

# **Springboard for the Arts**

St. Paul, Minnesota

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Financial Statements  
Auditor's Report  
For the Years Ended  
June 30, 2023 and 2022



**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, 2023 and 2022, 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, 2023 and 2022, 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, Ewert and Associates, LLP*  
Certified Public Accountants

Minneapolis, Minnesota  
January 17, 2024

SPRINGBOARD FOR THE ARTS  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

|   | 2023                          |                            |                      | 2022                          |                            |                     |
|---|-------------------------------|----------------------------|----------------------|-------------------------------|----------------------------|---------------------|
|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total                | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
| <b>Support and Revenue:</b>                   |                               |                            |                      |                               |                            |                     |
| Contributions of Financial Assets             | \$ 1,396,456                  | \$ 8,672,803               | \$ 10,069,259        | \$ 971,659                    | \$ 200,455                 | \$ 1,172,114        |
| Government Grants                             | 91,916                        | 20,000                     | 111,916              | 97,200                        | 124,298                    | 221,498             |
| Program Fees                                  | 653,601                       | -                          | 653,601              | 341,554                       | -                          | 341,554             |
| Investment Income                             | 42,093                        | -                          | 42,093               | 2,206                         | -                          | 2,206               |
| Other Income                                  | 29,677                        | -                          | 29,677               | 20,753                        | -                          | 20,753              |
| <b>Net Assets Released from Restrictions:</b> |                               |                            |                      |                               |                            |                     |
| Satisfaction of Time Restrictions             | 2,187,455                     | (2,187,455)                | -                    | 107,500                       | (107,500)                  | -                   |
| Satisfaction of Purpose Restrictions          | 896,385                       | (896,385)                  | -                    | 2,106,023                     | (2,106,023)                | -                   |
| Satisfaction of Capital Restrictions          | 218,500                       | (218,500)                  | -                    | 70,000                        | (70,000)                   | -                   |
| <b>Total Support and Revenue</b>              | <b>5,516,083</b>              | <b>5,390,463</b>           | <b>10,906,546</b>    | <b>3,716,895</b>              | <b>(1,958,770)</b>         | <b>1,758,125</b>    |
| <b>Expense:</b>                               |                               |                            |                      |                               |                            |                     |
| <b>Program Services:</b>                      |                               |                            |                      |                               |                            |                     |
| Community Development                         | 1,026,850                     | -                          | 1,026,850            | 863,715                       | -                          | 863,715             |
| Rural Programs                                | 936,872                       | -                          | 936,872              | 669,452                       | -                          | 669,452             |
| Incubator                                     | 139,298                       | -                          | 139,298              | 124,637                       | -                          | 124,637             |
| Economic Opportunity                          | 1,123,655                     | -                          | 1,123,655            | 1,032,115                     | -                          | 1,032,115           |
| <b>Total Program Services</b>                 | <b>3,226,675</b>              | <b>-</b>                   | <b>3,226,675</b>     | <b>2,689,919</b>              | <b>-</b>                   | <b>2,689,919</b>    |
| <b>Support Services:</b>                      |                               |                            |                      |                               |                            |                     |
| Management and General                        | 462,658                       | -                          | 462,658              | 503,240                       | -                          | 503,240             |
| Fundraising                                   | 129,498                       | -                          | 129,498              | 87,180                        | -                          | 87,180              |
| <b>Total Support Services</b>                 | <b>592,156</b>                | <b>-</b>                   | <b>592,156</b>       | <b>590,420</b>                | <b>-</b>                   | <b>590,420</b>      |
| <b>Total Expense</b>                          | <b>3,818,831</b>              | <b>-</b>                   | <b>3,818,831</b>     | <b>3,280,339</b>              | <b>-</b>                   | <b>3,280,339</b>    |
| <b>Change in Net Assets</b>                   | <b>1,697,252</b>              | <b>5,390,463</b>           | <b>7,087,715</b>     | <b>436,556</b>                | <b>(1,958,770)</b>         | <b>(1,522,214)</b>  |
| <b>Net Assets - Beginning of Year</b>         | <b>5,885,840</b>              | <b>1,219,885</b>           | <b>7,105,725</b>     | <b>5,449,284</b>              | <b>3,178,655</b>           | <b>8,627,939</b>    |
| <b>Net Assets - End of Year</b>               | <b>\$ 7,583,092</b>           | <b>\$ 6,610,348</b>        | <b>\$ 14,193,440</b> | <b>\$ 5,885,840</b>           | <b>\$ 1,219,885</b>        | <b>\$ 7,105,725</b> |

