

Springboard for the Arts

St. Paul, Minnesota

Financial Statements
Auditor's Report
For the Years Ended
June 30, 2024 and 2023



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, 2024 and 2023, 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, 2024 and 2023, 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, Fort & Associates, Ltd.
Certified Public Accountants

Minneapolis, Minnesota
January 30, 2025

EXHIBIT B

SPRINGBOARD FOR THE ARTS
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2024 WITH COMPARATIVE TOTALS FOR 2023

	2024						2023				
	Program Services			Support Services			Total	Total	Total		
	Community Development	Rural Programs	Incubator	National Programs	Economic Opportunity	Program Services	Management and General	Fundraising	Support Services	All Services	All Services
Salaries	\$ 337,955	\$ 321,408	\$ 96,392	\$ 147,367	\$ 387,593	\$ 1,290,715	\$ 248,192	\$ 115,706	\$ 363,898	\$ 1,654,613	\$ 1,548,643
Employee Benefits	40,381	39,971	8,324	16,293	41,392	146,361	45,108	-	45,108	191,469	169,493
Payroll Taxes	29,627	28,280	8,080	14,813	33,666	114,466	20,200	-	20,200	134,666	102,485
Total Personnel Costs	407,963	389,659	112,796	178,473	462,651	1,551,542	313,500	115,706	429,206	1,980,748	1,820,621
Professional Services	194,947	237,122	18,413	198,250	411,124	1,059,856	67,770	8,466	76,236	1,136,092	788,913
Grant Expense	-	153,416	-	-	450,000	603,416	-	-	-	603,416	403,180
Hospitality	17,266	54,176	-	2,051	7,358	80,851	26,251	-	26,251	107,102	124,457
Occupancy	6,090	67,319	1,004	2,007	6,101	82,521	7,754	-	7,754	90,275	79,627
Telephone and Internet	16,500	17,428	3,225	9,019	17,158	63,330	19,610	-	19,610	82,940	73,602
Printing and Copying	3,421	2,638	799	497	14,780	22,135	22,136	6,102	28,238	50,373	49,101
Travel and Mileage	14,814	11,728	1,115	7,703	1,271	36,631	2,921	8,515	11,436	48,067	151,862
Supplies	6,881	18,454	1,804	2,023	11,173	40,335	6,347	-	6,347	46,682	68,747
Equipment Repairs and Maintenance	619	312	-	-	-	931	40,507	-	40,507	41,438	2,266
Miscellaneous	26,123	470	-	2,056	160	28,809	10,617	-	10,617	39,426	47,659
Insurance	1,961	3,168	2,555	1,365	1,960	11,009	5,004	-	5,004	16,013	16,874
Advertising and Marketing	325	2,473	-	50	184	3,032	12,894	-	12,894	15,926	17,226
Professional Development	1,295	1,365	396	-	45	3,101	12,433	-	12,433	15,534	17,614
Postage	477	670	59	207	2,967	4,380	360	1,735	2,095	6,475	11,241
Bank Charges and Interest Expense	552	474	513	913	704	3,156	1,448	-	1,448	4,604	5,657
Bad Debts	-	-	-	-	-	-	-	-	-	-	29,400
Depreciation	21,565	21,565	21,565	21,564	21,564	107,823	21,564	-	21,564	129,387	110,784
Total Expense	\$ 720,799	\$ 982,437	\$ 164,244	\$ 426,178	\$ 1,409,200	\$ 3,702,858	\$ 571,116	\$ 140,524	\$ 711,640	\$ 4,414,498	\$ 3,818,831

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

EXHIBIT C

SPRINGBOARD FOR THE ARTS
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2023

