

The Arts Partnership
of the Red River Valley
Fargo, ND

Annual Review

Year ended June 30, 2024

Report of Review

I have reviewed the documents for the 2024 fiscal year for The Arts Partnership of the Red Valley (TAP). My review involves an analysis of the organization's financial statements.

Management's responsibility is to present its financial statements; management presented all the information needed to complete the review. It is my responsibility to review the statement of expenses, balance sheet comparison, Fiscal 2024 990 tax return, receipts, financial and accounting policies, and an updated board members listing and offer an opinion.

In my opinion, the organization's financial reporting is cohesive, comprehensive and reflects consistency in its financial statements.

It is my observation that fundraising has shifted over the past few years. Giving patterns in many organizations, not just TAP, are often decreasing with little or no consistency in donation size or timing of gifts. Compared to Fiscal 2023, grants/donations to TAP are less by \$38,862, with investment income \$7,754 more. With that said, TAP expenses have decreased from 2023 by \$75,635.

While it's good that expenses have decreased when income has shifted downward, the cost to sustain TAP may increase in 2025 and in the future. I would be remiss to not ask whether the board has considered the breaking point at which TAP can no longer fulfill its mission statement, should contributions trend downward and costs rise.

Thank you,

A handwritten signature in black ink that reads "Michelle Schock". The signature is written in a cursive, flowing style.

Michelle Schock, EA
Sandy's Tax Service Inc.
Feb 21, 2024

The Arts Partnership of the Red River Valley

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The Arts Partnership of the Red River Valley

List of Board Members Fiscal July 2023 - June 2024

Officers

Shelley Szudera, Past Chair

Cairn Reisch, Vice Chair

Shyla Thompson, Chair

Scott Seiler, Treasurer

Jillian Veil-Ehnert, Secretary

Executive Director

Tania Blanich

Directors

Melissa Burkland

Tyler Fischbach

Danielle Gravon

Aaron Hill

Anna Johnson

Christi McGeorge

Report of Assets, Liabilities and Net Assets

Fiscal year End June 30, 2024

Assets	2024	2023
Cash In Bank	36,793	37,163
Petty Cash	0	0
Investments and Savings	273,093	239,096
Accounts Receivable	3,400	25,466
Other Current Assets	1,623	1,623
Equipment and Depreciation	0	0
Other Assets	0	0
Total Assets	314,909	303,348

Liabilities	2024	2023
Accounts payable	2,273	2,720
Payroll Tax	1,062	1,375
Current Liabilities	0	0
Total Liabilites	3,335	4,095
Total Equity	311,574	299,253

WITHOUT donor restrictions	311,574	299,253
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Total Assets or Fund Balances	314,909	303,348
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Report of Activities

End June 30, 2024

2024

2023

Local Government Grants	125,000	125,000
State Government Grants	9,457	19,296
Other Government funding	-	-
Foundation Grants	24,500	32,500
CSA Program	17,653	17,867
ArtWORKS	46,863	50,875
Other Program Income	310	-
Investment Income	36,663	28,909
Business Donations	31,100	48,729
Individual Donations	79,271	75,975
Fundraising Events	8,870	13,950
Primary Arts Partner Dues	10,704	12,386
Rental	11,400	13,008
Merchandise	515	1,514
COGS	(515)	
Administrative Income	3,698	9,455
In Kind Income	3,506	1,550
Release from donor designated fund	5,000	
Release from reserve funds		50,000
Other Income		(197)
Total Income	411,955	450,817
Program Expense	306,103	348,824
Admin	55,086	66,526
Fundraising Expense	38,445	59,919
Total Expenses	475,269	488,011
Beginging of year-end of previous	475,269	488,011
End of current year	399,634	475,269

Report of Functional Expense

Fiscal year End June 30, 2024

	Admin	Program	Fundraising		2024	2023
Salary	21,250	83,500	25,500		130,250	188,752
Payroll Taxes	1,626	6,388	1,951		9,964	14,440
Benefits	1,210	4,756	1,452		7,419	15,455
Grants - Organizations	0	101,700	0		101,700	105,450
Grants - Artists	0	14,450	0		14,450	16,600
Artist Stipends	0	18,968	587		19,555	24,176
Professional Fees	10,784	2,311	2,311		15,405	13,100
Consultants	1,425	475	0		1,900	7,500
Freelance Hires	0	45,312	0		45,312	39,588
Professional Development	0	0	0		0	335
Travel	0	385	0		385	400
Marketing/Printing	0	3,140	3,314		6,454	4,653
Venue Rental/Staging	0	943	0		943	1,047
Catering & Expenses	0	4,778	2,163		6,946	2,415
Development-Fundraising	0	0	0		0	1,103
Rent	2,265	1,647	206		4,118	10,056
Insurance	3,769	1,615	0		5,384	4,814
In Kind	0	3,506	0		3,506	1,550
Office Expense	1,914	510	128		2,552	9,891
Electronic Subscriptions	331	1,545	331		2,207	4,938
Dues, Fees	4,358	868	128		5,354	2,786
Utilities	0	7,528	0		7,528	5,757
Other Expense	6,154	1,778	374		8,302	464
Total	55,086	306,103	38,445		399,634	475,269

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 years of 2024, 2023, 2022 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 years
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.

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 any 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 a 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 a 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 received in future years. TAP generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it 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 expensed 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 that 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 July 31, 2024 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.