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, 2023 WITH COMPARATIVE TOTALS FOR 2022**

|                                   | 2023                     |                   |            |                         |                              |                           |             |                              | 2022                     |                          |
|-----------------------------------|--------------------------|-------------------|------------|-------------------------|------------------------------|---------------------------|-------------|------------------------------|--------------------------|--------------------------|
|                                   | Program Services         |                   |            |                         | Total<br>Program<br>Services | Support Services          |             |                              | Total<br>All<br>Services | Total<br>All<br>Services |
|                                   | Community<br>Development | Rural<br>Programs | Incubator  | Economic<br>Opportunity |                              | Management<br>and General | Fundraising | Total<br>Support<br>Services |                          |                          |
| Salaries                          | \$ 405,077               | \$ 318,849        | \$ 88,225  | \$ 464,394              | \$ 1,276,545                 | \$ 168,052                | \$ 104,046  | \$ 272,098                   | \$ 1,548,643             | \$ 1,330,381             |
| Employee Benefits                 | 47,878                   | 38,255            | 9,902      | 54,296                  | 150,331                      | 10,687                    | 8,475       | 19,162                       | 169,493                  | 159,063                  |
| Payroll Taxes                     | 28,685                   | 22,978            | 5,948      | 32,612                  | 90,223                       | 7,138                     | 5,124       | 12,262                       | 102,485                  | 94,153                   |
| Total Personnel Costs             | 481,640                  | 380,082           | 104,075    | 551,302                 | 1,517,099                    | 185,877                   | 117,645     | 303,522                      | 1,820,621                | 1,583,597                |
| Professional Services             | 310,105                  | 195,902           | 14,806     | 193,301                 | 714,114                      | 69,388                    | 5,411       | 74,799                       | 788,913                  | 677,435                  |
| Grant Expense                     | -                        | 120,430           | 1,000      | 281,750                 | 403,180                      | -                         | -           | -                            | 403,180                  | 431,500                  |
| Travel and Mileage                | 47,959                   | 86,951            | 1,516      | 14,418                  | 150,844                      | 1,018                     | -           | 1,018                        | 151,862                  | 79,446                   |
| Hospitality                       | 58,427                   | 50,719            | 18         | 2,268                   | 111,432                      | 13,025                    | -           | 13,025                       | 124,457                  | 53,346                   |
| Occupancy                         | 18,227                   | 35,619            | 3,878      | 7,682                   | 65,406                       | 14,221                    | -           | 14,221                       | 79,627                   | 87,265                   |
| Telephone and Internet            | 16,934                   | 10,856            | 2,540      | 13,024                  | 43,354                       | 24,516                    | 5,732       | 30,248                       | 73,602                   | 39,666                   |
| Supplies                          | 18,803                   | 19,225            | 480        | 10,928                  | 49,436                       | 19,311                    | -           | 19,311                       | 68,747                   | 54,618                   |
| Printing and Copying              | 3,706                    | 6,764             | 82         | 11,641                  | 22,193                       | 26,198                    | 710         | 26,908                       | 49,101                   | 33,214                   |
| Miscellaneous                     | 6,091                    | 1,075             | 3,750      | 4,928                   | 15,844                       | 31,815                    | -           | 31,815                       | 47,659                   | 70,991                   |
| Bad Debts                         | 29,400                   | -                 | -          | -                       | 29,400                       | -                         | -           | -                            | 29,400                   | -                        |
| Professional Development          | 189                      | 2,260             | 393        | 176                     | 3,018                        | 14,596                    | -           | 14,596                       | 17,614                   | 15,174                   |
| Advertising and Marketing         | 1,258                    | 4,123             | -          | 3,325                   | 8,706                        | 8,520                     | -           | 8,520                        | 17,226                   | 15,197                   |
| Insurance                         | 1,364                    | 1,364             | 1,364      | 1,364                   | 5,456                        | 11,418                    | -           | 11,418                       | 16,874                   | 10,671                   |
| Postage                           | 284                      | 610               | 11         | 2,023                   | 2,928                        | 8,313                     | -           | 8,313                        | 11,241                   | 11,742                   |
| Bank Charges and Interest Expense | 386                      | 347               | 349        | 347                     | 1,429                        | 4,228                     | -           | 4,228                        | 5,657                    | 2,753                    |
| Equipment Repairs and Maintenance | 1,863                    | 403               | -          | -                       | 2,266                        | -                         | -           | -                            | 2,266                    | 1,610                    |
| Depreciation                      | 30,214                   | 20,142            | 5,036      | 25,178                  | 80,570                       | 30,214                    | -           | 30,214                       | 110,784                  | 112,114                  |
| Total Expense                     | \$ 1,026,850             | \$ 936,872        | \$ 139,298 | \$ 1,123,655            | \$ 3,226,675                 | \$ 462,658                | \$ 129,498  | \$ 592,156                   | \$ 3,818,831             | \$ 3,280,339             |