	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	\$ 405,077	\$ 318,849	\$ 88,225	\$ 464,394	\$ 1,276,545	\$ 168,052	\$ 104,046	\$ 272,098	\$ 1,548,643
Employee Benefits	47,878	38,255	9,902	54,296	150,331	10,687	8,475	19,162	169,493
Payroll Taxes	28,685	22,978	5,948	32,612	90,223	7,138	5,124	12,262	102,485
Total Personnel Costs	481,640	380,082	104,075	551,302	1,517,099	185,877	117,645	303,522	1,820,621
Professional Services	310,105	195,902	14,806	193,301	714,114	69,388	5,411	74,799	788,913
Grant Expense	-	120,430	1,000	281,750	403,180	-	-	-	403,180
Hospitality	58,427	50,719	18	2,268	111,432	13,025	-	13,025	124,457
Occupancy	18,227	35,619	3,878	7,682	65,406	14,221	-	14,221	79,627
Telephone and Internet	16,934	10,856	2,540	13,024	43,354	24,516	5,732	30,248	73,602
Printing and Copying	3,706	6,764	82	11,641	22,193	26,198	710	26,908	49,101
Travel and Mileage	47,959	86,951	1,516	14,418	150,844	1,018	-	1,018	151,862
Supplies	18,803	19,225	480	10,928	49,436	19,311	-	19,311	68,747
Equipment Repairs and Maintenance	1,863	403	-	-	2,266	-	-	-	2,266
Miscellaneous	6,091	1,075	3,750	4,928	15,844	31,815	-	31,815	47,659
Insurance	1,364	1,364	1,364	1,364	5,456	11,418	-	11,418	16,874
Advertising and Marketing	1,258	4,123	-	3,325	8,706	8,520	-	8,520	17,226
Professional Development	189	2,260	393	176	3,018	14,596	-	14,596	17,614
Postage	284	610	11	2,023	2,928	8,313	-	8,313	11,241
Bank Charges and Interest Expense	386	347	349	347	1,429	4,228	-	4,228	5,657
Bad Debts	29,400	-	-	-	29,400	-	-	-	29,400
Depreciation	30,214	20,142	5,036	25,178	80,570	30,214	-	30,214	110,784
Total Expense	\$ 1,026,850	\$ 936,872	\$ 139,298	\$ 1,123,655	\$ 3,226,675	\$ 462,658	\$ 129,498	\$ 592,156	\$ 3,818,831

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

SPRINGBOARD FOR THE ARTS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 3,608,609	\$ 3,091,161
Investments	4,500,000	2,522,685
Accounts Receivable	190,721	127,753
Grants Receivable	2,515,100	4,212,500
Prepaid Expense	107,818	55,873
Total Current Assets	<u>10,922,248</u>	<u>10,009,972</u>
Grants Receivable	325,002	1,925,788
Property - Net	<u>4,024,919</u>	<u>4,120,403</u>
 TOTAL ASSETS	 <u>\$ 15,272,169</u>	 <u>\$ 16,056,163</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 174,502	\$ 140,716
Accrued Salaries	63,660	189,317
Deferred Revenue	1,501	13,505
Fiscal Sponsorship	1,851,825	1,519,185
Total Current Liabilities	<u>2,091,488</u>	<u>1,862,723</u>
Net Assets:		
Without Donor Restrictions:		
Undesignated	4,268,827	5,773,480
Board Designated	1,975,000	1,329,612
Total Without Donor Restrictions	<u>6,243,827</u>	<u>7,103,092</u>
With Donor Restrictions	<u>6,936,854</u>	<u>7,090,348</u>
Total Net Assets	<u>13,180,681</u>	<u>14,193,440</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 15,272,169</u>	 <u>\$ 16,056,163</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, 2024 AND 2023

