

THE ARTS AND RECREATION FOUNDATION OF OVERLAND PARK, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016



**DANA F. COLE
& COMPANY** LLP
CERTIFIED PUBLIC ACCOUNTANTS

THE ARTS AND RECREATION FOUNDATION OF OVERLAND PARK, INC.
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CERTIFIED PUBLIC ACCOUNTANTS

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, 2017 and 2016, 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, 2017 and 2016, 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 J Cole + Company, LLP

Overland Park, Kansas
July 14, 2018

THE ARTS AND RECREATION FOUNDATION OF OVERLAND PARK, INC.
STATEMENTS OF FINANCIAL POSITION
YEARS ENDED DECEMBER 31, 2017 AND 2016

ASSETS		
	2017	2016
CURRENT ASSETS		
Cash and cash equivalents	1,720,381	2,325,949
Certificates of deposit		500,000
Accrued interest receivable		2,185
Prepaid expenses	4,319	4,337
Special event receivable	143,394	49,388
Pledges receivable	182,862	17,500
Pledges receivable from related parties	1,054,004	1,037,200
Total current assets	<u>3,104,960</u>	<u>3,936,559</u>
OTHER ASSETS		
Investment cash	267,203	11,731
Investments	2,692,204	312,113
Pledges receivable - long-term, less allowance for doubtful pledges of \$13,783 and \$ - 0 - at December 31, 2017 and 2016	286,909	19,660
Pledges receivable from related parties - long-term	27,503	996,895
Total other assets	<u>3,273,819</u>	<u>1,340,399</u>
TOTAL ASSETS	<u><u>6,378,779</u></u>	<u><u>5,276,958</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	18,929	36,227
Accrued expenses		36,416
Payroll taxes payable	8,893	8,158
Deferred membership revenue	104,158	95,750
Total liabilities	<u>131,980</u>	<u>176,551</u>
NET ASSETS		
Unrestricted		
Board-designated	517,354	289,863
Undesignated	904,618	896,660
Total unrestricted	<u>1,421,972</u>	<u>1,186,523</u>
Temporarily restricted	<u>4,824,827</u>	<u>3,913,884</u>
Total net assets	<u>6,246,799</u>	<u>5,100,407</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>6,378,779</u></u>	<u><u>5,276,958</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, 2017 AND 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Totals	Unrestricted	Temporarily Restricted	Totals
REVENUES AND OTHER SUPPORT						
Program revenue	44,660	23,856	68,516	86,413	1,762	88,175
Foundation and trust grants	86,901		86,901	84,415	223,143	307,558
Dues	224,311		224,311	187,613		187,613
Contributions						
General	36,133	109,554	145,687	60,262	215,198	275,460
Corporate contributions	888		888	15,350		15,350
Special events, net of direct expenses of \$338,480 in 2017 and \$334,170 in 2016	1,166,155		1,166,155	836,224		836,224
Growing to Inspire campaign		901,244	901,244	222,418	3,133,360	3,355,778
Investment income	25,420	31,414	56,834	16,774	16,480	33,254
	<u>1,584,468</u>	<u>1,066,068</u>	<u>2,650,536</u>	<u>1,509,469</u>	<u>3,589,943</u>	<u>5,099,412</u>
Net assets released from restriction	155,125	(155,125)		119,848	(119,848)	
Total revenues and other support	<u>1,739,593</u>	<u>910,943</u>	<u>2,650,536</u>	<u>1,629,317</u>	<u>3,470,095</u>	<u>5,099,412</u>
EXPENSES						
Program expense	1,051,315		1,051,315	859,162		859,162
Fundraising	307,315		307,315	253,836		253,836
Management and general	145,514		145,514	126,412		126,412
Total expenses	<u>1,504,144</u>		<u>1,504,144</u>	<u>1,239,410</u>		<u>1,239,410</u>
CHANGE IN NET ASSETS	<u>235,449</u>	<u>910,943</u>	<u>1,146,392</u>	<u>389,907</u>	<u>3,470,095</u>	<u>3,860,002</u>
NET ASSETS, beginning of year	<u>1,186,523</u>	<u>3,913,884</u>	<u>5,100,407</u>	<u>796,616</u>	<u>443,789</u>	<u>1,240,405</u>
NET ASSETS, end of year	<u>1,421,972</u>	<u>4,824,827</u>	<u>6,246,799</u>	<u>1,186,523</u>	<u>3,913,884</u>	<u>5,100,407</u>

