

Juxtaposition Arts

| Minneapolis |

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Fueling the impact and effectiveness of nonprofits with guidance, expertise, and capital.

LESSON

Artists have significant capacity for nonprofit financial management. Invest time and expertise in their development.

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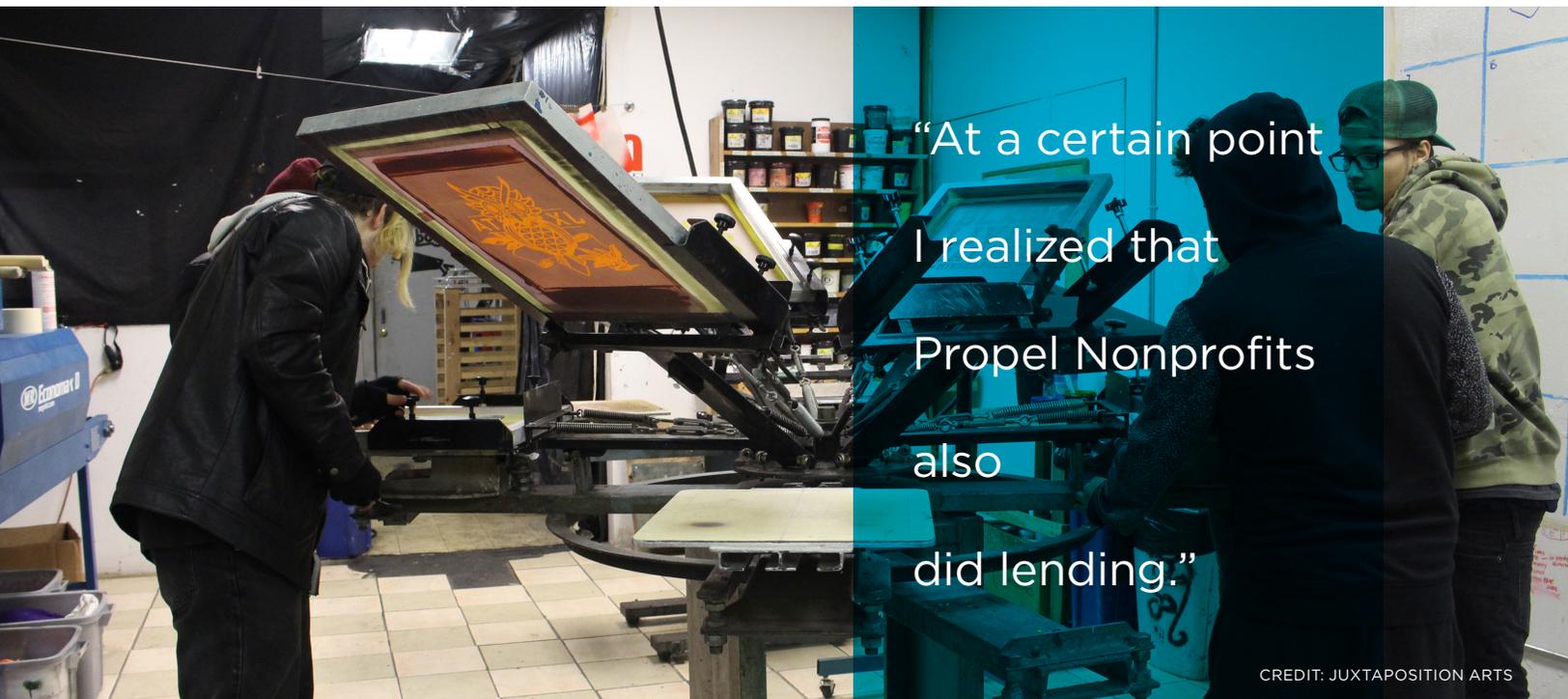


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Juxtaposition Arts, in its two decades of existence, has evolved dramatically from an after-school program into a community hub that engages urban youth through visual art education and employment. Its mission focuses on harnessing local creative power with a strong emphasis on economic self-sufficiency—achieved through training and mentorship in the arts as well as through the business enterprises it runs that offer art and design services to paying clients. The impact Juxtaposition Arts has with people and in its neighborhood and city, is in part due to its decision to buy and renovate several buildings on the main commercial street in North Minneapolis that serves as the home to its expanding programs and a hub for neighborhood development.