	2024	2023
<u>Increase (Decrease) in Cash and Cash Equivalents</u>		
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (1,012,759)	\$ 7,087,715
Depreciation	129,387	110,784
Increases (Decreases) in Operating Liabilities:		
Accounts Payable	33,786	116,622
Accrued Salaries	(125,657)	115,974
Deferred Revenue	(12,004)	3,412
Fiscal Sponsorship	332,640	280,205
Decreases (Increases) in Operating Assets:		
Accounts Receivable	(62,968)	(80,023)
Grants Receivable	3,298,186	(4,635,655)
Prepaid Expense	(51,945)	(8,090)
Security Deposit	-	1,963
Net Cash Provided by Operating Activities	2,528,666	2,992,907
Cash Flows from Investing Activities:		
Purchases of Property	(33,903)	(89,591)
Proceeds from Redemption of Investments	4,522,685	518,753
Purchases of Investments	(6,500,000)	(2,523,931)
Net Cash (Used) by Investing Activities	(2,011,218)	(2,094,769)
Cash Flows from Financing Activities:		
Principal Payments on Notes Payable	-	(497,959)
Net Cash (Used) by Financing Activities	-	(497,959)
Net Increase in Cash and Cash Equivalents	517,448	400,179
Cash and Cash Equivalents - Beginning of Year	3,091,161	2,690,982
Cash and Cash Equivalents - End of Year	\$ 3,608,609	\$ 3,091,161

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

SPRINGBOARD FOR THE ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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 – A program that fosters vibrant, equitable, and inclusive environments by forging vital connections between artists and their communities. Operating both locally and nationally, we collaborate with city governments, neighborhood organizations, private institutions, and community-centric groups to harness artists' power in community development, creative place making, and innovative problem-solving.

Over the past year, our Community Development team has led a range of workshops, activations, and gatherings that engaged local neighborhoods like Frog town and Rondo, as well as rural and urban areas such as the Iron Range, Chicago, and Rapid City. We trained and supported artists in creating community-engaged activities, including short films, music performances, and interactive art projects. We also continued advancing our Guaranteed Basic Income initiatives, focusing on direct cash programs and narrative work that emphasize the role of artists in social and economic justice movements.

In addition to these efforts, we expanded our Artists Respond program, which supports artists in addressing community challenges through creative projects. This year, we added to our Ready Go roster, which connects communities with mobile art tools that encourage interaction and engagement. We also partnered with Project for Pride in Living to develop equitable public engagement strategies, helping neighborhoods envision new possibilities for their community.

Rural Programs –A program that supports rural artists and communities in the Upper Midwest through career development workshops and consultations, a resource center, a visiting artist program and community space in Fergus Falls, a rural artist Fellowship, convenings that support geographic exchange, and customized support for rural leaders interested in collaborating with their creative community.

Our local programs for artists in Otter Tail County focus on direct resources and support, including a resource center and community space in downtown Fergus Falls, an equipment lending library, a guaranteed minimum income program, and ongoing workshops and consultations for artists. These local programs served approximately 215 artists and approximately 3,000 community members in FY24.

SPRINGBOARD FOR THE ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

1. Summary of Significant Accounting Policies (continued)

Organizational Purpose (continued)

Our regional / national programs include the Rural Regenerator Fellowship, supports a cohort of 12 artists across the Upper Midwest with an unrestricted stipend to support their work, learning and exchange; the Rural Futures Summit an annual convening which gathers 150 creative leaders from across the Upper Midwest for 3 days of workshops, art making and celebration; the Falls Community Arts Exchange which brings 8 artists to the Fergus Falls community each year to learn from the local arts and creative community, and deepen their creative practice; and Artists on Main Street, which supports small communities with the tools and resources they need to involve artists and creatives with downtown revitalization. These regional/national programs served approximately 180 artists, 40 rural community leaders, and 1,000 community members in FY24.

Incubator – A program that 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 FY24 we managed revenues for the 204 artist-led projects in the program during that period.

National Programs – Springboard's national work encompasses our virtual technical assistance program, Art-Train, and the Creative Change Coalition.

Launched in April 2021 to address the federal funding opportunity provided through the American Rescue Plan Local Fiscal Recovery Fund, Art-Train has trained nearly 1000 artists and organization & agency practitioners across the nation to date. Art-Train equips practitioners with tools to design and support cross-sector, equity-centered, locally-rooted and culture-based collaborations that address recovery, rebuilding, and ongoing community and economic development.