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, 2022

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

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

SPRINGBOARD FOR THE ARTS  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2023 AND 2022

| <u>ASSETS</u>                                 | <u>2023</u>          | <u>2022</u>         |
|---|----------------------|---------------------|
| Current Assets:                               |                      |                     |
| Cash and Cash Equivalents                     | \$ 3,091,161         | \$ 2,690,982        |
| Investments                                   | 2,522,685            | 412,318             |
| Accounts Receivable                           | 127,753              | 47,730              |
| Grants Receivable- Non Capital Campaign       | 3,770,000            | 647,678             |
| Grants Receivable - Capital Campaign          | 442,500              | 442,500             |
| Prepaid Expense                               | 55,873               | 47,783              |
| Total Current Assets                          | <u>10,009,972</u>    | <u>4,288,991</u>    |
| Noncurrent Assets:                            |                      |                     |
| Grants Receivable- Non Capital Campaign - Net | 1,925,788            | 363,711             |
| Grants Receivable - Capital Campaign - Net    | -                    | 48,744              |
| Investments                                   | -                    | 105,189             |
| Property - Net                                | 4,120,403            | 4,141,596           |
| Security Deposit                              | -                    | 1,963               |
| TOTAL ASSETS                                  | <u>\$ 16,056,163</u> | <u>\$ 8,950,194</u> |
| <u>LIABILITIES AND NET ASSETS</u>             |                      |                     |
| Current Liabilities:                          |                      |                     |
| Accounts Payable                              | \$ 140,716           | \$ 24,094           |
| Notes Payable - Current Portion               | -                    | 68,256              |
| Accrued Salaries                              | 189,317              | 73,343              |
| Deferred Revenue                              | 13,505               | 10,093              |
| Fiscal Sponsorship                            | 1,519,185            | 1,238,980           |
| Total Current Liabilities                     | <u>1,862,723</u>     | <u>1,414,766</u>    |
| Note Payable - Long Term Portion              | <u>-</u>             | <u>429,703</u>      |
| TOTAL LIABILITIES                             | 1,862,723            | 1,844,469           |
| Net Assets:                                   |                      |                     |
| Without Donor Restrictions:                   |                      |                     |
| Undesignated                                  | 6,253,480            | 4,556,228           |
| Board Designated                              | 1,329,612            | 1,329,612           |
| Total Without Donor Restrictions              | <u>7,583,092</u>     | <u>5,885,840</u>    |
| With Donor Restrictions                       | <u>6,610,348</u>     | <u>1,219,885</u>    |
| Total Net Assets                              | <u>14,193,440</u>    | <u>7,105,725</u>    |
| TOTAL LIABILITIES AND NET ASSETS              | <u>\$ 16,056,163</u> | <u>\$ 8,950,194</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, 2023 AND 2022

|  | 2023         | 2022           |
|--|--------------|----------------|
| <u>Increase (Decrease) in Cash and Cash Equivalents</u>  |              |                |
| Cash Flows from Operating Activities:                    |              |                |
| Change in Net Assets                                     | \$ 7,087,715 | \$ (1,522,214) |
| Total Adjustments  | (4,094,808)  | 660,525        |
| Net Cash Provided (Used) by Operating Activities         | 2,992,907    | (861,689)      |
| Cash Flows from Investing Activities:                    |              |                |
| Purchases of Property                                    | (89,591)     | (8,535)        |
| Proceeds from Sale of Investments                        | 518,753      | 104,665        |
| Purchases of Investments                                 | (2,523,931)  | (106,804)      |
| Net Cash (Used) by Investing Activities                  | (2,094,769)  | (10,674)       |
| Cash Flows from Financing Activities:                    |              |                |
| Proceeds from the Issuance of Notes Payable              | -            | 504,148        |
| Principal Payments on Notes Payable                      | (497,959)    | (1,030,577)    |
| Proceeds from Capital Campaign Contributions             | -            | 231,381        |
| Net Cash (Used) by Financing Activities                  | (497,959)    | (295,048)      |
| Net Increase (Decrease) in Cash                          | 400,179      | (1,167,411)    |
| Cash and Cash Equivalents - Beginning of Year            | 2,690,982    | 3,858,393      |
| Cash and Cash Equivalents - End of Year                  | \$ 3,091,161 | \$ 2,690,982   |
| <u>Supplemental Disclosures of Cash Flow Information</u> |              |                |
| Cash Paid For:   |              |                |
| Interest   | \$ 11,751    | \$ 27,833      |

