

THE ARTS AND RECREATION FOUNDATION OF OVERLAND PARK, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015



**DANA F. COLE  
& COMPANY<sup>LLP</sup>**  
CERTIFIED PUBLIC ACCOUNTANTS

THE ARTS AND RECREATION FOUNDATION OF OVERLAND PARK, INC.  
TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Statements of Functional Expenses	6
NOTES TO FINANCIAL STATEMENTS	7 - 17



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
The Arts and Recreation Foundation of Overland Park, Inc.  
Overland Park, Kansas

We have audited the accompanying financial statements of The Arts and Recreation Foundation of Overland Park, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Arts and Recreation Foundation of Overland Park, Inc., as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Dana F Cole + Company, LLP

Overland Park, Kansas  
July 25, 2017

THE ARTS AND RECREATION FOUNDATION OF OVERLAND PARK, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 YEARS ENDED DECEMBER 31, 2016 AND 2015

ASSETS	2016	2015
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	2,325,949	982,579
Certificates of deposit	500,000	
Accrued interest receivable	2,185	
Prepaid expenses	4,337	6,751
Special event receivable	49,388	37,288
Pledges receivable	17,500	
Pledges receivable from related parties	1,037,200	
Total current assets	<u>3,936,559</u>	<u>1,026,618</u>
<b>OTHER ASSETS</b>		
Investment cash	11,731	16,747
Investments	312,113	288,632
Pledges receivable - long-term	19,660	
Pledges receivable from related parties - long-term	996,895	
Total other assets	<u>1,340,399</u>	<u>305,379</u>
<b>TOTAL ASSETS</b>	<u><u>5,276,958</u></u>	<u><u>1,331,997</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	36,227	8,513
Accrued expenses	36,416	
Payroll taxes payable	8,158	13,036
Deferred membership revenue	95,750	70,043
Total liabilities	<u>176,551</u>	<u>91,592</u>
<b>NET ASSETS</b>		
Unrestricted		
Board-designated	289,863	32,720
Undesignated	896,660	763,896
Total unrestricted	<u>1,186,523</u>	<u>796,616</u>
Temporarily restricted	3,913,884	443,789
Total net assets	<u>5,100,407</u>	<u>1,240,405</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>5,276,958</u></u>	<u><u>1,331,997</u></u>

The accompanying notes are an integral part of these financial statements.

THE ARTS AND RECREATION FOUNDATION OF OVERLAND PARK, INC.  
STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Totals	Unrestricted	Temporarily Restricted	Totals
<b>REVENUES AND OTHER SUPPORT</b>						
Program revenue	86,413	1,762	88,175	91,973		91,973
Foundation and trust grants	84,415	223,143	307,558	207,260	41,890	249,150
Dues	187,613		187,613	139,813		139,813
Contributions						
General	60,262	215,198	275,460	46,082		46,082
Corporate contributions	15,350		15,350	21,511		21,511
Special events, net of direct expenses of \$334,170 in 2016 and \$223,603 in 2015	836,224		836,224	652,034		652,034
Growing to Inspire campaign	222,418	3,133,360	3,355,778		100,000	100,000
Investment income (loss)	16,774	16,480	33,254	(2,018)		(2,018)
Miscellaneous				1		1
	1,509,469	3,589,943	5,099,412	1,156,656	141,890	1,298,546
Net assets released from restriction	119,848	(119,848)		198,193	(198,193)	
Total revenues and other support	1,629,317	3,470,095	5,099,412	1,354,849	(56,303)	1,298,546
<b>EXPENSES</b>						
Program expense	859,162		859,162	1,316,999		1,316,999
Fundraising	253,836		253,836	269,485		269,485
Management and general	126,412		126,412	178,854		178,854
Total expenses	1,239,410		1,239,410	1,765,338		1,765,338
<b>CHANGE IN NET ASSETS</b>	389,907	3,470,095	3,860,002	(410,489)	(56,303)	(466,792)
<b>NET ASSETS, beginning of year</b>	796,616	443,789	1,240,405	1,207,105	500,092	1,707,197
<b>NET ASSETS, end of year</b>	1,186,523	3,913,884	5,100,407	796,616	443,789	1,240,405

The accompanying notes are an integral part of these financial statements.

