

# **Springboard for the Arts**

St. Paul, Minnesota

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Financial Statements  
Auditor's Report  
For the Years Ended  
June 30, 2022 and 2021



**CERTIFIED PUBLIC ACCOUNTANTS**

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## INDEPENDENT AUDITOR'S REPORT

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

### **Opinion**

We have audited the accompanying financial statements of Springboard for the Arts (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Springboard for the Arts as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Springboard for the Arts ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

*Carpenter Ernst and Associates, Ltd.*

Certified Public Accountants

Minneapolis, Minnesota  
January 19, 2023

**SPRINGBOARD FOR THE ARTS**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	2022		2021	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
<b>Support and Revenue:</b>				
Contributions	\$ 961,459	\$ 200,455	\$ 1,086,105	\$ 3,482,246
Government Grants	97,200	124,298	259,816	100,000
Capital Campaign Contributions	-	-	-	197,509
Contributions of Nonfinancial Assets	10,200	-	5,100	-
Program Fees	341,554	-	310,600	-
Other Income	22,959	-	37,113	-
<b>Net Assets Released from Restrictions:</b>				
Satisfaction of Purpose Restrictions	2,106,023	(2,106,023)	1,736,591	(1,736,591)
Satisfaction of Time Restrictions	107,500	(107,500)	85,500	(85,500)
Satisfaction of Capital Restrictions	70,000	(70,000)	477,500	(477,500)
Total Support and Revenue	<u>3,716,895</u>	<u>(1,958,770)</u>	<u>3,998,325</u>	<u>1,480,164</u>
				<u>5,478,489</u>
<b>Expense:</b>				
<b>Program Services:</b>				
Community Development	863,715	-	592,907	-
Rural Programs	669,452	-	254,166	-
Incubator	124,637	-	100,674	-
Economic Opportunity	1,032,115	-	1,151,453	-
Total Program Services	<u>2,689,919</u>	<u>-</u>	<u>2,099,200</u>	<u>-</u>
<b>Support Services:</b>				
Management and General Fundraising	503,240	-	317,463	-
	87,180	-	212,943	-
Total Support Services	<u>590,420</u>	<u>-</u>	<u>530,406</u>	<u>-</u>
Total Expense	<u>3,280,339</u>	<u>-</u>	<u>2,629,606</u>	<u>-</u>
Change in Net Assets	436,556	(1,958,770)	1,368,719	1,480,164
Net Assets - Beginning of Year	5,449,284	3,178,655	4,080,565	1,698,491
Net Assets - End of Year	<u>\$ 5,885,840</u>	<u>\$ 1,219,885</u>	<u>\$ 5,449,284</u>	<u>\$ 3,178,655</u>
				<u>\$ 8,627,939</u>

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

EXHIBIT B

SPRINGBOARD FOR THE ARTS  
STATEMENT OF FUNCTIONAL EXPENSE

FOR THE YEAR ENDED JUNE 30, 2022 WITH COMPARATIVE TOTALS FOR 2021

	2022						2021			
	Program Services			Support Services			Total		Total	
	Community Development	Rural Programs	Incubator	Economic Opportunity	Program Services	Management & General	Fundraising	Support Services	All Services	All Services
Salaries	\$ 359,102	\$ 287,917	\$ 73,840	\$ 432,921	\$ 1,153,780	\$ 102,498	\$ 74,103	\$ 176,601	\$ 1,330,381	\$ 1,005,775
Employee Benefits	43,076	23,662	7,552	38,111	112,401	42,303	4,359	46,662	159,063	138,885
Payroll Taxes	24,852	19,717	5,352	30,328	80,249	5,186	8,718	13,904	94,153	72,316
Total Personnel Costs	427,030	331,296	86,744	501,360	1,346,430	149,987	87,180	237,167	1,583,597	1,216,926
Professional Services	291,398	109,127	13,005	132,834	546,364	131,071	-	131,071	677,435	828,558
Grant Expense	-	100,000	-	331,500	431,500	-	-	-	431,500	334,500
Occupancy	18,926	33,078	2,324	11,622	65,950	21,315	-	21,315	87,265	26,151
Travel and Conferences	45,312	32,613	-	69	77,994	1,452	-	1,452	79,446	1,380
Miscellaneous	2,067	588	-	2,342	4,997	65,994	-	65,994	70,991	8,138
Supplies	12,139	9,022	483	5,023	26,667	27,951	-	27,951	54,618	18,327
Meals and Entertainment	25,996	13,904	-	1,500	41,400	11,946	-	11,946	53,346	4,081
Telephone and Communication	8,136	6,152	1,261	8,682	24,231	15,435	-	15,435	39,666	45,612
Printing and Copying	5,318	2,329	78	9,042	16,767	16,447	-	16,447	33,214	34,718
Advertising and Marketing	3,881	5,020	-	1,528	10,429	4,768	-	4,768	15,197	4,992
Professional Development	-	850	-	2,810	3,660	11,514	-	11,514	15,174	813
Postage	1,923	333	-	2,824	5,080	6,662	-	6,662	11,742	10,027
Insurance	1,519	1,519	1,519	1,519	6,076	4,595	-	4,595	10,671	9,651
Bank Charges and Interest Expense	294	255	258	494	1,301	1,452	-	1,452	2,753	2,260
Equipment Repairs and Maintenance	810	-	-	-	810	800	-	800	1,610	668
Capital Campaign Expense	-	-	-	-	-	-	-	-	-	59,167
Community Emergency Relief Projects	-	-	-	-	-	-	-	-	-	80
Depreciation	18,966	23,366	18,965	18,966	80,263	31,851	-	31,851	112,114	23,557
Total Expense	\$ 863,715	\$ 669,452	\$ 124,637	\$ 1,032,115	\$ 2,689,919	\$ 503,240	\$ 87,180	\$ 590,420	\$ 3,280,339	\$ 2,629,606