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, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	<u>1,146,392</u>	<u>3,860,002</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized (gain) loss on investments	31	(4,016)
Unrealized gain on investments	(11,088)	(10,180)
(Increase) decrease in operating assets:		
Prepaid expenses	18	2,414
Special events receivable	(94,006)	(12,100)
Accrued interest receivable	2,185	(2,185)
Pledges receivable	519,977	(2,071,255)
Increase (decrease) in operating liabilities:		
Accounts payable	(17,298)	27,714
Accrued expenses	(36,416)	36,416
Payroll taxes payable	735	(4,878)
Deferred membership revenue	8,408	25,707
Total adjustments	<u>372,546</u>	<u>(2,012,363)</u>
 Net cash provided by operating activities	 <u>1,518,938</u>	 <u>1,847,639</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	118,251	18,367
Redemption of certificates of deposit	500,000	
Purchase of certificates of deposit		(500,000)
Purchase of investments	<u>(2,487,285)</u>	<u>(27,652)</u>
 Net cash used in investing activities	 <u>(1,869,034)</u>	 <u>(509,285)</u>
 INCREASE (DECREASE) IN CASH	 (350,096)	 1,338,354
CASH, beginning of year	<u>2,337,680</u>	<u>999,326</u>
CASH, end of year	<u>1,987,584</u>	<u>2,337,680</u>
 AS SHOWN ON THE STATEMENTS OF FINANCIAL POSITION		
Cash and cash equivalents	1,720,381	2,325,949
Investment cash	267,203	11,731
	<u>1,987,584</u>	<u>2,337,680</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, 2017 AND 2016

	2017				2016			
	Program Services				Program Services			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
EXPENSES								
Accounting		28,890		28,890		28,440		28,440
Advertising and marketing	240,671	325	3,919	244,915	124,987	975	2,832	128,794
Merchandise	7,398			7,398	10,102			10,102
Architectural fees	6,036			6,036	82,941			82,941
Art	20,000			20,000				
Artist and performance fees	4,025			4,025	6,269			6,269
Awards and grants to individuals	7,850			7,850	8,919			8,919
Bank charges and fees	407	16,736	1,202	18,345	343	12,736	2,013	15,092
Computer fees and services	2,125	13,427		15,552	27,015	10,962		37,977
Construction and maintenance materials					32,758			32,758
Contract services	52,494	11,888	8,279	72,661	123,667	19,062	670	143,399
Dues		915		915		915		915
Equipment	14,143		1,558	15,701		415		415
Equipment rental	4,321	199		4,520	3,073	1,807		4,880
Food and beverage	5,242	1,826		7,068	3,274	833		4,107
Furnishings			13,808	13,808	1,971			1,971
Insurance		11,054		11,054		8,143		8,143
Investment fees	2,107	3,463		5,570		2,205		2,205
Landscape					1,566			1,566
Office supplies	33	1,141	66	1,240	75	57	33	165
Payroll	19,072	25,568	112,061	156,701	18,174	24,310	106,760	149,244
Payroll tax	1,459	1,956	8,573	11,988	1,390	1,860	8,167	11,417
Postage and delivery	1,133	332	5,878	7,343	939	795	4,320	6,054
Printing and publications	9,165	7,025	13,549	29,739	15,764	449	15,003	31,216
Professional fees	90,495	1,422	4,046	95,963	14,081	163	23,148	37,392
Program grants	35,788		4,500	40,288	30,117			30,117
Capital improvements	292,425			292,425	124,144			124,144
Occupancy	212,390			212,390	205,719			205,719
Sales tax	1,177		5,731	6,908	1,298		7,524	8,822
Supplies	18,771	1,890	123,599	144,260	18,933	6,521	82,878	108,332
Telephone		364		364		335		335
Travel and lodging	1,640	1,981	43	3,664	1,305	2,980	403	4,688
Bad debt		14,783		14,783				
Other	948	329	503	1,780	338	2,449	85	2,872
Total expenses	<u>1,051,315</u>	<u>145,514</u>	<u>307,315</u>	<u>1,504,144</u>	<u>859,162</u>	<u>126,412</u>	<u>253,836</u>	<u>1,239,410</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, 2017 and 2016, were \$244,915 and \$128,795, respectively. For the year ended December 31, 2017, various publications within the Kansas City metropolitan area donated marketing services totaling \$175,472. 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 ended December 31, 2016. The Foundation continues to accept pledges on the project. An allowance for uncollectible non-related party pledges of 2.5% and 0% has been included in the calculation of pledges receivable for the years ended December 31, 2017 and 2016, respectively.

