231	\$ 62,988	\$ 1,501,230

The accompanying Notes to Financial Statements
are an integral part of this statement.

SPRINGBOARD FOR THE ARTS
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2017 WITH COMPARATIVE TOTALS FOR 2016

	2017				2016	
	Program	Support Services			Total	Total
	Total				All	All
	Program	Management	Fund-	Total	Services	Services
	Services	& General	raising	Support		
				Services		
Salaries	\$ 658,631	\$ 49,773	\$ 8,600	\$ 58,373	\$ 717,004	\$ 673,220
Employee Benefits	48,880	16,312	791	17,103	65,983	26,228
Payroll Taxes	52,807	8,132	740	8,872	61,679	54,920
Total Personnel Costs	760,318	74,217	10,131	84,348	844,666	754,368
Professional Services	525,278	16,845	-	16,845	542,123	435,307
Occupancy	63,128	3,168	-	3,168	66,296	64,811
Travel and Conferences	33,130	528	-	528	33,658	41,322
Printing and Copying	22,374	1,920	179	2,099	24,473	27,290
Miscellaneous	23,303	469	-	469	23,772	18,046
Telephone and Communication	20,180	2,345	-	2,345	22,525	19,880
Supplies	13,809	412	-	412	14,221	10,188
Advertising and Marketing	11,470	405	-	405	11,875	12,283
Professional Development	2,927	1,075	-	1,075	4,002	6,122
Insurance	3,494	495	-	495	3,989	5,341
Postage	1,516	1,292	160	1,452	2,968	5,878
Bank Charges and Interest Expense	1,053	487	-	487	1,540	1,368
Equipment Repairs and Maintenance	501	13	-	13	514	4,457
Depreciation	18,749	2,678	-	2,678	21,427	25,118
Total Expense	\$ 1,501,230	\$ 106,349	\$ 10,470	\$ 116,819	\$ 1,618,049	\$ 1,431,779

The accompanying Notes to Financial Statements
 are an integral part of this statement.

SPRINGBOARD FOR THE ARTS
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2016

	Program Services									Support Services			Total All Services	
	Artist Development	Community Development	CSA	Fergus Falls	Artist Healthcare	Incubator	Artist Resources	National Program	General Program	Total Program Services	Management & General	Fund- raising		Total Support Services
Salaries	\$ 85,665	\$ 108,697	\$ 11,423	\$ 109,484	\$ 58,473	\$ 77,266	\$ 61,269	\$ 70,811	\$ -	\$ 583,088	\$ 83,674	\$ 6,458	\$ 90,132	\$ 673,220
Employee Benefits	2,385	2,462	771	(53)	936	6,428	5,198	888	-	19,015	7,213	-	7,213	26,228
Payroll Taxes	6,626	8,670	1,186	8,697	4,737	6,285	5,029	5,731	-	46,961	6,715	1,244	7,959	54,920
Total Personnel Costs	94,676	119,829	13,380	118,128	64,146	89,979	71,496	77,430	-	649,064	97,602	7,702	105,304	754,368
Professional Services	32,988	115,109	22	50,021	32,882	13,654	13,420	148,852	4,685	411,633	23,674	-	23,674	435,307
Occupancy	2,047	2,136	2,011	31,404	2,455	3,252	15,750	3,011	-	62,066	2,745	-	2,745	64,811
Travel and Conferences	2,976	5,241	-	8,310	6,337	1,034	1,868	12,671	-	38,437	2,885	-	2,885	41,322
Printing and Copying	9,331	847	226	4,859	5,768	88	5,168	670	-	26,957	333	-	333	27,290
Miscellaneous	463	957	-	3,780	3,285	724	970	6,567	-	16,746	1,300	-	1,300	18,046
Telephone and Communication	1,862	2,036	1,836	4,698	1,836	1,836	1,836	1,902	-	17,842	2,038	-	2,038	19,880
Supplies	1,238	2,344	741	2,017	791	-	1,918	823	-	9,872	316	-	316	10,188
Advertising and Marketing	949	387	-	2,935	181	-	1,979	5,738	66	12,235	48	-	48	12,283
Professional Development	1,963	-	-	745	140	463	50	302	1,708	5,371	751	-	751	6,122
Insurance	230	230	230	230	230	1,840	230	230	-	3,450	1,891	-	1,891	5,341
Postage	918	122	96	225	2,886	96	236	625	35	5,239	639	-	639	5,878
Bank Charges and Interest Expense	16	16	16	16	16	117	16	21	-	234	1,036	98	1,134	1,368
Equipment Repairs and Maintenance	293	255	-	511	-	529	1,752	31	-	3,371	1,086	-	1,086	4,457
Depreciation	2,791	2,791	2,791	2,791	2,791	2,791	2,791	2,791	-	22,328	2,790	-	2,790	25,118
Total Expense	\$ 152,741	\$ 252,300	\$ 21,349	\$ 230,670	\$ 123,744	\$ 116,403	\$ 119,480	\$ 261,664	\$ 6,494	\$ 1,284,845	\$ 139,134	\$ 7,800	\$ 146,934	\$ 1,431,779

