

The Arts Partnership
of the Red River Valley
Fargo, ND

Annual Review

Year ended June 30, 2021

Report of Review

I have reviewed the documents for The Arts Partnership of the Red Valley, (TAP).

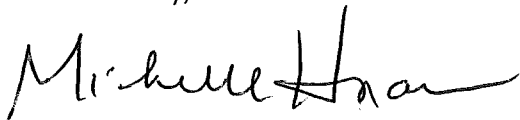
Management's responsibility is to present financial statements and management has presented all the information needed to complete the review.

It is my responsibility to gather documents from management. I have obtained for my review the general ledger, profit and loss comparison, balance sheet comparison, 2020 990 tax return, bank statements showing all deposits, receipts of expenses, financial and accounting policies revised 9-1-2021, and an updated board members listing.

Financial and accounting policies are being followed and reviewed periodically with updates and changes being implement timely as needed.

In my opinion, all reporting is cohesive and reflect the same amounts of assets, liabilities, income, and expenses which reflect in the financial statements. The 990-Return of Organization Exempt from Income Tax, was submitted on time.

As of today, I have no concerns.

A handwritten signature in black ink that reads "Michelle Horan". The signature is written in a cursive style with a long, sweeping underline.

Michelle Horan, EA
Sandy's Tax Service Inc.
January 15, 2022

The Arts Partnership of the Red River Valley

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The Arts Partnership of the Red River Valley

List of Board Members

Officers

Linda Boyd, Chair

Shelley Szudera, Vice Chair

Noah Ford-Dunker, Treasurer

Melissa Tomlinson, Secretary

Directors

Earnest Lamb

Dan Leeaphon

Christi McGeorge

Scott Seiler

Shyla Thompson

Report of Assets, Liabilities and Net Assets

Assets	2021	2020
Cash In Bank	12,699	31,064
Petty Cash		200
Investments and Savings	383,272	295,466
Accounts Receivable	10,800	28,297
Other Current Assets	23,208	28,088
Equipment and Depreciation	0	176
Other Assets	2,884	2,708
Total Assets	432,863	386,000
Liabilities	2021	2020
Accounts payable	970	996
Payroll Tax	590	564
SBA PPP Loan	46,807	40,781
Current Liabilities	425	42,616
Total Liabilites	49,150	84,957
Total Equity	383,713	343,384
WITHOUT donor restrictions	383,713	343,384
Total Assets and Liabilities	432,863	386,000

Report of Activities

	2021	2020
Local Government Grants	120,529	134,079
State Government Grants	30,158	16,516
Other Government funding	-	1,682
Foundation Grants	76,000	36,500
CSA Program	17,395	15,100
ArtWORKS	23,875	23,513
Other Program Income	618	3,264
Business Donations	88,418	88,445
Individual Donations	57,196	95,383
Fundraising Events	18,750	4,044
Primary Arts Partner Dues	12,010	14,275
Apitude Rental	(7,438)	5,570
Advertising Sales	150	4,378
Merchandise (Net)	520	875
COGS	(164)	(1,230)
Administrative Income	2,646	8,389
In Kind Income	8,750	8,625
Release from donor designated fund	5,079	-
Release from reserve funds	51,768	-
Other Income	4,056	5,987
Total Income	510,316	465,395
Disbursements	-	-
Program Expense	359,189	341,814
General	87,322	76,100
Fundraising Expense	64,256	59,615
Begining of year	386,000	327,971
End of year	432,863	386,000