THE ARTS AND RECREATION FOUNDATION OF OVERLAND PARK, INC.  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	<u>3,860,002</u>	<u>(466,792)</u>
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Realized (gain) loss on investments	(4,016)	5,492
Unrealized (gain) loss on investments	(10,180)	16,205
(Increase) decrease in operating assets:		
Prepaid expenses	2,414	(3,230)
Special events receivable	(12,100)	(37,288)
Accrued interest receivable	(2,185)	
Pledges receivable	(2,071,255)	
Increase (decrease) in operating liabilities:		
Accounts payable	27,714	2,819
Accrued expenses	36,416	
Payroll taxes payable	(4,878)	6,564
Deferred membership revenue	25,707	10,005
Total adjustments	<u>(2,012,363)</u>	<u>567</u>
Net cash provided by (used in) operating activities	<u>1,847,639</u>	<u>(466,225)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	18,367	65,282
Purchase of certificates of deposit	(500,000)	
Purchase of investments	<u>(27,652)</u>	<u>(73,135)</u>
Net cash used in investing activities	<u>(509,285)</u>	<u>(7,853)</u>
INCREASE (DECREASE) IN CASH	1,338,354	(474,078)
CASH, beginning of year	<u>999,326</u>	<u>1,473,404</u>
CASH, end of year	<u>2,337,680</u>	<u>999,326</u>
AS SHOWN ON THE STATEMENTS OF FINANCIAL POSITION		
Cash and cash equivalents	2,325,949	982,579
Investment cash	<u>11,731</u>	<u>16,747</u>
	<u>2,337,680</u>	<u>999,326</u>

The accompanying notes are an integral part of these financial statements.

THE ARTS AND RECREATION FOUNDATION OF OVERLAND PARK, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES  
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016				2015			
	Program Services				Program Services			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
EXPENSES								
Accounting		28,440		28,440		30,090		30,090
Advertising and marketing	124,987	975	2,832	128,794	91,409	50	5,103	96,562
Merchandise	10,102			10,102	50,548			50,548
Architectural fees	82,941			82,941	21,153		35,000	56,153
Art					3,950			3,950
Artifacts					36,177			36,177
Artist and performance fees	6,269			6,269	8,275	300		8,575
Awards and grants to individuals	8,919			8,919	9,000			9,000
Bank charges and fees	343	12,736	2,013	15,092	423	9,669	1,086	11,178
Computer fees and services	27,015	10,962		37,977	1,191	12,829	80	14,100
Construction and maintenance	32,758			32,758	391,724			391,724
Contract services	123,667	19,062	670	143,399	6,730	50,210	300	57,240
Dues		915		915		900		900
Equipment		415		415	29,188	319		29,507
Equipment rental	3,073	1,807		4,880	14,446	2,070		16,516
Food and beverage	3,274	833		4,107	3,310	1,608		4,918
Furnishings	1,971			1,971	258			258
Insurance		8,143		8,143		9,578		9,578
Landscape	1,566			1,566	3,599			3,599
Office supplies	75	57	33	165	49	896	80	1,025
Payroll	18,174	24,310	106,760	149,244	23,573	42,162	77,046	142,781
Payroll tax	1,390	1,860	8,167	11,417	1,803	3,360	5,894	11,057
Postage and delivery	939	795	4,320	6,054	332	1,011	8,934	10,277
Printing and publications	15,764	449	15,003	31,216	12,072	4,937	18,754	35,763
Professional fees	14,081	163	23,148	37,392	28,101	106	14,884	43,091
Program grants	30,117			30,117	16,400		3,500	19,900
Capital improvements	124,144			124,144	322,907			322,907
Occupancy	205,719			205,719	214,385			214,385
Sales tax	1,298		7,524	8,822	1,299		5,870	7,169
Supplies	18,933	6,521	82,878	108,332	24,278	1,941	92,903	119,122
Telephone		335		335		318		318
Travel and lodging	1,305	2,980	403	4,688	66	2,280	23	2,369
Other	338	4,654	85	5,077	353	4,220	28	4,601
Total expenses	<u>859,162</u>	<u>126,412</u>	<u>253,836</u>	<u>1,239,410</u>	<u>1,316,999</u>	<u>178,854</u>	<u>269,485</u>	<u>1,765,338</u>

The accompanying notes are an integral part of these financial statements.