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

SPRINGBOARD FOR THE ARTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

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 is a means for fostering vibrant, equitable, and inclusive environments by forging vital connections between artists and their communities. Operating both locally and nationally, we collaborate with a diverse array of partners, including city governments, neighborhood organizations, private institutions, and community centric groups committed to harnessing the power of artists in the realms of community development, creative placemaking, and innovative problem-solving. In collaboration with Racing Magpie, our Community Development team is concluding the third year of its stewardship of the Creative Community Leadership Institute (CCLI). CCLI represents an immersive and versatile program that seamlessly blends in-person and virtual elements, providing a transformative experience for artists, culture bearers, community organizers, development practitioners, and other visionary leaders dedicated to deepening their impact in creative community building. Additionally, in the fiscal year 2023, our Community Development program extended its support to over 30 artists, enabling them to activate our new Saint Paul space through a diverse array of engaging activities, including film premieres, community art creation, concerts, dance workshops, drum circles, and more. Over the past year, our Community Development team has orchestrated an array of workshops, activations, and gatherings. These initiatives have reverberated throughout our local neighborhoods in Frogtown and Rondo, as well as in rural landscapes like the Iron Range and Central Minnesota. We have also had the privilege of taking our expertise and vision to other cities, including Chicago, Baton Rouge, and Pittsburgh, where we were invited to share our approach, one that recognizes Artists as Essential to the vitality and well-being of communities at large.

Incubator – Springboard for the Arts' Incubator: A Fiscal Sponsorship Program provides fiscal sponsorship for arts groups and individual artist projects that do not want (or are not ready) to become tax-exempt nonprofit organizations. In fiscal year 2023 we managed revenues for the 207 artist-led projects in the program during that period.

SPRINGBOARD FOR THE ARTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

1. Summary of Significant Accounting Policies (continued)

Organizational Purpose (continued)

Rural Programs – The Fergus Falls office provides ongoing professional training and consultations, a resource center, legal and healthcare resources. The Rural Regenerator Fellowship supports long term learning and exchange across rural geographies and provides financial support to creative rural leaders so they can think big as they grow, shift or expand their leadership efforts. Beginning in October 2021, the Rural Regenerator Fellowship has supported 33 rural artists and creatives by awarding financial support, gathering with rural organizers and other cross-sector leaders for learning, exchange, and problem solving around issues facing rural communities. In June 2023, the first Rural Futures Summit was hosted in Fergus Falls, MN. 100 rural artists from across the Upper Midwest gathered for this event to celebrate the ideas and work of Springboard’s Rural Regenerator Fellows, while expanding the peer network of learning and ideas to other rural creative change makers in the Upper Midwest. Our goal is to provide space to develop regional collaborations and solidarity around rural-specific challenges and opportunities, and to amplify and celebrate the contributions of rural artists to creating and imagining a more just and equitable world. All participants were supported with travel stipends, lodging accommodations, and meals. The Rural Futures Residency is a hybrid artist residency and cultural tourism program that supports long term community visions and goals in Fergus Falls, MN. Our goals are to, bring new attention to, and elevate, key community assets and cultural infrastructure, inject energy, resources, activity, people, and enthusiasm into Fergus Falls’ downtown and local businesses, implement a new cross-sector vision for Springboard’s successful rural artist residency program, and raise the visibility of Fergus Falls as an Upper Midwest hub for rural artistic development.