The Creative Change Coalition is Springboard's newest national program. The Creative Change Coalition is a national coalition of place-based community organizations that center people, creativity, and equity. The coalition includes regular, public, and free technical assistance webinars, field conversations, discussion and connection opportunities for coalition members, as well as additional resources and initiatives aimed at increasing visibility and efficacy of the field of creative, place-based, community informed work.

Economic Opportunity – A program that encompasses professional development resources for artists, economic opportunity programs, access to health and legal resources, and physical resource centers.

In FY24, Springboard 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 opportunity databases. We expanded on our in-person 1:1 TA and monthly Special Topic clinics and developed a curriculum around in-person photo documentary sessions. Our A/V Closet allows artists to check out art technology such as cameras and lights. Springboard has continued their legal referral service, connecting over 100 artists with one-on-one attorney referrals in FY24.

SPRINGBOARD FOR THE ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

1. Summary of Significant Accounting Policies (continued)

Organizational Purpose (continued)

In FY24, Springboard's Professional Development programs served 3,031 individual artists and community members through panels, workshops, legal clinics, and participation at leading local and national conferences. Springboard presented 106+ workshops on business skills for artists and professional development, 1062 individual consultations, and presented at conferences locally and nationally highlighting our content, artist services, and mission. In FY24, Springboard expanded its pool of Artist Career Consultants and Work of Art workshop facilitators to reach broader communities, audiences, and partners. WOA workshops continued the transition from Zoom to hybrid/in-person workshops. We also had an Artist Resource Fair with 25 vendors and had an attendance of 50+ artists.

In FY24, Springboard maintained the Guaranteed Minimum Income pilot of 75 total artists, which includes 50 within the Rondo/Frog town neighborhood and 25 in Otter Tail County, as a way to supplement, rather than replace the existing social safety net and a tool for racial and gender equity.

The Growth Fund continued to expand in FY24, providing \$2,500 to MN artists and creative business owners to help sustain or scale their businesses. This program supported 50 artists.

Within the makers-to-market program, Springboard executed two pop-up markets (Last Minute Gifts and Spring POP!), with an average of 35 makers and vendors and 300 attendees per event.

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 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.

Investments

Springboard carries its investments at market value.

SPRINGBOARD FOR THE ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

1. Summary of Significant Accounting Policies (continued)

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 credit losses has been provided as all accounts receivable are considered collectable.

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.

Property

All major expenditures above \$3,000 for property are capitalized at cost. Depreciation is provided through the use of the straight-line method.

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.

Leases

Springboard determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets may also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. Springboard does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term. All leases are short term leases as of June 30, 2024.

SPRINGBOARD FOR THE ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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 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.

The following provides information about significant changes in deferred revenue for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Deferred Revenue – Beginning of Year	\$ 13,505	\$ 10,093
Decreases due to revenue recognized	(13,505)	(10,093)
Increases due to cash received	<u>1,501</u>	<u>13,505</u>
Deferred Revenue – End of Year	<u>\$ 1,501</u>	<u>\$ 13,505</u>

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).

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, 2024 AND 2023

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 30, 2025, 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. Furthermore, approximately 68% of total grant receivables are from a single granter at year end June 30, 2024.

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

At June 30, 2024 and 2023, 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,			
	2024		2023	
	Cost	Market Value	Cost	Market Value
Certificates of Deposit	<u>\$ 4,500,000</u>	<u>\$ 4,500,000</u>	<u>\$ 2,500,000</u>	<u>\$ 2,522,685</u>

Investment income consisted of interest income on certificates of deposit and other money market savings accounts.

SPRINGBOARD FOR THE ARTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

4. Fair Value of Financial Instruments

Fair value is defined as the price that an organization would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. Various inputs are used in determining the value of investments. The Organization established a three-tier hierarchy of inputs to establish a classification of fair value measurements for disclosure purposes. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

- Level 1 – Quoted prices in active markets for identical investments.
- Level 2 – Other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – Significant unobservable inputs.