THE ARTS AND RECREATION FOUNDATION OF OVERLAND PARK, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activity

The Arts and Recreation Foundation of Overland Park, Inc. (hereinafter referred to as ARFOP) is a nonprofit 501(c)(3) corporation whose mission is to support and promote the development and operation of the Overland Park Arboretum and Botanical Gardens, the Deanna Rose Children's Farmstead, and Overland Park Arts through the Foundation and the arboretum, farmstead, and arts friends groups. Together, they have raised significant funding to develop the arboretum, expand the farmstead, and enhance the arts programs. Their goal is to make these facilities and programs attractive and accessible to all residents of the Kansas City region.

Basis of Accounting

The policy of ARFOP is to prepare its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Contributions are recorded when received unless subject to accrual. Expenses are recognized when the obligation is incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the FASB ASC 958-205, *Financial Statements of Not-for-Profit Organizations*. Under this standard, ARFOP is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains or losses on investments and any other assets or liabilities are reported as increases in unrestricted net assets unless their use is limited by donor stipulation or by laws.

Temporarily Restricted Net Assets

Temporarily restricted net assets include gifts for which donor-imposed restrictions have not been met, trust activity, deferred gifts, and pledges and contributions receivable for which the ultimate purpose of the proceeds is not permanently restricted or determined.

Permanently Restricted Net Assets

Permanently restricted net assets include gifts, trusts, and pledges and contributions receivable which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor.

ARFOP has only unrestricted and temporarily restricted net assets.

THE ARTS AND RECREATION FOUNDATION OF OVERLAND PARK, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

ARFOP utilizes FASB ASC 958-320, *Not-for-Profit Entities, Investments - Debt and Equity Securities*. FASB ASC 958-320 establishes standards of reporting at fair value certain investments, debt and equity securities, held by not-for-profit organizations.

Therefore, investments in equity securities that have a readily determinable fair value and all investments in debt securities are stated at fair value, with gains and losses included in the statements of activities. Fair value is determined by quoted market values.

Cash and Cash Equivalents

For purposes of the statement of cash flows, ARFOP considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Income Taxes

ARFOP is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code as a publicly supported organization. Contributions to ARFOP qualify for a charitable contribution deduction.

ARFOP utilizes the provisions of FASB ASC 740-10, *Accounting for Uncertain Tax Positions*. ARFOP continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings. ARFOP believes that it has the appropriate support for any tax position taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs may have been allocated among programs, fundraising, and supporting services benefited.

Contributions

ARFOP utilizes FASB ASC 958-605, *Not-for-Profit Entities Revenue Recognition*. This standard requires that unconditional promises to give (pledges) and contributions be recorded as receivables and revenues and requires ARFOP to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

THE ARTS AND RECREATION FOUNDATION OF OVERLAND PARK, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions (Continued)

Recognition of Donor-Restricted Contributions

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restrictions expire in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

In-Kind Contributions and Contributed Services

ARFOP records various types of in-kind contributions. Contributed services are recognized at fair market value if the services received a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

Volunteers

Many individuals volunteer their time and perform a variety of tasks that assist ARFOP with its operations. The volunteer hours have not been recorded in the financial statements since those services do not meet the criteria for recognition.

Property and Equipment

Expenses for construction, contract services, architectural fees, capital improvements, certain program grants, and landscaping are for the improvements on property owned by the City of Overland Park, Kansas. Equipment expense is for minor purchases and is treated as an operating expense. Therefore, no such costs are capitalized as an asset of ARFOP.

Use of Estimates

The preparation of financial statements in accordance 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 and disclosure of contingent 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.