With its origins in the 1990s and the socially aware, placemaking-conscious ethic of hip-hop culture of the time, Juxtaposition Arts was founded by three artists who quickly confirmed there was an audience for their work and that to keep pace with the program growth needed a business mind to run its operations. While two of the founders concentrated on arts programming, Juxtaposition Arts CEO DeAnna Cummings stepped into this management role.

“I’m an accidental CEO,” Cummings says. “I started out behind the scenes doing early operational work, in the evenings and on weekends when I wasn’t working my full time



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job. I did things like apply for our 501c3 tax designation, write proposals to raise money to do the programs, and facilitate board meetings. In the early days, I stepped into the chief operations role because somebody had to and neither of my partners felt they had the skill set to take it on. I didn’t know what I was getting into, but I know now that I have the fundamental qualities that CEOs need. Most important of those qualities I’m good at

getting groups of people to agree on a long-range vision and strategy and then supporting the team to figure out what it takes to achieve those plans. But in the beginning of Juxtaposition Arts I focused on learning what it meant to be the Executive Director.”

DEEPENING THE RELATIONSHIP

In these early days, Cummings’ primary interaction with Propel Nonprofits was attending classes that focused on nonprofit technical skills such as financial management, budgeting, managing cash flow, and using dashboards. At the time, she assumed that Propel Nonprofits was simply an organizational support entity providing workshops and coaching, but a fuller picture emerged as Juxtaposition Arts began to grow.

“At a certain point I realized that Propel Nonprofits also did lending,” Cummings says. “Previously, when we found ourselves short on cash—waiting two or three months for a scheduled grant to come in, for example—we relied upon borrowing from one particular board member to meet program commitments and payroll.”

In 2001, Cummings started working full-time at Juxtaposition Arts; simultaneously, the organization identified an opportunity to purchase buildings for expanding programming. This represented a major shift in Juxtaposition Arts’ finances—in recent years, it had needed loans in the \$3,000 range to meet its obligations. Now it would take \$20,000 to meet its required cash flow.

THE VALUE OF CAPITAL AND COLLABORATION

Propel Nonprofits stepped up the next time the organization found itself in need of a cash flow loan. Propel Nonprofits also introduced Juxtaposition Arts to a cash flow spreadsheet tool to accurately and stringently track financial projections. “It was a new level of scale and complexity that was exactly what we needed at that time,” Cummings says. “Our



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relationship with Propel Nonprofits helped us gain confidence in the notion that we know our work best artistically and financially as well. The staff at Propel Nonprofits helped me to see debt as a tool, not necessarily something negative to be avoided at all costs. When used strategically, debt is a tool just like other financial tools. It isn’t a good or bad thing—but it can be a tool you can use to meet your mission.”

The next step in Propel Nonprofits’ relationship with Juxtaposition Arts was moving beyond cash flow loans to a capital loan directly tied to the acquisition and renovation of the organization’s North Minneapolis buildings. Juxtaposition Arts was nearing completion of the renovation of one of its buildings when it ran out of cash to finish the project and pay the general contractor. Cummings contacted Propel Nonprofits and explained the situation on the ground: Their contractor was on the verge of placing a lien on the property, and while Juxtaposition Arts was in the midst of a capital campaign to finance the renovations, they were in a moment when available cash didn’t meet immediate needs. Propel Nonprofits stepped in with an additional loan, payable with the completion of the capital campaign.

As the relationship between Juxtaposition Arts and Propel Nonprofits deepened, so did an emphasis on honesty and transparency regarding the organization's finances. Propel Nonprofits helped in trading less favorable debt for debt on better terms, lending money to pay off higher-interest loans and improving cash flow. With a healthy balance sheet that showed significant capital assets, Juxtaposition Arts was then able to acquire a traditional bank loan to manage its financial health in a period of increased growth.