The following is a summary of the inputs used to determine the fair value of the investments at:

	June 30, 2024			
	Level 1	Level 2	Level 3	Total
Certificates of Deposit	\$ -	\$ 4,500,000	\$ -	\$ 4,500,000
	June 30, 2023			
	Level 1	Level 2	Level 3	Total
Certificates of Deposit	\$ -	\$ 2,522,685	\$ -	\$ 2,522,685

5. Grants Receivable

Springboard had the following grants receivable as of June 30:

	2024	2023
<u>Due in the Year Ending,</u>		
2024	\$ -	\$ 4,212,500
2025	2,515,100	1,696,985
2026	383,000	383,000
	2,898,100	6,292,485
Less Discount	57,998	154,197
Net Grants Receivable	2,840,102	6,138,288
Current Portion-Net	2,515,100	4,212,500
Long-term Portion-Net	\$ 325,002	\$ 1,925,788

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6. Property

Springboard owned the following property as of:

	<u>June 30,</u>		<u>Estimated Useful Lives</u>
	<u>2024</u>	<u>2023</u>	
Land	\$ 765,000	\$ 765,000	
Building	3,388,648	3,388,648	39 years
Furniture and Equipment	280,320	243,638	5 - 10 years
Leasehold Improvements	<u>6,000</u>	<u>6,000</u>	3 - 10 years
	4,439,968	4,403,286	
Less Accumulated Depreciation	<u>415,049</u>	<u>282,883</u>	
	<u>\$ 4,024,919</u>	<u>\$ 4,120,403</u>	

Depreciation expense of \$129,387 and \$110,784 was recorded for the years ended June 30, 2024 and 2023, respectively.

7. Designated Net Assets

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

	<u>June 30,</u>	
	<u>2024</u>	<u>2023</u>
Operating Reserve	\$ 750,000	\$ 1,329,612
Building and Capital Asset Reserve	675,000	-
Opportunity Reserve	<u>550,000</u>	<u>-</u>
	<u>\$ 1,975,000</u>	<u>\$ 1,329,612</u>

8. Net Assets With Donor Restrictions

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

	<u>June 30,</u>	
	<u>2024</u>	<u>2023</u>
Restrictions that Expire:		
Subject to Expenditures for a Specified Purpose:		
Community Programs	\$ 1,114,917	\$ 746,500
Rural Programs	608,000	745,500
Subject to Expenditures for Future Operations:		
Subsequent Fiscal Years	<u>5,213,937</u>	<u>5,598,348</u>
Total	<u>\$ 6,936,854</u>	<u>\$ 7,090,348</u>

In the year ended June 30, 2024, Springboard determined that restricted rural program funds had been satisfied prematurely. To correct this error, \$480,000 was shifted from 2023 beginning net assets without donor restrictions to 2023 beginning net assets with donor restrictions.

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9. 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.

10. Pension Plan

Springboard maintains a Simple Individual Retirement Account plan that covers those employees who meet eligibility requirements. Employer contributions of \$35,543 and \$27,425 were made for the years ending June 30, 2024 and 2023, respectively.

11. Liquidity and Availability

The following represents the Springboard’s financial assets at:

	June 30,	
	2024	2023
Financial Assets:		
Cash	\$ 3,608,609	\$ 3,091,161
Investments	4,500,000	2,522,685
Accounts Receivable	190,721	127,753
Grants Receivable-Current	<u>2,457,102</u>	<u>4,212,500</u>
Total Financial Assets	10,756,432	9,954,099
Less: Assets Not Available to be Used within One Year:		
Net Assets with Donor Restrictions	6,936,854	7,090,348
Board Designated Funds	1,975,000	1,329,612
Net Assets with Restrictions to be met within a year	<u>(6,135,464)</u>	<u>(3,187,879)</u>
Total Assets Not Available for General Expenditures Within One Year	<u>2,776,390</u>	<u>5,232,081</u>
Financial Assets Available for General Expenditures Within One Year	<u>\$ 7,980,042</u>	<u>\$ 4,722,018</u>

Springboard’s Board Designated Funds are 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.