THE ARTS AND RECREATION FOUNDATION OF OVERLAND PARK, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

Advertising expense reported on the statements of functional expenses includes both advertising and marketing expense. These are expensed as incurred. Advertising expenses for the years ended December 31, 2016 and 2015, were \$125,416 and \$96,562, respectively. For the year ended December 31, 2016, various publications within the Kansas City metropolitan area donated marketing services totaling \$117,963. Services were valued at their fair value.

Compensated Absences

ARFOP makes available vacation and sick leave benefits for full-time employees based on the agreement with each employment letter. Unused vacation does not carry over to the succeeding year.

Special Events Receivable

Special events receivable have been adjusted for all known uncollectible accounts. No allowance for bad debts is considered necessary at year-end.

Pledges Receivable

ARFOP started collecting pledges for the Growing to Inspire capital campaign within the year ending December 31, 2016. No allowance for uncollectible pledges is considered necessary at year-end.

Reclassification

In certain instances, figures for the prior year have been reclassified to place them on a basis comparable with the current year.

NOTE 2. REQUIRED SUPPLEMENTARY DISCLOSURE FOR STATEMENT OF CASH FLOWS

For the years ended December 31, 2016 and 2015, there were no cash expenditures for income taxes or interest.

NOTE 3. FAIR VALUE MEASUREMENTS

ARFOP utilizes FASB ASC 820-10, *Fair Value Measurements*, which provides a framework for measuring fair value under accounting principles generally accepted in the United States of America. FASB ASC 820-10 applies to all financial instruments that are being measured and reported on a fair value basis.

As defined in FASB ASC 820-10, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, ARFOP uses various methods including

THE ARTS AND RECREATION FOUNDATION OF OVERLAND PARK, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE 3. FAIR VALUE MEASUREMENTS (Continued)

market, income, and cost approaches. Based on these approaches, ARFOP often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market-corroborated, or generally unobservable inputs. ARFOP utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, ARFOP is required to provide the following information according to the fair value hierarchy.

The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 - Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.

Level 3 - Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models, and similar techniques, and not based on market exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

For the years ended December 31, 2016 and 2015, the application of valuation techniques applied to similar assets has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Investments

The fair value of investments is the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers.

If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

THE ARTS AND RECREATION FOUNDATION OF OVERLAND PARK, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE 3. FAIR VALUE MEASUREMENTS (Continued)

Fair Value on a Recurring Basis

The tables below present the balances of assets measured at December 31, 2016 and 2015, at fair value on a recurring basis.

		2016			
		Total	Level 1	Level 2	Level 3
Investments					
Bond funds		105,002	105,002		
Equity funds		<u>207,111</u>	<u>207,111</u>		
Total		<u>312,113</u>	<u>312,113</u>		
		2015			
		Total	Level 1	Level 2	Level 3
Investments					
Other assets		19	19		
Bond funds		102,007	102,007		
Equity funds		<u>186,606</u>	<u>186,606</u>		
Total		<u>288,632</u>	<u>288,632</u>		

The carrying amounts, market value, unrealized gains, and unrealized losses of the Level 1 investments at December 31, 2016 and 2015, are disclosed in Note 4.

NOTE 4. INVESTMENTS

Investments as of December 31, 2016 and 2015, are summarized as follows:

		2016		
		Cost	Unrealized Appreciation	Value
Bond funds		104,314	688	105,002
Equity funds		<u>183,495</u>	<u>23,616</u>	<u>207,111</u>
Total		<u>287,809</u>	<u>24,304</u>	<u>312,113</u>
		2015		
		Cost	Unrealized Appreciation (Depreciation)	Fair Value
Other funds		19		19
Bond funds		104,210	(2,203)	102,007
Equity funds		<u>174,773</u>	<u>11,833</u>	<u>186,606</u>
Total		<u>279,002</u>	<u>9,630</u>	<u>288,632</u>

THE ARTS AND RECREATION FOUNDATION OF OVERLAND PARK, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE 4. INVESTMENTS (Continued)

Investment income for the years ended December 31, 2016 and 2015, is composed of the following:

	2016	2015
Interest	6,615	4,106
Dividends	12,443	15,573
Net realized gain (loss)	4,016	(5,492)
Net unrealized gain (loss)	<u>10,180</u>	<u>(16,205)</u>
Total investment income	<u>33,254</u>	<u>(2,018)</u>

NOTE 5. CREDIT RISK

The Foundation had deposits at one institution in excess of the \$250,000 federally insured limit by the Federal Deposit Insurance Corporation. As of December 31, 2016 and 2015, all ARFOP's cash balances were fully secured through insurance and collateralization.