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

	Program Services				Support Services			Total All Services	
	Community Development	Rural Programs	Incubator	Economic Opportunity	Total Program Services	Management and General	Fundraising		Total Support Services
Salaries	\$ 211,202	\$ 150,858	\$ 60,343	\$ 321,832	\$ 744,235	\$ 121,205	\$ 140,285	\$ 261,490	\$ 1,005,725
Employee Benefits	35,833	18,547	7,599	38,477	100,456	35,063	3,366	38,429	138,885
Payroll Taxes	15,186	10,847	4,339	23,141	53,513	8,678	10,125	18,803	72,316
Total Personnel Costs	262,221	180,252	72,281	383,450	898,204	164,946	153,776	318,722	1,216,926
Professional Services	295,973	25,240	20,386	396,390	737,989	90,569	-	90,569	828,558
Grant Expense	-	-	-	334,500	334,500	-	-	-	334,500
Occupancy	-	24,909	-	1,136	26,045	106	-	106	26,151
Travel and Conferences	-	1,130	-	-	1,130	250	-	250	1,380
Miscellaneous	-	947	-	283	1,230	6,908	-	6,908	8,138
Supplies	8,934	2,909	90	3,088	15,021	3,306	-	3,306	18,327
Meals and Entertainment	2,035	1,045	-	-	3,080	1,001	-	1,001	4,081
Telephone and Communication	12,000	8,885	2,215	11,990	35,090	10,522	-	10,522	45,612
Printing and Copying	4,001	2,256	81	11,963	18,301	16,417	-	16,417	34,718
Advertising and Marketing	646	214	-	211	1,071	3,921	-	3,921	4,992
Professional Development	268	-	-	204	472	341	-	341	813
Postage	1,501	102	27	1,468	3,098	6,929	-	6,929	10,027
Insurance	1,503	1,503	1,503	1,503	6,012	3,639	-	3,639	9,651
Bank Charges and Interest Expense	165	165	181	983	1,494	766	-	766	2,260
Equipment Repairs and Maintenance	50	300	-	295	645	23	-	23	668
Capital Campaign Expense	-	-	-	-	-	-	59,167	59,167	59,167
Community Emergency Relief Projects	-	-	-	80	80	-	-	-	80
Depreciation	3,610	4,309	3,910	3,909	15,738	7,819	-	7,819	23,557
Total Expense	\$ 592,907	\$ 254,166	\$ 100,674	\$ 1,151,453	\$ 2,099,200	\$ 317,463	\$ 212,943	\$ 530,406	\$ 2,629,606

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

SPRINGBOARD FOR THE ARTS  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2022 AND 2021

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
<b>Current Assets:</b>		
Cash	\$ 2,690,982	\$ 3,858,393
Investments	412,318	309,862
Accounts Receivable	47,730	43,642
Grants Receivable- Non Capital Campaign	647,678	946,810
Grants Receivable - Capital Campaign	442,500	628,000
Prepaid Expense	47,783	50,487
<b>Total Current Assets</b>	<b>4,288,991</b>	<b>5,837,194</b>
<b>Noncurrent Assets:</b>		
Grants Receivable- Non Capital Campaign - Net	363,711	801,630
Grants Receivable - Capital Campaign - Net	48,744	94,625
Investments	105,189	205,506
Property and Equipment - Net	4,141,596	4,248,975
Security Deposit	1,963	1,963
<b>TOTAL ASSETS</b>	<b>\$ 8,950,194</b>	<b>\$ 11,189,893</b>
 <u>LIABILITIES AND NET ASSETS</u> 		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 24,094	\$ 203,778
Notes Payable - Current Portion	68,256	49,877
Accrued Salaries	73,343	36,632
Deferred Revenue	10,093	5,537
Fiscal Sponsorship	1,238,980	1,291,619
<b>Total Current Liabilities</b>	<b>1,414,766</b>	<b>1,587,443</b>
Note Payable - Long Term Portion	429,703	974,511
<b>TOTAL LIABILITIES</b>	<b>1,844,469</b>	<b>2,561,954</b>
<b>Net Assets:</b>		
<b>Without Donor Restrictions:</b>		
Undesignated	4,556,228	4,119,672
Board Designated	1,329,612	1,329,612
<b>Total Without Donor Restrictions</b>	<b>5,885,840</b>	<b>5,449,284</b>
With Donor Restrictions	1,219,885	3,178,655
<b>Total Net Assets</b>	<b>7,105,725</b>	<b>8,627,939</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 8,950,194</b>	<b>\$ 11,189,893</b>

