

Springboard for the Arts
St. Paul, Minnesota

Financial Statements
Auditor's Report
For the Years Ended
June 30, 2021 and 2020



CERTIFIED PUBLIC ACCOUNTANTS

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Carpenter, Evert & Associates

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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, 2021 and 2020, 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, 2021 and 2020, 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 and Associates, Ltd.

Certified Public Accountants

Minneapolis, Minnesota
January 20, 2022

SPRINGBOARD FOR THE ARTS
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Contributions	\$ 1,091,205	\$ 3,482,246	\$ 4,573,451	\$ 280,874	\$ 2,179,353	\$ 2,460,227
Government Grants	259,816	100,000	359,816	91,542	30,000	121,542
Capital Campaign Contributions	-	197,509	197,509	-	1,063,048	1,063,048
Program Fees	310,600	-	310,600	415,407	-	415,407
Other Income	37,113	-	37,113	9,021	-	9,021
Net Assets Released from Restrictions:						
Satisfaction of Time Restrictions	85,500	(85,500)	-	322,500	(322,500)	-
Satisfaction of Purpose Restrictions	1,736,591	(1,736,591)	-	2,062,879	(2,062,879)	-
Satisfaction of Capital Restrictions	477,500	(477,500)	-	2,815,361	(2,815,361)	-
Total Support and Revenue	3,998,325	1,480,164	5,478,489	5,997,584	(1,928,339)	4,069,245
Expense:						
Program Services:						
Community Development	592,907	-	592,907	1,640,058	-	1,640,058
Fergus Falls	254,166	-	254,166	430,042	-	430,042
Incubator	100,674	-	100,674	93,074	-	93,074
Artist Resources	1,151,453	-	1,151,453	551,496	-	551,496
National Program	125,532	-	125,532	171,602	-	171,602
General Program	24,765	-	24,765	25,480	-	25,480
Total Program Services	2,249,497	-	2,249,497	2,911,752	-	2,911,752
Support Services:						
Management and General	167,166	-	167,166	133,358	-	133,358
Fundraising	212,943	-	212,943	268,132	-	268,132
Total Support Services	380,109	-	380,109	401,490	-	401,490
Total Expense	2,629,606	-	2,629,606	3,313,242	-	3,313,242
Change in Net Assets	1,368,719	1,480,164	2,848,883	2,684,342	(1,928,339)	756,003
Net Assets - Beginning of Year	4,080,565	1,698,491	5,779,056	1,396,223	3,626,830	5,023,053
Net Assets - End of Year	\$ 5,449,284	\$ 3,178,655	\$ 8,627,939	\$ 4,080,565	\$ 1,698,491	\$ 5,779,056

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, 2021 WITH COMPARATIVE TOTALS FOR 2020

	2021						
	Program Services						Total
	Community Development	Fergus Falls	Incubator	Artist Resources	National Program	General Program	Program Services
Salaries	\$ 211,202	\$ 150,858	\$ 60,343	\$ 321,832	\$ 40,229	\$ -	\$ 784,464
Employee Benefits	35,833	18,547	7,599	38,477	13,275	-	113,731
Payroll Taxes	15,186	10,847	4,339	23,141	2,892	-	56,405
Total Personnel Costs	<u>262,221</u>	<u>180,252</u>	<u>72,281</u>	<u>383,450</u>	<u>56,396</u>	<u>-</u>	<u>954,600</u>
Professional Services	295,973	25,240	20,386	396,390	56,020	6,576	800,585
Grant Expense	-	-	-	334,500	-	-	334,500
Capital Campaign Expense	-	-	-	-	-	-	-
Telephone and Communication	12,000	8,885	2,215	11,990	4,746	-	39,836
Printing and Copying	4,001	2,256	81	11,963	171	8,427	26,899
Occupancy	-	24,909	-	1,136	-	-	26,045
Supplies	8,934	2,909	90	3,088	428	164	15,613
Postage	1,501	102	27	1,468	588	4,459	8,145
Insurance	1,503	1,503	1,503	1,503	1,503	-	7,515
Miscellaneous	-	947	-	283	1,098	1,963	4,291
Advertising and Marketing	646	214	-	211	192	2,902	4,165
Meals and Entertainment	2,035	1,045	-	-	160	274	3,514
Bank Charges and Interest Expense	165	165	181	983	252	-	1,746
Travel and Conferences	-	1,130	-	-	-	-	1,130
Professional Development	268	-	-	204	69	-	541
Equipment Repairs and Maintenance	50	300	-	295	-	-	645
Community Emergency Relief Projects	-	-	-	80	-	-	80
Depreciation	3,610	4,309	3,910	3,909	3,909	-	19,647
Total Expense	<u>\$ 592,907</u>	<u>\$ 254,166</u>	<u>\$ 100,674</u>	<u>\$ 1,151,453</u>	<u>\$ 125,532</u>	<u>\$ 24,765</u>	<u>\$ 2,249,497</u>