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist of trade, contribution, and pledge receivables. The Foundation generally does not require collateral from its contributors. Such credit risk is considered by management to be limited due to the Foundation's broad contributor's base, the number of contributors, and its contributors' financial resources. As of December 31, 2016, the Foundation had no significant concentrations of credit risk.

NOTE 6. TEMPORARILY RESTRICTED NET ASSETS

ARFOP's temporarily restricted net assets as of December 31, 2016 and 2015, were as follows:

	2016	2015
9-11 Firefighter's Memorial	4,394	3,158
Arboretum Sculptures	35,924	35,924
Arboretum Visitor Center	1,000	1,000
Erickson Rose Garden	31,258	31,258
Solid Sweep System	390	390
Sculpture Exhibition	1,065	1,065
Growing to Inspire Campaign	3,233,360	100,000
Erma Stous Arboretum Fund		74,048
Ben Craig Farmstead Maintenance	200,499	
Ben's Bank	1,762	522
Beverly's Butterfly Garden	2,193	1,730
Hen House	162	2,045

THE ARTS AND RECREATION FOUNDATION OF OVERLAND PARK, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE 6. TEMPORARILY RESTRICTED NET ASSETS (Continued)

	2016	2015
Kiwanis Repose	936	936
Machine Shed	8,143	26,000
McGowan Costume Grant	2,566	2,882
Prairie Dog Exhibit	2,000	1,600
PNC Field Trip Grant	2,338	5,945
Draft Horse Barn	215,893	
Friends of the Arts Sculpture Program	10,500	10,500
Metcalf Bank Fund	159,501	144,786
Total	3,913,884	443,789

In November 2007, ARFOP received \$200,000 from the Barton P. Cohen estate to be set aside as a separate fund to be known as the Metcalf Bank Fund. Per the last will and testament of Barton P. Cohen, ARFOP is to designate a portion of the Overland Park Arboretum near the Barton P. Cohen Overlook and Iris Garden as being maintained and developed by the Metcalf Bank and 5% of its market value as of the last day of the preceding year shall be used in each calendar year for maintaining and improving the Overlook, Iris Garden, and Metcalf Bank area.

NOTE 7. TEMPORARILY RESTRICTED NET ASSETS RELEASED FROM RESTRICTION

Net assets were released from donor restrictions through the expiration of time or satisfaction of the donors' restrictions as follows:

	2016	2015
9-11 Firefighter's Memorial	845	3,950
Ben's Bank	522	
Betsy & Gordon Ross Herb Garden		2,130
Beverly's Butterfly Garden	537	
Erma Stous Arboretum Fund	74,048	156,680
Farmstead Accessibility		783
Haake Special Gift		6,144
Hen House	1,883	
Machine Shed	26,000	
McGowan Costume Grant	315	699
Metcalf Bank Fund	12,090	22,266
PNC Field Trip Grant	3,608	
Solid Sweep System		406
Special Activities		3,000
Volunteer Grant Fund		2,135
	119,848	198,193



THE ARTS AND RECREATION FOUNDATION OF OVERLAND PARK, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE 8. BOARD-DESIGNATED NET ASSETS

Unrestricted Board-designated net assets consist of the following as of December 31, 2016 and 2015:

	2016	2015
Dan Stern - costumes	5,000	5,000
Deanna Rose Children's Farmstead	257,143	
Friends of the Arboretum	<u>27,720</u>	<u>27,720</u>
Total	<u>289,863</u>	<u>32,720</u>

NOTE 9. DONATED FACILITIES

ARFOP and the City of Overland Park, Kansas, have entered into an agreement in which the City will provide, as is practical and reasonable, at no cost, the use of facilities for the promotion of ARFOP's mission and objectives and raising funds and donations, provided the funds raised are used to support programs, projects, and events offered by the City or those programs, projects, and events supported by the City that provide cultural arts opportunities and recreational activities for the residents of and visitors to the City. In addition, the City agrees to make available at no cost office space for the ARFOP staff. The value of this agreement cannot be determined and is not included as a contribution or an expense on the financial statements.