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, 2022 AND 2021

<u>Increase (Decrease) in Cash and Restricted Cash</u>	<u>2022</u>	<u>2021</u>
<b>Cash Flows from Operating Activities:</b>		
Change in Net Assets	\$ (1,522,214)	\$ 2,848,883
Total Adjustments	<u>660,525</u>	<u>(643,545)</u>
Net Cash Provided (Used) by Operating Activities	(861,689)	2,205,338
<b>Cash Flows from Investing Activities:</b>		
Purchases of Property and Equipment	(8,535)	(828,616)
Proceeds from Sale of Investments	104,665	307,378
Purchases of Investments	<u>(106,804)</u>	<u>(310,154)</u>
Net Cash (Used) by Investing Activities	(10,674)	(831,392)
<b>Cash Flows from Financing Activities:</b>		
Proceeds from the Issuance of Notes Payable	504,148	-
Principal Payments on Notes Payable	(1,030,577)	(23,796)
Proceeds from Capital Campaign Contributions	<u>231,381</u>	<u>379,384</u>
Net Cash Provided (Used) by Financing Activities	<u>(295,048)</u>	<u>355,588</u>
Net Increase (Decrease) in Cash	(1,167,411)	1,729,534
Cash - Beginning of Year	<u>3,858,393</u>	<u>2,128,859</u>
Cash - End of Year	<u>\$ 2,690,982</u>	<u>\$ 3,858,393</u>
 <u>Supplemental Disclosures of Cash Flow Information</u>		
<b>Cash Paid For:</b>		
Interest Expensed	\$ 27,833	\$ -
Interest Capitalized	-	44,911
	<u>\$ 27,833</u>	<u>\$ 44,911</u>

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

SPRINGBOARD FOR THE ARTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

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 support artists with the tools to make a living and a life, and to build just and equitable communities full of meaning, joy, and connection.

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:

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.

Rural Programs –In FY22 our Rural Programs 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.

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 FY22 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, 2022 AND 2021

1. Summary of Significant Accounting Policies (Continued)

Organizational Purpose (Continued)

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 FY22 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 FY22. 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 FY22. 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 FY22 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 FY22, 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.

New Accounting Pronouncement

Springboard has adopted Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, as management believe the standards improve the usefulness and understandability of Springboard's financial reporting. The ASU has been applied retrospectively for the years ended June 30, 2022 and 2021, as required.

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.

SPRINGBOARD FOR THE ARTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

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.

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.

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.

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.

SPRINGBOARD FOR THE ARTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

1. Summary of Significant Accounting Policies (Continued)

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 records contributed nonfinancial assets at fair market value at date of donation. Springboard's policy related to contributed nonfinancial assets is to utilize the assets given to carry out the mission of the organization. If an asset is provided that does not allow Springboard to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist.

Springboard recognizes program service fees when the performance obligations of providing the services are met. Deferred revenue is recorded when amounts are received, but the revenue is not yet earned.

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, 2022 AND 2021

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 19, 2023, 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, 2022 and 2021, 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**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

5. Investments

Springboard held the following investments as of:

	June 30,			
	2022		2021	
	Cost	Fair Value	Cost	Fair Value
Certificates of Deposit	<u>\$ 517,507</u>	<u>\$ 517,507</u>	<u>\$ 515,368</u>	<u>\$ 515,368</u>

Investment income was as follows as of:

	June 30,	
	2022	2021
Interest Income	<u>\$ 2,206</u>	<u>\$ 2,834</u>

6. Grants Receivable

Springboard had the following grants receivable as of:

	June 30,	
	2022	2021
Portion Due Within One Year	\$ 1,090,178	\$ 1,574,810
Portion Due Within Two and Three Years	<u>425,000</u>	<u>950,000</u>
Total Grants Receivable	1,515,178	2,524,810
Less Discount at 3%	<u>12,545</u>	<u>53,745</u>
Net Grants Receivable	1,502,633	2,471,065
Current Portion-Net	<u>1,090,178</u>	<u>1,574,810</u>
Long-term Portion-Net	<u>\$ 412,455</u>	<u>\$ 896,255</u>