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, 2021 WITH COMPARATIVE TOTALS FOR 2020

Program	2021			2020		
	Total Program Services	Management & General	Fund- raising	Total Support Services	Total All Services	Total All Services
Salaries	\$ 784,464	\$ 80,976	\$ 140,285	\$ 221,261	\$ 1,005,725	\$ 1,026,427
Employee Benefits	113,731	21,788	3,366	25,154	138,885	142,034
Payroll Taxes	56,405	5,786	10,125	15,911	72,316	73,869
Total Personnel Costs	954,600	108,550	153,776	262,326	1,216,926	1,242,330
Professional Services	800,585	27,973	-	27,973	828,558	664,442
Grant Expense	334,500	-	-	-	334,500	986,971
Capital Campaign Expense	-	-	59,167	59,167	59,167	116,575
Telephone and Communication	39,836	5,776	-	5,776	45,612	33,277
Printing and Copying	26,899	7,819	-	7,819	34,718	23,312
Occupancy	26,045	106	-	106	26,151	63,734
Supplies	15,613	2,714	-	2,714	18,327	20,339
Postage	8,145	1,882	-	1,882	10,027	4,818
Insurance	7,515	2,136	-	2,136	9,651	7,184
Miscellaneous	4,291	3,847	-	3,847	8,138	17,082
Advertising and Marketing	4,165	827	-	827	4,992	9,454
Meals and Entertainment	3,514	567	-	567	4,081	48,490
Bank Charges and Interest Expense	1,746	514	-	514	2,260	2,348
Travel and Conferences	1,130	250	-	250	1,380	38,055
Professional Development	541	272	-	272	813	3,648
Equipment Repairs and Maintenance	645	23	-	23	668	5,829
Community Emergency Relief Projects	80	-	-	-	80	10,544
Depreciation	19,647	3,910	-	3,910	23,557	14,810
Total Expense	\$ 2,249,497	\$ 167,166	\$ 212,943	\$ 380,109	\$ 2,629,606	\$ 3,313,242

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, 2020

	Program Services						Support Services			Total All Services	
	Community Development	Fergus Falls	Incubator	Artist Resources	National Program	General Program	Total Program Services	Management & General	Fund-raising		Total Support Services
Salaries	\$ 243,853	\$ 183,250	\$ 62,439	\$ 254,980	\$ 81,921	\$ -	\$ 826,443	\$ 61,379	\$ 138,605	\$ 199,984	\$ 1,026,427
Employee Benefits	37,436	23,637	7,121	37,683	21,037	-	126,914	11,771	3,349	15,120	142,034
Payroll Taxes	17,729	13,296	4,432	18,467	5,910	-	59,834	4,432	9,603	14,035	73,869
Total Personnel Costs	299,018	220,183	73,992	311,130	108,868	-	1,013,191	77,582	151,557	229,139	1,242,330
Professional Services	304,649	88,482	10,305	182,252	34,788	12,237	632,713	31,729	-	31,729	664,442
Grant Expense	986,971	-	-	-	-	-	986,971	-	-	-	986,971
Capital Campaign Expense	-	-	-	-	-	-	-	-	116,575	116,575	116,575
Telephone and Communication	7,573	7,923	1,538	9,947	4,400	139	31,520	1,757	-	1,757	33,277
Printing and Copying	2,516	5,160	197	12,259	2,783	126	23,041	271	-	271	23,312
Occupancy	7,288	39,222	680	12,525	2,039	476	62,230	1,504	-	1,504	63,734
Supplies	3,999	8,471	909	4,117	924	-	18,420	1,919	-	1,919	20,339
Postage	481	34	-	1,871	554	21	2,961	1,857	-	1,857	4,818
Insurance	1,202	1,202	1,202	1,202	1,202	-	6,010	1,174	-	1,174	7,184
Miscellaneous	37	2,245	-	896	3,182	1,488	7,848	9,234	-	9,234	17,082
Advertising and Marketing	686	412	-	1,211	459	6,186	8,954	500	-	500	9,454
Meals and Entertainment	6,145	33,645	66	3,408	660	2,958	46,882	1,608	-	1,608	48,490
Bank Charges and Interest Expense	419	281	249	238	616	-	1,803	545	-	545	2,348
Travel and Conferences	7,552	15,347	1,248	4,815	8,599	194	37,755	300	-	300	38,055
Professional Development	310	495	220	-	60	1,655	2,740	908	-	908	3,648
Equipment Repairs and Maintenance	-	4,472	-	1,357	-	-	5,829	-	-	-	5,829
Community Emergency Relief Projects	8,744	-	-	1,800	-	-	10,544	-	-	-	10,544
Depreciation	2,468	2,468	2,468	2,468	2,468	-	12,340	2,470	-	2,470	14,810
Total Expense	\$ 1,640,058	\$ 430,042	\$ 93,074	\$ 551,496	\$ 171,602	\$ 25,480	\$ 2,911,752	\$ 133,358	\$ 268,132	\$ 401,490	\$ 3,313,242