Economic Opportunity – Springboard for the Arts’ Economic Opportunity programming encompasses professional development resources for artists, economic opportunity programs, access to health and legal resources, and physical Resource Centers. In FY23 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. Special topic clinics were also introduced with in-person 1:1 TA consultations during lab hours. Our A/V Closet allows artists to check out art technology such as cameras and lights. We’ve continued our legal referral service, connecting over 100 artists with one-on-one attorney referrals in FY23. Springboard for the Arts’ Professional Development programs served 2,209 individual artists and community members through panels, workshops, legal clinics, and participation at local and nationally leading conferences. Springboard for the Arts’ presented: 90+ workshops on business skills for artists and professional development, 533 individual consultations, and presented at conferences locally and nationally highlighting our content, artist services, and mission. Springboard for the Arts’ continued to expand its pool of Artist Career Consultants and Work of Art workshop facilitators to reach broader communities, audiences, and partners. WOA workshops started the transition from Zoom to hybrid/in-person workshops. Springboard for the Arts’ expanded the Guaranteed Minimum Income pilot to include 75 total artists, which includes 50 within the Rondo/Frogstown 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 pilot was also launched in FY23, as a way to support MN artists and creative business owners with \$2,500 to help sustain or scale their business. 16 artists were supported in this pilot program.

SPRINGBOARD FOR THE ARTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

1. Summary of Significant Accounting Policies (continued)

Organizational Purpose (continued)

Within the makers-to-market program, Springboard launched 3 pop-up markets (Last Minute Gifts, SpringPOP!, and Celebrate Little Mekong) with an average of 35 makers and vendors and 300 in attendance 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 and reported in the statement of activities as net assets released from restrictions.

New Accounting Pronouncement

In the year ended June 30, 2023, Springboard adopted Accounting Standards Update (ASU) No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. Springboard elected not to restate the comparative period (2022). It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases.

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, 2023 AND 2022

1. Summary of Significant Accounting Policies (continued)

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. Operating lease expense is recognized on a straight-line basis over the lease term. Springboard does not report ROU assets and lease 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. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended June 30, 2023.

Investments

Investments consist of certificates of deposit and are carried at fair market value. Springboard has 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.

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 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.

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, 2023 AND 2022

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 contributions of nonfinancial assets at fair market value at date of donation. Springboard’s policy related to contributions of nonfinancial assets is to utilize the assets given to carry out the mission of the organization. If an asset is provide 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.

The following provides information about significant changes in deferred revenue for the years ended June 30, 2023 and 2022:

|   | <u>2023</u>      | <u>2022</u>      |
|---|------------------|------------------|
| Deferred Revenue – Beginning of Year  | \$ 10,093        | \$ 5,537         |
| Revenue recognized that was included in deferred revenue at the beginning of the year | (10,093)         | (5,537)          |
| Increases in deferred revenue due to cash received during the year                    | <u>13,505</u>    | <u>10,093</u>    |
| Deferred Revenue – End of Year  | <u>\$ 13,505</u> | <u>\$ 10,093</u> |

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.

SPRINGBOARD FOR THE ARTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

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).

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.

Subsequent Events

Springboard has evaluated the effect that subsequent events would have on the financial statements through January 17, 2024, 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, 2023 and 2022, Springboard held funds at a local financial institution in excess of federally insured limits.

**SPRINGBOARD FOR THE ARTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

3. **Grants Receivable**

Springboard had the following grants receivable as of:

|  | <u>June 30,</u>     |                   |
|--|---------------------|-------------------|
|  | <u>2023</u>         | <u>2022</u>       |
| Portion Due Within One Year            | \$ 4,212,500        | \$ 1,090,178      |
| Portion Due Within Two and Three Years | <u>2,079,985</u>    | <u>425,000</u>    |
| Total Grants Receivable                | 6,292,485           | 1,515,178         |
| Less Discount                          | <u>154,197</u>      | <u>12,545</u>     |
| Net Grants Receivable                  | 6,138,288           | 1,502,633         |
| Current Portion-Net                    | <u>4,212,500</u>    | <u>1,090,178</u>  |
| Long-term Portion-Net                  | <u>\$ 1,925,788</u> | <u>\$ 412,455</u> |

4. **Property and Equipment**

Springboard owned the following property and equipment as of:

|                               | <u>June 30,</u>     |                     |                               |
|-------------------------------|---------------------|---------------------|-------------------------------|
|                               | <u>2023</u>         | <u>2022</u>         | <u>Estimated Useful Lives</u> |
| Land                          | \$ 765,000          | \$ 765,000          | -                             |
| Building                      | 3,388,648           | 3,388,648           | 39 years                      |
| Furniture and Equipment       | 243,638             | 154,048             | 5 - 10 years                  |
| Leasehold Improvements        | <u>6,000</u>        | <u>6,000</u>        | 3 - 10 years                  |
|                               | 4,403,286           | 4,313,696           |                               |
| Less Accumulated Depreciation | <u>282,883</u>      | <u>172,100</u>      |                               |
|                               | <u>\$ 4,120,403</u> | <u>\$ 4,141,596</u> |                               |

Depreciation expense of \$110,784 and \$112,114 was recorded for the years ended June 30, 2023 and 2022, respectively.