NOTE 2. REQUIRED SUPPLEMENTARY DISCLOSURE FOR STATEMENT OF CASH FLOWS

For the years ended December 31, 2017 and 2016, 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, 2017 and 2016, 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, 2017 and 2016, at fair value on a recurring basis.

	2017			
	Total	Level 1	Level 2	Level 3
Investments				
Equities	50,064	50,064		
Bond funds	1,892,017	1,892,017		
Equity funds	242,518	242,518		
Exchange traded funds	507,605	507,605		
Total	2,692,204	2,692,204		
	2016			
	Total	Level 1	Level 2	Level 3
Investments				
Bond funds	105,002	105,002		
Equity funds	207,111	207,111		
Total	312,113	312,113		

The carrying amounts, market value, unrealized gains, and unrealized losses of the Level 1 investments at December 31, 2017 and 2016, are disclosed in Note 4.

NOTE 4. INVESTMENTS

Investments as of December 31, 2017 and 2016, are summarized as follows:

	2017		
	Cost	Unrealized Appreciation (Depreciation)	Value
Equities	49,134	930	50,064
Bond funds	1,900,522	(8,505)	1,892,017
Equity funds	204,245	38,273	242,518
Exchange traded funds	502,409	5,196	507,605
Total	2,656,310	35,894	2,692,204

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

NOTE 4. INVESTMENTS (Continued)

	2016		
	Cost	Unrealized Appreciation (Depreciation)	Fair Value
Bond funds	104,314	688	105,002
Equity funds	183,495	23,616	207,111
Total	287,809	24,304	312,113

Investment income for the years ended December 31, 2017 and 2016, is composed of the following:

	2017	2016
Interest	10,701	6,615
Dividends	35,076	12,443
Net realized gain (loss)	(31)	4,016
Net unrealized gain	11,088	10,180
Total investment income	56,834	33,254

Investment fees for the years ending December 31, 2017 and 2016, were \$5,570 and \$2,205, respectively.

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, 2017 and 2016, 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. 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, 2017 and 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, 2017 and 2016, were as follows:

	2017	2016
9-11 Firefighter's Memorial	4,534	4,394
Arboretum Sculptures	15,924	35,924
Arboretum Visitor Center		1,000

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

NOTE 6. TEMPORARILY RESTRICTED NET ASSETS (Continued)