The accompanying Notes to Financial Statements
are an integral part of this statement.

SPRINGBOARD FOR THE ARTS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 874,847	\$ 547,355
Investments	404,458	400,964
Accounts Receivable	17,503	12,391
Grants Receivable	1,211,058	598,094
Prepaid Expense	29,541	33,999
Total Current Assets	<u>2,537,407</u>	<u>1,592,803</u>
Noncurrent Assets:		
Investments	201,792	202,485
Property and Equipment - Net	41,186	60,866
Grants Receivable - Net	1,276,706	100,000
Security Deposit	1,963	1,963
TOTAL ASSETS	<u>\$ 4,059,054</u>	<u>\$ 1,958,117</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 8,347	\$ 6,528
Payroll Taxes Accrued and Withheld	25,406	-
Accrued Salaries	12,059	36,538
Deferred Revenue	18,856	15,500
Fiscal Sponsorship	561,512	672,011
Total Current Liabilities	<u>626,180</u>	<u>730,577</u>
Net Assets:		
Unrestricted	215,591	191,672
Board Designated	361,127	360,751
Total Unrestricted Net Assets	<u>576,718</u>	<u>552,423</u>
Temporarily Restricted	<u>2,856,156</u>	<u>675,117</u>
Total Net Assets	<u>3,432,874</u>	<u>1,227,540</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,059,054</u>	<u>\$ 1,958,117</u>

The accompanying Notes to Financial Statements
are an integral part of these statements.

SPRINGBOARD FOR THE ARTS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>Increase (Decrease) in Cash</u>		
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 2,205,334	\$ (747,271)
Total Adjustments	<u>(1,873,294)</u>	<u>270,733</u>
Net Cash Provided (Used) by Operating Activities	332,040	(476,538)
Cash Flows from Investing Activities:		
Purchases of Property and Equipment	(1,747)	(4,540)
Proceeds from Sale of Investments	200,797	300,300
Purchases of Investments	<u>(203,598)</u>	<u>(302,466)</u>
Net Cash (Used) by Investing Activities	(4,548)	(6,706)
Cash Flows from Financing Activities:		
None	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash	327,492	(483,244)
Cash - Beginning of Year	<u>547,355</u>	<u>1,030,599</u>
Cash - End of Year	<u>\$ 874,847</u>	<u>\$ 547,355</u>

The accompanying Notes to Financial Statements
are an integral part of these statements.

SPRINGBOARD FOR THE ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

1. Summary of Significant Accounting Policies

Organizational Purpose

Springboard for the Arts (Springboard) is a nonprofit arts service organization incorporated in the State of Minnesota under the nonprofit corporation act. Springboard's mission is to cultivate vibrant communities by connecting artists with the skills, contacts, information and services they need to make a living and life.

Springboard serves artists and organizations working in all artistic disciplines in the State of Minnesota and surrounding Upper Midwest region: primarily through workshops, counseling, consulting, and telephone and website information and referral, and sharing program models nationally.