5. **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.

6. **Pension Plan**

Springboard maintains a Simple Individual Retirement Account plan that covers those employees who meet eligibility requirements. Employer contributions of \$27,425 and \$29,655 were made for the years ending June 30, 2023 and 2022, respectively.



SPRINGBOARD FOR THE ARTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

7. Notes Payable

The breakdown of notes payable is as follows:

|   | June 30,    |                   |
|---|-------------|-------------------|
|   | 2023        | 2022              |
| 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. The note was paid in full in February 2023. | \$ -        | \$ 472,959        |
| 0% Note Payable to LISC with an original maturity of January 2020. The loan was forgiven in November 2022.  | -           | 25,000            |
| Less Portion Due Within One (1) Year  | -           | 68,256            |
| Long-term Portion   | <u>\$ -</u> | <u>\$ 429,703</u> |

8. Designated Net Assets

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

|                   | June 30,            |                     |
|-------------------|---------------------|---------------------|
|                   | 2023                | 2022                |
| Cash Reserve Fund | <u>\$ 1,329,612</u> | <u>\$ 1,329,612</u> |

9. Net Assets With Donor Restrictions

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

|  | June 30,            |                     |
|--|---------------------|---------------------|
|  | 2023                | 2022                |
| Restrictions that Expire:                        |                     |                     |
| Subject to Expenditures for a Specified Purpose: |                     |                     |
| Community Programs                               | \$ 746,500          | \$ 422,430          |
| Rural Programs                                   | 265,500             | 765,455             |
| Art Fellowships                                  | -                   | 32,000              |
| Subject to Expenditures for Future Operations:   |                     |                     |
| Subsequent Fiscal Years                          | <u>5,598,348</u>    | -                   |
| Total  | <u>\$ 6,610,348</u> | <u>\$ 1,219,885</u> |

SPRINGBOARD FOR THE ARTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

10. Liquidity and Availability

The following represents the Springboard's financial assets at:

|  | June 30,            |                     |
|--|---------------------|---------------------|
|  | 2023                | 2022                |
| Financial Assets:  |                     |                     |
| Cash   | \$ 3,091,161        | \$ 2,690,982        |
| Investments  | 2,522,685           | 412,318             |
| Accounts Receivable  | 127,753             | 47,730              |
| Grants Receivable  | <u>4,212,500</u>    | <u>1,090,178</u>    |
| Total Financial Assets   | 9,954,099           | 4,241,208           |
| Less: Assets Not Available to be Used Within One Year:                 |                     |                     |
| Net Assets with Donor Restrictions                                     | 6,610,348           | 1,219,885           |
| Board Designated – Cash Reserve Fund                                   | 2,716,061           | 1,329,612           |
| Net Assets with Restrictions to be met within a year                   | <u>(3,187,879)</u>  | <u>(1,205,885)</u>  |
| Total Assets Not Available for General Expenditures<br>Within One Year | <u>6,138,530</u>    | <u>1,344,612</u>    |
| Financial Assets Available for General Expenditures<br>Within One Year | <u>\$ 3,815,569</u> | <u>\$ 2,896,596</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.

11. Cash Flow Operating Adjustments

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

|   | June 30,              |                   |
|---|-----------------------|-------------------|
|   | 2023                  | 2022              |
| Depreciation                                  | \$ 110,784            | \$ 112,114        |
| Gain on Disposal of Property                  | -                     | 3,800             |
| Grant Receivable                              | (1,513,333)           | 437,919           |
| Security Deposit                              | 1,963                 | -                 |
| Increases (Decreases) in Current Liabilities: |                       |                   |
| Accounts Payable                              | 116,622               | (179,684)         |
| Accrued Salaries                              | 115,974               | 36,711            |
| Deferred Revenue                              | 3,412                 | 4,556             |
| Fiscal Sponsorship                            | 280,205               | (52,639)          |
| Decreases (Increases) in Current Assets:      |                       |                   |
| Accounts Receivable                           | (80,023)              | (4,088)           |
| Grants Receivable                             | (3,122,322)           | 299,132           |
| Prepaid Expense                               | <u>(8,090)</u>        | <u>2,704</u>      |
| Total Adjustments                             | <u>\$ (4,094,808)</u> | <u>\$ 660,525</u> |