Report of Functional Expense

	Admin	Program	Fundraising		2021	2020
Salary	35,009	143,008	43,200		221,217	198,740
Payroll Taxes	2,709	11,067	3,343		17,119	15,610
Benefits	1,464	5,982	1,807		9,253	8,944
Grants - Organizations		99,050			99,050	115,370
Grants - Artists		25,700			25,700	17,350
Artist Stipends	20,630	1,500	0		22,130	15,575
Professional Fees	9,597	2,057	2,057		13,710	7,286
Consultants	0	7,800	0		7,800	5,063
Freelance Hires	0	6,408	0		6,408	6,397
Professional Development	545	45	173		763	602
Travel		75			75	1,627
Marketing/Printing	24	14,386	1,148		15,558	12,043
Venue Rental	0	2,800	4,000		6,800	5,175
Catering & Expenses	167	3,000	1,422		4,589	5,075
Development-Fundraising			1,020		1,020	3,860
Rent	3,262	2,372	297		5,931	7,820
Insurance	2,802	1,500	0		4,302	4,147
In Kind	0	3,750	5,000		8,750	8,625
Office Expense	6,666	1,777	444		8,887	5,069
Electronic Subscriptions	205	958	205		1,368	3,637
Dues, Fees	1,414	467	0		1,881	2,574
Telephone	2,111	563	141		2,815	3,026
Other Expense	717	24,924	0		25,642	23,915
Total	87,322	359,189	64,256		510,768	477,530

The Arts Partnership of the Red River Valley

Notes to reporting,

1. Description of organization

The Arts Partnership of the Red River Valley (TAP) is a nonprofit corporation established for the purpose of providing leadership and support to the local cultural arts. The major funding sources for TAP are grants, contribution from business and individuals, and program revenues.

2. Significant Accounting Policies

TAP maintains its records on the modified cash basis of accounting. Under this method of accounting, revenues and related assets are recorded when received rather than when earned or received and expenses are recorded when the obligation is paid. This differs from generally accepted accounting principles in that revenues are to be recorded when earned rather than when received and expenses recorded when incurred rather than when paid.

Income Tax

TAP is incorporated exempt from federal income taxation under section 501 (c) (3) of the Internal Revenue Code (IRC) though it would be subject to tax on income unrelated to its exempt purposes (unless otherwise exempted by the IRC). The tax year of 2021, 2020, 2019 are still open to audit for federal purposes. Contributions to TAP are tax deductible to donors under section 170 of the IRC. TAP is not classified as a private foundation.

Property and Equipment

Land, buildings, and equipment are reported in the balance sheet at cost, if purchased, and at fair value at the date of donation, if donated. All land, equipment, and buildings are capitalized. Equipment is capitalized if it has a cost of \$1,000 or more and a useful life when acquired of more than one year. Repairs and maintenance that do not significantly increase the useful life of the assets are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the asset as follow:

Buildings and improvement	40 years
Leasehold improvements	5-20 year
Equipment	3-15 years

Cash and Cash Equivalents

Cash equivalents are short-term interest-bearing highly liquid investments with original maturities of three months or less unless the investments are held for meeting restrictions of a capital or endowment nature.

Grant Revenue

TAP records income from grants in the period designated by the grants or when they have incurred expenditures in compliance with the restrictions of the grantor.

Net Assets

TAP is required to report information regarding its financial position and activities according to two classes, net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions- Net assets that are not subject to donor - imposed stipulations. Net assets without donor restrictions include: unrestricted resources and are subject to self-imposed limits by action of the governing board. Board-designated net assets may be earmarked for future programs, investment, contingencies, purchase of construction of fixed assets, or other uses. The governing board may delegate designation decisions to internal management. Such designations are considered to be include in board-designated assets.

Net assets with donor restrictions- net assets with donor restrictions represent net assets resulting from contributions and other inflows of assets whose use by TAP is limited by donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature, stipulating those resources used after a specified date, for programs or services, or to acquire building or equipment. Other donors impose restrictions that are perpetual in nature, stipulating those resources be maintained in perpetuity. Laws may extend those limits to investment return from those resources and to the other enhancements (diminishments) of those resources. Thus, those laws extend donor-imposed restrictions.

Advertising Cost

Advertising costs are expensed and incurred.

Accounting Estimates

The preparation of financial statement requires management to make estimates and assumptions that affect certain reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statement. On an ongoing basis, TAP management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances; however, the actual results could differ from those estimates.