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

SPRINGBOARD FOR THE ARTS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Current Assets:		
Cash	\$ 3,684,548	\$ 1,573,900
Investments	309,862	306,914
Accounts Receivable	43,642	17,259
Grants Receivable- Non Capital Campaign	946,810	439,691
Grants Receivable - Capital Campaign	628,000	754,500
Prepaid Expense	50,487	21,186
Total Current Assets	5,663,349	3,113,450
Noncurrent Assets:		
Cash - Restricted for Capital Campaign	173,845	554,959
Grants Receivable- Non Capital Campaign - Net	801,630	242,151
Grants Receivable - Capital Campaign - Net	94,625	150,000
Investments	205,506	205,678
Property and Equipment - Net	4,248,975	3,443,916
Security Deposit	1,963	1,963
TOTAL ASSETS	\$ 11,189,893	\$ 7,712,117
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 203,778	\$ 36,094
Notes Payable - Current Portion	49,877	45,914
Payroll Taxes Accrued and Withheld	-	223
Accrued Salaries	36,632	28,019
Deferred Revenue	5,537	-
Fiscal Sponsorship	1,291,619	615,241
Total Current Liabilities	1,587,443	725,491
Note Payable - Long Term Portion	974,511	1,207,570
TOTAL LIABILITIES	2,561,954	1,933,061
Net Assets:		
Without Donor Restrictions:		
Undesignated	4,119,672	3,627,604
Board Designated	1,329,612	452,961
Total Without Donor Restrictions	5,449,284	4,080,565
With Donor Restrictions	3,178,655	1,698,491
Total Net Assets	8,627,939	5,779,056
TOTAL LIABILITIES AND NET ASSETS	\$ 11,189,893	\$ 7,712,117

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, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>Increase (Decrease) in Cash and Restricted Cash</u>		
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 2,848,883	\$ 756,003
Total Adjustments	<u>(643,545)</u>	<u>(225,770)</u>
Net Cash Provided by Operating Activities	2,205,338	530,233
Cash Flows from Investing Activities:		
Purchases of Property and Equipment	(828,616)	(1,704,489)
Proceeds from Sale of Investments	307,378	305,781
Purchases of Investments	<u>(310,154)</u>	<u>(305,781)</u>
Net Cash (Used) by Investing Activities	(831,392)	(1,704,489)
Cash Flows from Financing Activities:		
Proceeds from the Issuance of Notes Payable	-	205,300
Principal Payments on Notes Payable	(23,796)	(455,399)
Proceeds from Capital Campaign Contributions	<u>379,384</u>	<u>925,699</u>
Net Cash Provided by Financing Activities	<u>355,588</u>	<u>675,600</u>
Net Increase (Decrease) in Cash and Restricted Cash	1,729,534	(498,656)
Cash and Restricted Cash - Beginning of Year	<u>2,128,859</u>	<u>2,627,515</u>
Cash and Restricted Cash - End of Year	<u>\$ 3,858,393</u>	<u>\$ 2,128,859</u>
 <u>Supplemental Disclosures of Cash Flow Information</u>		
Cash Paid For:		
Interest	<u>\$ 44,911</u>	<u>\$ 56,169</u>