NOTE 10. PLEDGES RECEIVABLE

In 2015 ARFOP initiated the Growing to Inspire Campaign for expansion and improvements of the Overland Park Arboretum & Botanical Gardens. Within 2016, the Campaign started collecting pledges for the proposed expansion. Final payments are all due no more than five years after the date the pledge was made

Promises to give, net of a discount to present value, using a rate of 4.5% for the year ended December 31, 2016, are due to be collected as follows:

Gross amount due	
One year or less	1,044,700
Between one year and five years	<u>1,064,228</u>
	<u>2,108,928</u>
Less:	
Present value discount	<u>47,673</u>
Total	<u>2,061,255</u>

The discount will be recognized as contribution income in years 2018 through 2020.

In addition to the Growing to Inspire campaign pledges, ARFOP also had an additional \$10,000 pledge receivable for construction projects at Deanna Rose Farmstead. This is included in the current amount of pledges receivable.

THE ARTS AND RECREATION FOUNDATION OF OVERLAND PARK, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE 10. PLEDGES RECEIVABLE (Continued)

Review of the individual pledges received for the Growing to Inspire Campaign found that the related party pledges are considered to be fully collectible and an allowance for the remaining pledges was not material to the financial statements when considered as a whole. Therefore, no allowance for uncollectible accounts was factored into the calculation of pledges receivable as of December 31, 2016.

Pledges for the Growing to Inspire capital campaign have been reported as temporarily restricted net assets and are restricted in use for costs and expenses associated with the expansion and of the campaign, itself.

Approximately 99% percent of the total pledges receivable, or \$2,034,906, represents pledges from ARFOP Board Members or other related parties. Of that amount, \$1,957,000 is pledged by an individual Board member. The amounts disclosed as receivables from related parties are net of the present value discount.

NOTE 11. CONDITIONAL PROMISES TO GIVE

The Foundation has an existing conditional promise to receive \$500,000 from a single donor for the year ending December 31, 2016. Payment of the promise is contingent upon groundbreaking on the improvements at the Overland Park Arboretum & Botanical Gardens. Since these funds represent a conditional promise to give, they are not recorded as contribution revenue until the donor conditions are substantially met.

NOTE 12. IN-KIND CONTRIBUTIONS AND CONTRIBUTED SERVICES

Over the course of the year, ARFOP receives several in-kind contributions of goods and services for various Foundation events. During the years ended December 31, 2016 and 2015, ARFOP received the following noncash contributions of services and equipment that have been reflected in the financials statements of the Foundation.

	2016	2015
Artist and performance fees	2,190	500
Equipment rental	17,396	18,674
Food and beverages	62,090	34,405
Mailing services	2,500	5,000
Marketing services	117,963	84,980
Printing	552	7,500
Professional fees	5,312	35,000
Supplies	11,500	15,865
Total in-kind contributions	219,503	201,924

THE ARTS AND RECREATION FOUNDATION OF OVERLAND PARK, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE 13. COMMITMENTS

In September 2016, ARFOP committed to the City of Overland Park, Kansas, to partially fund the Ben Craig Administration Building at the Deanna Rose Children's Farmstead. In total, funds totaling \$300,000 were committed to the project. As of December 31, 2016, the remaining commitment is \$257,143, which is to be paid in quarterly installments through June 2018. This commitment is included in Board-designated funds.

NOTE 14. SUBSEQUENT EVENTS

In preparing the financial statements, ARFOP has evaluated events and transactions for potential recognition or disclosure through July 25, 2017, the date the financial statements were available to be issued.