Springboard's programs are as follows:

Artist Healthcare – Springboard supports artists' healthcare through several programs. Artists' Access to Healthcare (AAH) removes financial and system navigation barriers for artists and their families. AAH provides artists with vouchers to cover the cost of medical, dental and mental health services. In addition to distributing 192 health vouchers to artists, Springboard provided 8 free health screenings and 23 flu shots in Minnesota. The Emergency Relief Fund (ERF) provided small monetary support for 13 artists who have career-threatening emergencies. We reached another 2,000+ artists via our online healthcare guide and videos, and through referrals and education in our role as certified Navigators for MNsure, Minnesota's health insurance marketplace.

Artist Resources – In FY17, Springboard for the Arts continued to build the capacity of our Resource Center for artists. Our computer workstations are outfitted with graphic and slide scanners, Adobe Creative Cloud, Microsoft Office, a publications library, and other grant-making and opportunities databases. The St. Paul Resource Center had over 170 unique users in FY17, with nearly 1,250 individual uses — above five sign-ins per day. Our self-service copying, printing and fax services were used thousands of times as well. We've expanded our legal referral service, connecting 181 artists with one-on-one attorney referrals in FY17.

Community Development – Our Community Development Program organizes and empowers artists to build reciprocal relationships with their communities, resulting in vibrant, creative, equitable places. We provide catalytic workshops, trainings and project management in partnership with city governments, neighborhood organizations, private institutions and other groups that wish to engage artists in community building, economic development, creative place making and innovative problem-solving. By addressing opportunities and challenges associated with change locally in Minnesota, we also create customizable modes for community communities nationally.

SPRINGBOARD FOR THE ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

1. Summary of Significant Accounting Policies (Continued)

Organizational Purpose (Continued)

In FY17, we directly supported 20 artists to implement projects and 6 business associations nationally to work with over 60 artists from their communities. Their projects themselves involved more artists and volunteers, and touched hundreds of viewers and participants. We presented our strategies and learnings to nearly 300 professionals through conference and other presentations.

Fergus Falls – In FY17 our Fergus Falls office provided professional training and consultations, a resource center, legal and healthcare resources to over 530 artists, as well as community development presentations and workshops to 1,150 community leaders and residents (including the Rural Arts and Culture Summit). In addition, 20 artists in our Hinge Arts residency program reached 1,650 artists community members through presentations, events and outreach activities.

Incubator – Springboard for the Arts' Incubator: A Fiscal Sponsorship Program provides fiscal sponsorship for arts groups and individual artist projects that do not want (or are not ready) to become tax-exempt nonprofit organizations. In FY17 we managed over \$1 million in revenues for the 229 artist-led projects in the program.

Professional Development – In FY17 Springboard for the Arts' Professional Development programs served over 3,000 individual artists through workshops, one-on-one consulting and participation at leading conferences both locally and nationally. Springboard for the Arts presented: 119 workshops on business skills for artists, 209 hours of individual consulting, and presented at several conferences locally and nationally highlighting our content, artist services, and mission. The Work of Art: Toolkit was shared with 752 individuals and organizations. A Train-the-Trainer program was developed and programmed for July of 2017. Through a new partnership with an independent micro lending platform, Springboard successfully supported six new artist entrepreneur projects to secure small business loans. A new McKnight Speaker Series hosted three artist guest speakers from across the country. The Minnesota Lawyers for the Arts program made 154 attorney referrals to artists needing legal assistance.

National Program – Springboard for the Arts' national program is Creative Exchange, an online network of support for artists and arts organizations through replication toolkits and artist project profiles. Replication toolkits include Springboard programs such as Work of Art, Community Supported Art, Artists' Health Fair and Artist-led Community Development, as well as partner toolkits around creative use of vacant retail space, artist-engaged community planning, running galleries, public art, and artist-led community projects. In FY17 25 toolkits were hosted, with 67 artist profiles & special features published. Creative Exchange serves as a connection hub through online communication and hosting convening. Since its launch in March 2014, Creative Exchange has published over 300 artist profiles & special features, and shared over 5,000 toolkits.

SPRINGBOARD FOR THE ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

1. Summary of Significant Accounting Policies (Continued)

Fund Accounting

In order to observe the limitations and restrictions placed on resources available to Springboard, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure whereby resources are classified for accounting and reporting purposes into net asset groupings established according to their nature and restrictions. A description of the groupings is as follows:

Unrestricted Net Assets – Net assets which are neither permanently nor temporarily restricted by donor-imposed stipulations. These net assets include both board designated and undesignated amounts. Property and equipment is reported as unrestricted net assets.