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

SPRINGBOARD FOR THE ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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 Resources – Springboard's Artist Resources programming encompasses professional development resources for artists, economic opportunity programs, access to health and legal resources, and physical Resource Centers. In FY21 we continued to build the capacity of our Resource Center for artists, offering computer workstations outfitted with graphic and slide scanners, Adobe Creative Cloud, Microsoft Office, a publications library, and other grant-making and opportunities databases. Our A/V Closet allows artists to check out arts technology such as cameras and lights. We've continued our legal referral service, connecting 115 artists with one-on-one attorney referrals in FY21. 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. Through vouchers and resource distribution, Springboard offered 56 healthcare referrals in FY21. The Emergency Relief Fund (ERF) provided small monetary support to 529 artists who have career-threatening emergencies or to use their art to respond to community emergencies. ERF was temporarily expanded in FY21 to help meet the immediate economic needs of artists facing lost income due to the COVID-19 pandemic. In FY21 Springboard's Professional Development programs served 2,416 individual artists and community members through workshops, legal clinics and participation at leading conferences both locally and nationally. Springboard presented: 101 workshops on business skills for artists and professional development, 311 individual consultations, and presented at conferences locally and nationally highlighting our content, artist services, and mission. In FY21, Springboard continued to expand our pool of Artist Career Consultants and Work of Art workshop facilitators to reach broader communities, audiences and partners. In FY21 Springboard launched a Guaranteed Income pilot providing ongoing relief to 25 artists who were economically impacted by the COVID-19 pandemic.

Incubator – Springboard's 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 FY21 we managed over \$2.2 million in revenues for the 223 artist-led projects in the program during that period.

SPRINGBOARD FOR THE ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. Summary of Significant Accounting Policies (Continued)

Organizational Purpose (Continued)

Community Development – Our Community Development Program organizes and empowers artists to build reciprocal relationships with their communities, resulting in vibrant, creative, equitable places. We implement projects in urban and rural Minnesota and with national partners, including city governments, neighborhood organizations, private institutions, and other groups that wish to engage artists in community building, creative placemaking, and innovative problem-solving. Recently through our Artists Respond series of work, we've funded over 100 artists' projects that center artists as essential first responders and connectors in their communities. For example, Artists Respond: On Plywood supported artists to share their message during the uprising following the murder of George Floyd. Artists Respond: Combatting Social Isolation funded artists projects across Minnesota to bring people together safely during this pandemic, from at-home art kits to parking lot concerts to mailed zines and collaborative videos. Their projects themselves involved more artists and volunteers and touched thousands of viewers and participants.

Fergus Falls –In FY21 our Fergus Falls office provided professional training and consultations, a resource center, legal and healthcare resources to approximately 143 artists, and community development training for 280 artists through Artists on Main Street. In addition, 12 artists in our Hinge Arts residency program reached approximately 179 community members through presentations, events and outreach activities, and the Rural Arts and Culture Summit reached 282 community members. We also provided community development presentations and workshops to approximately 402 community, state and national leaders.

National Program – Creative Exchange facilitates building networks through publishing stories about the impacts of artists in community and sharing practical toolkits. Since its launch in March 2014, Creative Exchange has published over 500 artist profiles and special features, and shared over 14,000 toolkits. Springboard offers Intensives in leading the Work of Art: Business Skills for Artists curriculum and in artists-led community development practices as part of the National program, and offers speaking, program and project management consulting, and workshops nationally.

SPRINGBOARD FOR THE ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. Summary of Significant Accounting Policies (Continued)

Fund Accounting

In order to observe the limitation 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:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed restrictions. These net assets include both board designated and undesignated amounts. Property and equipment is reported as net assets without donor restrictions.

Net Assets with Donor Restrictions – Net Assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Springboard reports contributions restricted by donors as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

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.

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.

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.

SPRINGBOARD FOR THE ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. Summary of Significant Accounting Policies (Continued)

Property and Equipment

All major expenditures above \$3,000 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.

Revenue and Revenue Recognition

Springboard recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

A portion of Springboard's revenue is derived from government grants which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when Springboard has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. No amounts have been received in advance under government grants. Springboard received a \$205,300 PPP loan in the year ended June 30, 2020 and recorded it as debt per FASB ASC 470. They met the condition of the grant in the year ended June 30, 2021 and included it in Government Grants per ASC 958-605.

Springboard recognizes program service fees when the performance obligations of providing the services are met.

Promises-To-Give (Grants Receivable)

Unconditional promises-to-give are recognized in the period the promises are made. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

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.

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.

SPRINGBOARD FOR THE ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. Summary of Significant Accounting Policies (continued)

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).