7. Property and Equipment

Springboard owned the following property and equipment as of:

	June 30,		Estimated Useful Lives
	2022	2021	
Land	\$ 765,000	\$ 765,000	-
Building	3,388,648	3,383,925	39 years
Furniture and Equipment	154,048	155,136	5 - 10 years
Leasehold Improvements	<u>6,000</u>	<u>6,000</u>	3 - 10 years
	4,313,696	4,310,061	
Less Accumulated Depreciation	<u>172,100</u>	<u>61,086</u>	
	<u>\$ 4,141,596</u>	<u>\$ 4,248,975</u>	

Depreciation expense of \$112,114 and \$23,557 was recorded for the years ended June 30, 2022 and 2021, respectively.

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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.

9. Notes Payable

The breakdown of notes payable is as follows:

	June 30,	
	2022	2021
4.375 % Note payable to Old National Bank. Monthly payments including principal and Interest continue through May 2023 when the balance is payable in full. This note was refinanced in September 2021 at an interest rate of 3.75% and a maturity date of November 2026. Secured by Capital Campaign pledges.	\$ 472,959	\$ 999,388
0% Note Payable to LISC with an original maturity of January 2020. New repayment terms are being negotiated.	25,000	25,000
	497,959	1,024,388
Less Portion Due Within One (1) Year	71,994	49,877
Long-term Portion	\$ 425,965	\$ 974,511

Principal payments required are as follows:

<u>Due in the Year Ending June 30,</u>	
2023	\$ 68,256
2024	44,888
2025	46,667
2026	48,472
2027	289,676
Total	\$ 497,959

10. Designated Net Assets

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

	June 30,	
	2022	2021
Cash Reserve Fund	\$ 1,329,612	\$ 1,329,612



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11. Net Assets With Donor Restrictions

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

	June 30,	
	2022	2021
Subject to Expenditures for a Specified Purpose:		
Rural Programs	\$ 765,455	\$ 1,824,255
Community Programs	422,430	1,200,500
Art Fellowships	32,000	46,400
Subject to Expenditures for Future Operations:		
Subsequent Fiscal Years	-	107,500
Total	\$ 1,219,885	\$ 3,178,655

12. Pension Plan

Springboard maintains a Simple Individual Retirement Account plan that covers those employees who meet eligibility requirements. Employer contributions of \$29,655 and \$22,166 were made for the years ending June 30, 2022 and 2021, respectively.

13. Contributions of Nonfinancial Assets

Contributions of nonfinancial assets consisted of amounts for the following in the years ended:

	June 30,	
	2022	2021
Rent	\$ 10,200	\$ 5,100

Contributed nonfinancial assets were utilized for programs and had no donor restrictions. Values were used based on current market rates Springboard would have paid had the rent not been donated.

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14. 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.

15. 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>2022</u>	<u>2021</u>
Depreciation	\$ 112,114	\$ 23,557
Gain on Disposal of Property	3,800	-
Capital Campaign Contributions	-	(197,509)
Grants Receivable	437,919	(559,479)
PPP Loan Forgiveness	-	(205,300)
Increases (Decreases) in Current Liabilities:		
Accounts Payable	(179,684)	167,684
Payroll Taxes Accrued and Withheld	-	(223)
Accrued Salaries	36,711	8,613
Deferred Revenue	4,556	5,537
Fiscal Sponsorship	(52,639)	676,378
Decreases (Increases) in Current Assets:		
Accounts Receivable	(4,088)	(26,383)
Grants Receivable	299,132	(507,119)
Prepaid Expense	2,704	(29,301)
Total Adjustments	<u>\$ 660,525</u>	<u>\$ (643,545)</u>

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16. Liquidity and Availability

The following represents the Springboard's financial assets at:

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Financial Assets:		
Cash	\$ 2,690,982	\$ 3,858,393
Investments	412,318	309,862
Accounts Receivable	47,730	43,642
Grants Receivable	<u>1,090,178</u>	<u>1,574,810</u>
Total Financial Assets	4,241,208	5,786,707
Less: Assets Not Available to be Used Within One Year:		
Net Assets with Donor Restrictions	1,219,885	3,178,655
Board Designated – Cash Reserve Fund	1,329,612	1,329,612
Net Assets with Restrictions to be met within a year	<u>(1,205,885)</u>	<u>(1,800,000)</u>
Total Assets Not Available for General Expenditures Within One Year	<u>1,344,612</u>	<u>2,708,267</u>
Financial Assets Available for General Expenditures Within One Year	<u>\$ 2,896,596</u>	<u>\$ 3,078,440</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.