	2017	2016
Erickson Rose Garden	31,258	31,258
Solid Sweep System	390	390
Sculpture Exhibition	1,065	1,065
Growing to Inspire Campaign	4,025,251	3,233,360
Ben Craig Farmstead Maintenance	200,499	200,499
Ben's Bank	8,836	1,762
Beverly's Butterfly Garden	3,193	2,193
Hen House	182	162
Kiwanis Repose	936	936
Machine Shed		8,143
McGowan Costume Grant	2,566	2,566
Prairie Dog Exhibit	2,400	2,000
PNC Field Trip Grant	640	2,338
Draft Horse Barn	215,893	215,893
Friends of the Arts Sculpture Program	10,500	10,500
Ritter Legacy Garden Seating	106,586	
Farmstead	13,560	10,326
2018 STEMS	5,000	
Night of the Living Farm	10,000	
Metcalf Bank Fund	165,614	149,175
Total	<u>4,824,827</u>	<u>3,913,884</u>

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 Fund 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:

	2017	2016
9-11 Firefighter's Memorial	1,427	845
Arboretum Sculpture	20,000	
Ben's Bank	1,763	522
Beverly's Butterfly Garden		537
Erma Stous Arboretum Fund		74,048
Growing to Inspire Capital Campaign	122,094	

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

NOTE 7. TEMPORARILY RESTRICTED NET ASSETS RELEASED FROM RESTRICTION (Continued)

	2017	2016
Hen House		1,883
Machine Shed	8,143	26,000
McGowan Costume Grant		315
Metcalf Bank Fund		12,090
PNC Field Trip Grant	<u>1,698</u>	<u>3,608</u>
	<u>155,125</u>	<u>119,848</u>

NOTE 8. BOARD-DESIGNATED NET ASSETS

Unrestricted Board-designated net assets consist of the following as of December 31, 2017 and 2016:

	2017	2016
Dan Stern - costumes		5,000
Growing to Inspire	250,000	
Deanna Rose Children's Farmstead	240,857	257,143
Friends of the Arboretum	<u>26,497</u>	<u>27,720</u>
Total	<u>517,354</u>	<u>289,863</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.

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

NOTE 10. PLEDGES RECEIVABLE (Continued)

Promises to give, net of a discount to present value at 4.5% and an allowance for doubtful accounts at December 31, 2017 and 2016, are due to be collected as follows:

	2017	2016
Gross amount due		
One year or less	1,281,257	1,044,700
Between one year and five years	<u>353,414</u>	<u>1,064,228</u>
	<u>1,634,671</u>	<u>2,108,928</u>
Less:		
Present value discount	69,610	47,673
Less allowance for doubtful accounts	<u>13,783</u>	<u> </u>
	<u>83,393</u>	<u>47,673</u>
 Total	 <u>1,551,278</u>	 <u>2,061,255</u>

Discounts will be recognized as contribution income in years 2018 through 2022.

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 67% percent of the total pledges receivable, or \$1,036,512, represents pledges from ARFOP Board Members or other related parties. Of that amount, \$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 a conditional promise to receive \$500,000 from a single donor within 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, 2017 and 2016, ARFOP received the following noncash contributions of services and equipment that have been reflected in the financial statements of the Foundation.

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

NOTE 12. IN-KIND CONTRIBUTIONS AND CONTRIBUTED SERVICES (Continued)

	2017	2016
Artist and performance fees	300	2,190
Equipment rental	6,893	17,396
Food and beverages	55,301	62,090
Mailing services	3,300	2,500
Marketing services	175,472	117,963
Printing		552
Professional fees		5,312
Supplies	40,900	11,500
Total in-kind contributions	282,166	219,503

NOTE 13. COMMITMENTS

In September 2016, ARFOP committed \$300,000 to the City of Overland Park, Kansas, to partially fund the Ben Craig Administration Building at the Deanna Rose Children's Farmstead. At their July 2017 meeting, the Board of Directors approved increasing their commitment to the project by an additional \$150,000 for a total commitment of \$450,000. As of December 31, 2017, the remaining commitment is \$232,714, which is to be paid in quarterly installments until paid in full. 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 14, 2018, the date the financial statements were available to be issued.