Subsequent Events

Springboard has evaluated the effect that subsequent events would have on the financial statements through January 20, 2022, 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, 2021 and 2020, Springboard held funds at a local financial institution in excess of federally insured limits.

3. Uncertainties and Contingencies

The COVID-19 outbreak in the United States has caused business disruption through both mandated and voluntary suspension of operations. While many of the closings have re-opened, there is still uncertainty regarding future disruptions due to additional outbreaks. Therefore, Springboard expects this matter may impact its operating results, but reasonable estimates cannot be made at this time.

4. 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.

SPRINGBOARD FOR THE ARTS
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5. Cash and Restricted Cash

The following provides a reconciliation of cash and restricted cash reported within the statement of financial position that total the sum reported on the statement of cash flows as of:

	June 30,	
	2021	2020
Cash	\$ 3,684,548	\$ 1,573,900
Cash – Restricted for the Capital Campaign	173,845	554,959
Total Cash and Restricted Cash	<u>\$ 3,858,393</u>	<u>\$ 2,128,859</u>

6. Investments

Springboard held the following investments as of:

	June 30,			
	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Certificates of Deposit	<u>\$ 500,000</u>	<u>\$ 515,368</u>	<u>\$ 500,000</u>	<u>\$ 512,592</u>

Investment income was as follows as of:

	June 30,	
	2021	2020
Interest Income	<u>\$ 2,834</u>	<u>\$ 3,312</u>

7. Grants Receivable

Springboard had the following grants receivable as of:

	June 30,	
	2021	2020
Portion Due Within One Year	\$ 1,574,810	\$ 1,194,191
Portion Due Within Two and Three Years	<u>950,000</u>	<u>400,000</u>
Total Grants Receivable	2,524,810	1,594,191
Less Discount at 3%	<u>53,745</u>	<u>7,849</u>
Net Grants Receivable	2,471,065	1,586,342
Current Portion-Net	<u>1,574,810</u>	<u>1,194,191</u>
Long-term Portion-Net	<u>\$ 896,255</u>	<u>\$ 392,151</u>

8. Compensated Absences

Employees of Springboard are entitled to paid vacation and sick time under Springboard's flexible vacation policy. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. Springboard's policy is to recognize these costs when actually paid to employees.

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9. Property and Equipment

Springboard owned the following property and equipment as of:

	<u>June 30,</u>		Estimated Useful Lives
	<u>2021</u>	<u>2020</u>	
Land	\$ 765,000	\$ 765,000	-
Building	3,383,925	2,638,809	39 years
Furniture and Equipment	155,136	86,952	5 - 10 years
Leasehold Improvements	<u>6,000</u>	<u>-</u>	3 - 10 years
	4,310,061	3,490,761	
Less Accumulated Depreciation	<u>61,086</u>	<u>46,845</u>	
	<u>\$ 4,248,975</u>	<u>\$ 3,443,916</u>	

Depreciation expense of \$23,557 and \$14,810 was recorded for the years ended June 30, 2021 and 2020, respectively.

10. Notes Payable

The breakdown of notes payable is as follows:

	<u>June 30,</u>	
	<u>2021</u>	<u>2020</u>
4.375 % Note payable to Old National Bank. Monthly payments including principal and Interest of \$5,725 continue through May 2023 when the balance is payable in full. Secured by all Capital Campaign donations and pledges.	\$ 999,388	\$ 1,023,184
Old National Bank PPP loan. Interest rate is 1%. Loan was forgiven in November 2020.	-	205,300
Note Payable to LISC with an original maturity of January 2020. New repayment terms are being negotiated.	<u>25,000</u>	<u>25,000</u>
	1,024,388	1,253,484
Less Portion Due Within One (1) Year	<u>49,877</u>	<u>45,914</u>
Long-term Portion	<u>\$ 974,511</u>	<u>\$ 1,207,570</u>

Principal payments required are as follows:

<u>Due in the Year Ending June 30,</u>	
2022	\$ 49,877
2023	<u>974,511</u>
Total	<u>\$ 1,024,388</u>

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11. Net Assets With Donor Restrictions

Net Assets With Donor Restrictions consisted of amounts for the following as of:

	<u>June 30,</u>	
	<u>2021</u>	<u>2020</u>
Subject to Expenditures for a Specified Purpose:		
Rural Programs	\$ 1,824,255	\$ 50,000
Community Programs	1,200,500	842,151
Art Fellowships	46,400	46,400
Capital Campaign	-	345,000
Enhancing Arts Infrastructure	-	175,000
Health Programs	-	83,333
Artist Readiness Project	-	51,107
MN Disaster Recover Fund	-	20,000
Subject to Expenditures for Future Operations:		
Next Fiscal Year	<u>107,500</u>	<u>85,500</u>
Total	<u>\$ 3,178,655</u>	<u>\$ 1,698,491</u>

12. Designated Net Assets

Springboard's Board of Directors has designated funds for the following as of:

	<u>June 30,</u>	
	<u>2021</u>	<u>2020</u>
Cash Reserve Fund	<u>\$ 1,329,612</u>	<u>\$ 452,961</u>

13. Major Sources of Support and Revenue

Approximately 70% of the total support and revenue for the year ended June 30, 2021 came from six sources.

14. Pension Plan

Springboard maintains a Simple Individual Retirement Account plan that covers those employees who meet eligibility requirements. Employer contributions of \$22,166 and \$22,865 were made for the years ending June 30, 2021 and 2020, respectively.

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15. Capital Campaign

In May 2018, Springboard acquired the site at 262 University Avenue West in St. Paul and launched a capital campaign to renovate and reimagine this site as a new headquarter for Springboard's work. Springboard's new home will serve as a welcoming creative hub for community members and artists. Adjacent to downtown St. Paul and located at the intersection of the Little Mekong, Frogtown, and Rondo neighborhoods of St. Paul, 262 University Avenue was originally built for Saxon Ford. Featuring a showroom, offices, a versatile two-story garage, and a 50-car surface parking lot, the property, shuttered in 2005, has been vacant for years.

Springboard is reimaging 262 University as SpringBOX:

- An indoor/outdoor community market, event, and art space that contributes to the identity and vibrancy of the neighborhood;
- An expanded resource center delivering critical economic opportunity services;
- A home base for staff; and
- Open public spaces for creative collaborations among neighborhood partners.

Springboard used the first year of ownership of the building to invite the community to test ideas by trying multiple uses. Springboard prioritized uses of the space by neighborhood residents, community organizations, and projects with a social or economic justice purpose, hosting over 200 events with 6200 attendees. Construction was completed in June 2021.

16. Cash Flow Operating Adjustments

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

	<u>June 30,</u>	
	<u>2021</u>	<u>2020</u>
Depreciation	\$ 23,557	\$ 14,810
Capital Campaign Contributions	(197,509)	(1,063,048)
Grants Receivable	(559,479)	(242,151)
PPP Loan Forgiveness	(205,300)	-
Realized (Gain) on Investments	-	(3,175)
Loss on Disposal of Property and Equipment	-	8,380
Increases (Decreases) in Current Liabilities:		
Accounts Payable	167,684	6,532
Payroll Taxes Accrued and Withheld	(223)	(32,829)
Accrued Salaries	8,613	(7,119)
Deferred Revenue	5,537	(28,377)
Fiscal Sponsorship	676,378	118,170
Decreases (Increases) in Current Assets:		
Accounts Receivable	(26,383)	81,740
Grants Receivable	(507,119)	891,436
Prepaid Expense	(29,301)	29,861
Total Adjustments	<u>\$ (643,545)</u>	<u>\$ (225,770)</u>

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17. Liquidity and Availability

The following represents the Springboard's financial assets at:

	<u>June 30,</u>	
	<u>2021</u>	<u>2020</u>
Financial Assets:		
Cash	\$ 3,858,393	\$ 2,128,859
Investments	309,862	306,914
Accounts Receivable	43,642	17,259
Grants Receivable	<u>1,574,810</u>	<u>1,194,191</u>
Total Financial Assets	5,786,707	3,647,223
Less: Assets Not Available to be Used Within One Year:		
Net Assets with Donor Restrictions	3,178,655	1,698,491
Board Designated – Cash Reserve Fund	1,329,612	452,961
Net Assets with Restrictions to be met within a year	<u>(1,800,000)</u>	<u>(800,090)</u>
Total Assets Not Available for General Expenditures Within One Year	<u>2,708,267</u>	<u>1,351,362</u>
Financial Assets Available for General Expenditures Within One Year	<u>\$ 3,078,440</u>	<u>\$ 2,295,861</u>

Springboard's Board Designated- Cash Reserve Fund is not considered available for use within one year but could be available for use with a board resolution.

As part of Springboard's liquidity plan, Springboard has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.