

The Arts Partnership
of the Red River Valley
Fargo, ND

Annual Review

Year ended June 30, 2020

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.

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, 2019 tax return, bank statements showing all deposits, past auditors report, financial and accounting policies, updated board members listing, along with risk tolerance survey.

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 late this year but to no fault of TAP.

Financial and accounting polices are being followed and reviewed periodically with updates and changes being implement timely.

As of today, I have no concerns.

Michelle Horan, EA
Sandy's Tax Service Inc.
February 12, 2021

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

Karin Rudd, Chair

Noah Ford-Dunker, Treasurer

Melissa Tomlinson, Secretary

President & CEO

Dayna DeVal

Directors

Nikki Ness Berglund

Linda Boyd

Matt Brunsvold

Christi McGeorge

Scott Seiler

Lana Suomala

Shelly Szudera

Shyla Thompson

Report of Assets, Liabilities and Net Assets

	Assets	2020	2019
Cash In Bank		31,064	56,087
Petty Cash		200	200
Money Market		5,423	5,420
Investments		279,005	275,864
Savings		11,038	2,695
Accounts Receivable		28,297	3,075
Other Current Assets		28,088	25,937
Equipment and Depreciation		176	176
Other Assets		2,708	2,708
Total Assets		386,000	372,164
	Liabilities		
Accounts payable		996	0
Payroll Tax		564	617
SBA PPP Loan		40,781	0
Current Liabilities		42,616	17,387
Total Liabilites		42,616	17,387
Total Equity		343,383	354,777
WITHOUT donor restrictions		343,383	327,971
Total Assets and Liabilities		386,000	372,164

Report of Activities

	2020	2019
Local Government Grants	134,079	132,529
State Government Grants	16,516	8,429
Other Government funding	1,682	-
Foundation Grants	36,500	22,500
CSA Program	15,100	18,450
ArtWORKS	23,513	14,313
Other Program Income	3,264	5,113
Business Donations	88,445	88,946
Individual Donations	95,383	75,562
Fundraising Events	4,044	14,715
Primary Arts Partner Dues	14,275	11,735
Apitude Rental	5,570	(175)
Advertising Sales	4,378	9,549
Merchandise (Net)	875	3,275
COGS	(1,230)	(118)
Administrative Income	8,389	30,973
In Kind Income	8,625	3,186
Other Income	5,987	20,569
Total Income	465,394	459,550
Disbursements	-	-
Program Expense	341,814	345,141
General	76,100	66,692
Fundraising Expense	59,615	52,164
Begining of year	327,971	329,141
End of year	386,000	327,971

Report of Functional Expense					
	General	Program	Fundraising	2020	2019
Salary	29,811	127,194	41,735	198,740	168,227
Payroll Taxes	2,342	9,522	3,746	15,610	13,030
Benefits	1,342	5,456	2,147	8,944	8,635
Grants - Organizations		115,370		115,370	119,125
Grants - Artists		17,350		17,350	27,150
Artist Stipends		14,952	623	15,575	21,505
Professional Fees	5,100	1,093	1,093	7,286	8,005
Consultants	3,038	2,025		5,063	19,500
Freelance Hires		6,397		6,397	5,590
Professional Development	181	361	60	602	3,042
Travel		1,627		1,627	4,391
Marketing/Printing		9,634	2,409	12,043	12,042
Venue Rental		5,175		5,175	7,510
Catering & Expenses		4,314	761	5,075	4,681
Development-Fundraising			3,860	3,860	3,194
Rent	4,301	3,128	391	7,820	7,712
Insurance	4,147			4,147	1,901
In Kind		8,625		8,625	3,216
Office Expense	3,802	1,014	253	5,069	2,656
Electronic Subscriptions	546	2,546	546	3,637	2,497
Dues, Fees	1,286	644	644	2,574	
Telephone	2,270	605	151	3,026	3,630
Other Expense	17,936	4,783	1,196	23,915	11,546
	76,100	341,814	59,615	477,530	458,785
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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 2020, 2019, 2018 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 assts 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 that 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 that 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 of 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 January 31, 2020, 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.