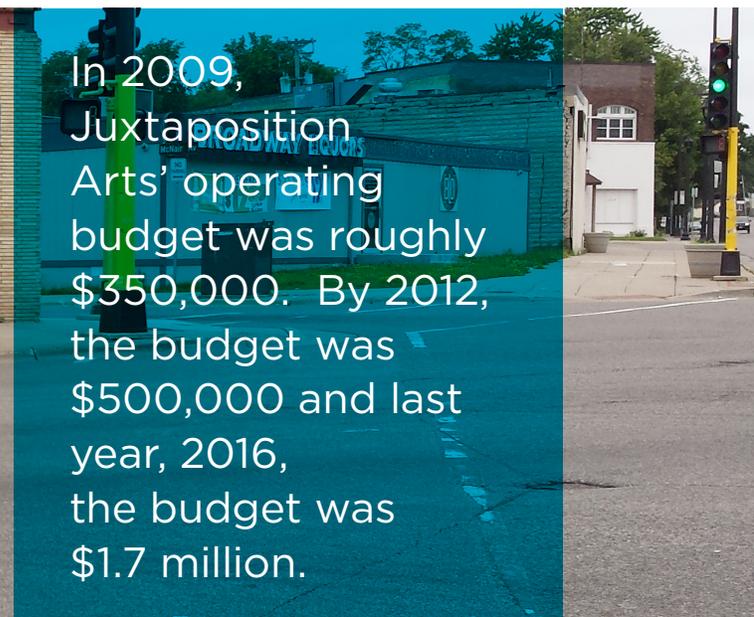
ADVISORS AND MENTORS

In the past seven years, Juxtaposition Arts has grown an estimated tenfold. Its current strategic focus creates jobs for youth and adult professionals in graphic design, fashion design, environmental design, and contemporary art and provides real-world work experience for youth and adults in an area of the city with the highest unemployment rates while earning revenue for the organization. In 2009, Juxtaposition Arts' operating budget was roughly \$350,000. By 2012 the budget was \$500,000, and last year, 2016, the budget was \$1.7 million.

"Propel Nonprofits and its staff have been critical advisors and mentors to Juxtaposition Arts," Cummings says. "Now

we don't talk only to Propel Nonprofits when we're in trouble and need money. Propel Nonprofits helped us frame up our current social enterprise strategy. In 2009, we had a clear idea of our new strategic direction, but we needed to articulate and document that. Propel Nonprofits was part of several meetings with our board, staff and constituents, where we brainstormed and eventually rolled out the new plan. Together we figured out how to monetize our ideas, put budget numbers to it, and then they have continued to work with us to update and roll the plan forward since then."

From a self-described "accidental CEO," Cummings has become a prodigious, talented and rigorous executive. In 2016, she was selected to be a fellow at Washington, D.C.'s prestigious DeVos Institute of Arts Management. She is one of thirteen arts executive from six countries chosen for a highly competitive program providing advanced training in arts management. Following a track of deepening involvement with educational programs and increasingly sophisticated financial instruments and opportunities, Juxtaposition Arts' CEO has demonstrated the profound evolution of an artist to the driving strategist of an innovative and forward-looking community placemaker and a force for positive change.



LOAN INFORMATION

Relationship Since	2002
Loan Purpose	Refinance pre-development real estate loan from another lender
Structure	\$124,000 term loan
Collateral	First position real estate mortgage with taxable value of \$156,800
Underwriting Considerations	Strong debt service coverage, strong funder relationships and an earned revenue stream
Risk Mitigation	Strong business model, strong relationship between Juxtaposition Arts and Propel Nonprofits
Technical Assistance	Financial reporting and management of restricted funds

ORGANIZATION INFORMATION

Budget	\$1,700,000
Number of employees	5.75 (plus 20 part-time employees)
Impact	Creative placemaking and through the medium of art, they build confidence and competence in emerging artists

Propel Nonprofits' mission is to fuel the impact and effectiveness of nonprofits with guidance, expertise, and capital. Propel Nonprofits was created from the merger of Nonprofits Assistance Fund and MAP for Nonprofits. It serves nonprofit organizations in Minnesota and the adjacent states of Wisconsin, Iowa, North Dakota, and South Dakota.



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