Contributions

Contributions received are recorded as with or without donor restrictions depending on the existence and/or nature of any donor restrictions. With donor restrictions net assets are reclassified to without donor resections upon satisfaction of the time or purpose restrictions.

Promise to give

We record unconditional promises to give that are expected to be collected within one year a net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk- adjusted discount rates designed to reflect the assumptions market participants would use in pricing the assets. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. We determine the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible.

Revenue and revenue recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursement contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are included, respectively. Contributions are recognized when cash, securities other assets, an unconditional promise to give or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been

substantially met.

Donated materials, facilities, land, and services

TAP periodically receives contributions in the form other than cash and investment. If TAP receives a contribution of land, buildings, or equipment the contributed asset is recognized as an asset at its estimated fair value at the date of the gift, provided that the value of the asset and its estimated useful life meets TAP capitalization policy.

Donated use of facilities is reported as contribution and expense at the estimated fair value for rent under similar circumstances. Donated supplies are recorded as contribution at the date of the gift and is expensed when the donated item is placed into service or distributed.

TAP benefits from personal services provided by a substantial number of volunteers.

Those volunteers have donated significant amount of time and service to TAP.

However, the majority of the contributed services do not meet the criteria for recognition in the reports. GAAP allow for recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the service would have been purchased if not provided by the contribution, required specialized skills, and are provided by individuals possessing those skills.

Fair Value Measurement

TAP reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy established by GAAP, requires that entities maximize the use of observable inputs and maximize the use of unobservable inputs when measuring fair value.

The three levels of inputs used to measure fair value are as the follow:

Level 1 Quoted market prices in active market for identical assets or liabilities

Level 2 Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3 Unobservable inputs that are not corroborated by market data.

Assets whose use is limited

Assets limited as to use include designated assets set aside by the Board of Directors for future capital improvements and debt retirement as well as donor-restricted pledges and endowment funds. The board retains control of the board-designated funds and may at its discretion subsequently use for other purposes.

Functional Expenses

The cost of providing TAP's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional activities. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated amount the various functions benefited. General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for overall support and direction of TAP.

Fundraising costs are expensed as incurred, even though they may result in contributions receive in future years. TAP generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which is does, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for cost of activities that include fundraising. Additionally, advertising costs are expenses as incurred.

3. Fair Value Measurements

TAP reports its fair value measured using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measure fair. The three level of inputs used to measure fair value are as follows:

Level 1 quoted prices for identical assets or liabilities in active markets to which TAP has access at the measurement date.

Level 2 inputs, other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Includes quoted prices for similar assets or liabilities in active markets. Quoted prices for identical or similar assets in market that are not active. Observable inputs other than quoted prices for the asset or liability and inputs derived principally from or corroborated by observable market data by correlation by or by other means.

Level 3 unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent of at observable inputs are not available.

When available, TAP measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. However, level 1 inputs are not available for all the assets and liabilities that the organization is required to measure at fair value (for example in kind contributions.)

The primary uses of fair value measure in TAPS reporting are initial measurement of noncash gifts and recurring measurement of short-term investments.

4. Investment

TAP uses the following ways to determine the fair value of its investments:

Money market funds: Determined by the published net asset value per unit at the end of the last trading day of the year, which is the basis of transactions at the date.

5. Investment Income

Investment incomes consist of interest and dividends, realized gains or losses unrealized gains or losses.

6. Fixed assets

Fixed assets are summarized by classification:

- a. Equipment
- b. Less accumulated depreciation
- c. Fixed assts net

7. Concentrations of risk

Amounts held in financial institutions occasionally are more than the federal deposit insurance corporation and securities investor protection corporation limits. TAP deposits its cash with high quality financial institution and management believe TAP is not exposed to significant credit risk on those amounts.

8. Subsequent events

Subsequent events have been evaluated through September 30, 2021, which is the date the reports were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in reports would be required.