Temporarily Restricted Net Assets – The part of net assets of Springboard resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions pursuant to those stipulations.

Cash and Cash Equivalents

For purposes of the statement of cash flows, Springboard considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Accounts Receivable and Doubtful Accounts

Springboard extends credit to its customers on terms it establishes for individual customers. Receivables are recorded at amounts billed and are generally due when billed. Amounts outstanding for more than 30 days are considered delinquent. Accounts receivable are generally uncollateralized and Springboard does not charge interest on accounts receivable balances. Springboard reviews accounts receivable balances on a periodic basis and writes off delinquent receivables when they are considered uncollectible. No allowance for doubtful accounts has been provided as accounts receivable are considered collectable.

Property and Equipment

All major expenditures above \$500 for leasehold improvements and equipment are capitalized at cost at the date of acquisition or fair market value at date of donation in the case of gifts. Depreciation is provided through the use of the straight-line method.

Investments

Investments consist of certificates of deposit and are carried at fair market value. Springboard has a board approved investment policy that it follows in making investment decisions.

SPRINGBOARD FOR THE ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

1. Summary of Significant Accounting Policies (Continued)

Contributions

Contributions are recorded when received and recognized as support in the period received. If donor-imposed restrictions accompany the contribution, the amount is recorded as temporarily or permanently restricted until the donor-imposed restrictions expire or are fulfilled. Temporarily restricted net assets are reclassified to unrestricted in the period donor-imposed restrictions expire or are fulfilled, and are reported in the Statements of Activities under the Support and Revenue Category – Net Assets Released from Restrictions.

Government Grants and Contracts

Government grants and contract funds are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are made. Funds received but not yet earned are shown as refundable advances. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, Springboard will record such disallowance at the time the final assessment is made.

Deferred Revenue

Springboard defers recognition of revenue when it has received a payment for services, but has not fulfilled its contract commitments.

Functional Allocation of Expense

Salaries and related expenses are allocated on job descriptions and the best estimates of management. Expenses, other than salaries and related expenses which are not directly identifiable by program or supporting service, are allocated based on the best estimates of management.

Income Tax

Springboard has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and has adopted *Accounting for Uncertainty in Income Taxes*, ASC 740-10. Springboard's policy is to evaluate uncertain tax positions, at least annually, for the potential for income tax exposure from unrelated business income or from loss of nonprofit status. Springboard continues to operate consistent with its original exemption application and each year takes the necessary actions to maintain its exempt status. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible. In compliance with its exempt status, Springboard annually files a Return of Organization Exempt From Income Tax (Form 990). The returns for the years ending June 30, 2014 and later remain subject to examination by the Internal Revenue Service.

SPRINGBOARD FOR THE ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Springboard has evaluated the effect that subsequent events would have on the financial statements through January 18, 2018, which is the date financial statements were available to be issued.

2. Significant Concentrations of Credit Risk

Springboard provides services in the state of Minnesota and surrounding upper Midwest. In addition, grants and accounts receivable are from local residents, national foundations, governments or institutions.

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

At June 30, 2017 and 2016, Springboard held funds at a local financial institution in excess of federally insured limits.

3. Investments

Springboard held the following investments as of:

	June 30,			
	2017		2016	
	Cost	Fair Value	Cost	Fair Value
Certificates of Deposit	<u>\$ 600,000</u>	<u>\$ 606,250</u>	<u>\$ 600,000</u>	<u>\$ 603,449</u>

Investment income was as follows as of:

	June 30,	
	2017	2016
Interest Income	<u>\$ 3,220</u>	<u>\$ 2,566</u>

SPRINGBOARD FOR THE ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

4. Major Sources of Support and Revenue

Major sources of support and revenue (net of discounts) were as follows for the year ending June 30, 2017:

Bush Foundation	\$ 1,566,978
Surdna Foundation	720,413
Kresge Foundation	644,315
McKnight Foundation	114,000

5. Grants Receivable

The outstanding balance of grants receivable as of June 30, 2017 is expected to be collected over the following fiscal years:

<u>Due in the Years Ending June 30,</u>	
2018	\$ 1,211,058
2019	<u>1,400,000</u>
Total Grants Receivable	2,611,058
Less Discount at 4%	<u>123,294</u>
Net Grants Receivable	2,487,764
Current Portion	<u>1,211,058</u>
Long-term Portion	<u>\$ 1,276,706</u>

6. Property and Equipment

Springboard owned the following property and equipment as of:

	<u>June 30,</u>		<u>Estimated</u>
	<u>2017</u>	<u>2016</u>	<u>Useful Lives</u>
Furniture and Equipment	\$ 116,823	\$ 115,076	3 - 10 years
Leasehold Improvements	<u>198,678</u>	<u>198,678</u>	5 - 10 years
	315,501	313,754	
Less Accumulated Depreciation	<u>274,315</u>	<u>252,888</u>	
	<u>\$ 41,186</u>	<u>\$ 60,866</u>	

Depreciation expense of \$21,427 and \$25,118 was recorded for the years ended June 30, 2017 and 2016, respectively.

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7. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of amounts for the following as of:

	<u>June 30,</u>	
	<u>2017</u>	<u>2016</u>
Future Years Operations	\$ 1,913,793	234,000
Community Programs	678,746	211,000
Artist Support	100,117	200,117
Artist Development	34,000	-
Professional Development	32,000	-
RAC Summit	15,000	-
Arts Tour	10,000	-
Bring Art to the Street	15,500	-
Fergus Falls	57,000	
Narrative Collaboratory	-	25,000
Health Programs	-	5,000
	<u>\$ 2,856,156</u>	<u>\$ 675,117</u>

8. Unrestricted Net Assets – Board Designated

The Board of Directors made the following net asset designations as of:

	<u>June 30,</u>	
	<u>2017</u>	<u>2016</u>
Cash Reserve Fund	<u>\$ 361,127</u>	<u>\$ 360,751</u>

9. In-kind Contributions

Springboard records in-kind contributions at fair market value at date of donation. In-kind contributions included the following as of:

	<u>June 30,</u>	
	<u>2017</u>	<u>2016</u>
Rent Expense	<u>\$ 11,163</u>	<u>\$ 12,217</u>

10. Pension Plan

Springboard maintains a Simple Individual Retirement Account plan that covers those employees who meet eligibility requirements. Employer contributions of \$16,891 and \$15,685 were made for the years ending June 30, 2017 and 2016, respectively.

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11. Fiscal Sponsorship

Springboard is a fiscal sponsor for several unincorporated entities. Only the cash held and the corresponding liability are recorded in the financial statements.

12. Leasing Commitments

Rental commitments under noncancelable leases for office space in effect at June 30, 2017, totaled \$34,942. The future annual rental commitments are as follows:

<u>Due in the Year Ending June 30,</u>	
2018	\$ 30,013
2019	8,954
	<u>\$ 38,967</u>

Rental expense was \$57,563 and \$59,952 for the years ended June 30, 2017 and 2016, respectively.

13. Subsequent Event

On December 6, 2017, Springboard entered into a purchase agreement to buy a building. The purchase price is \$1,495,000 and \$15,000 of earnest money has been deposited. The purchase agreement is contingent on normal due diligence and testing.

14. Cash Flow Operating Adjustments

Adjustments to reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities were as follows as of:

	<u>June 30,</u>	
	<u>2017</u>	<u>2016</u>
Depreciation	\$ 21,427	\$ 25,118
Grants Receivable	(1,176,706)	232,537
Increases (Decreases) in Current Liabilities:		
Accounts Payable	1,819	(55,905)
Payroll Taxes Accrued and Withheld	25,406	-
Accrued Salaries	(24,479)	6,458
Deferred Revenue	3,356	15,500
Fiscal Sponsorship	(110,499)	(84,732)
Decreases (Increases) in Current Assets:		
Accounts Receivable	(5,112)	15,492
Grants Receivable	(612,964)	138,240
Prepaid Expense	4,458	(21,975)
Total Adjustments	<u>\$ (1,873,294)</u>	<u>\$ 270,733</u>