

THE ARTS AND RECREATION FOUNDATION OF OVERLAND PARK, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019



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

THE ARTS AND RECREATION FOUNDATION OF OVERLAND PARK, INC.  
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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, 2020 and 2019, 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 auditors' 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, 2020 and 2019, 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  
May 6, 2022

THE ARTS AND RECREATION FOUNDATION OF OVERLAND PARK, INC.  
STATEMENTS OF FINANCIAL POSITION  
YEARS ENDED DECEMBER 31, 2020 AND 2019

ASSETS	2020	2019
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	3,032,343	1,838,644
Prepaid expenses	6,478	5,766
Inventory		2,739
Accounts receivable	1,240	28,964
Pledges receivable	443,617	238,278
Pledges receivable from related parties	42,357	40,973
Total current assets	<u>3,526,035</u>	<u>2,155,364</u>
<b>OTHER ASSETS</b>		
Investment cash		
Unrestricted	354,355	365,058
Restricted	968,967	958,264
Investments		
Unrestricted	500,979	677,406
Restricted	4,037,448	3,736,098
Pledges receivable - long-term, less allowance for doubtful pledges of \$14,451 and \$14,775, at December 31, 2020 and 2019, respectively.	745,656	26,823
Pledges receivable from related parties - long-term		2,401
Total other assets	<u>6,607,405</u>	<u>5,766,050</u>
<b>TOTAL ASSETS</b>	<u><u>10,133,440</u></u>	<u><u>7,921,414</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	46,164	30,659
Payroll taxes payable	8,189	6,904
Deferred sponsorship revenue		2,500
Deferred membership revenue	75,110	125,126
Total liabilities	<u>129,463</u>	<u>165,189</u>
<b>NET ASSETS</b>		
Net assets without donor restrictions	2,799,460	2,377,325
Net assets with donor restrictions	7,204,517	5,378,900
Total net assets	<u>10,003,977</u>	<u>7,756,225</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>10,133,440</u></u>	<u><u>7,921,414</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, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
REVENUES AND OTHER SUPPORT						
Program revenue	29,467		29,467	22,760	9,475	32,235
Foundation and trust grants	44,549		44,549	43,415		43,415
Dues	182,232		182,232	235,703		235,703
Contributions						
General	75,949	1,715	77,664	68,272	52,495	120,767
Corporate contributions	28,500	9,000	37,500	13,750		13,750
Growing to Inspire capital campaign		2,116,555	2,116,555		276,165	276,165
Special events, net of direct expenses of \$147,250 in 2020 and \$426,281 in 2019	609,669		609,669	1,345,531		1,345,531
Investment income	50,377	97,785	148,162	63,531	163,661	227,192
Government grants	30,000		30,000			
	<u>1,050,743</u>	<u>2,225,055</u>	<u>3,275,798</u>	<u>1,792,962</u>	<u>501,796</u>	<u>2,294,758</u>
Net assets released from restriction	399,438	(399,438)		273,024	(273,024)	
Total revenues and other support	<u>1,450,181</u>	<u>1,825,617</u>	<u>3,275,798</u>	<u>2,065,986</u>	<u>228,772</u>	<u>2,294,758</u>
EXPENSES						
Program expense	552,113		552,113	811,260		811,260
Fundraising	335,100		335,100	273,453		273,453
Management and general	140,833		140,833	151,351		151,351
Total expenses	<u>1,028,046</u>		<u>1,028,046</u>	<u>1,236,064</u>		<u>1,236,064</u>
CHANGE IN NET ASSETS	<u>422,135</u>	<u>1,825,617</u>	<u>2,247,752</u>	<u>829,922</u>	<u>228,772</u>	<u>1,058,694</u>
NET ASSETS, beginning of year	<u>2,377,325</u>	<u>5,378,900</u>	<u>7,756,225</u>	<u>1,547,403</u>	<u>5,150,128</u>	<u>6,697,531</u>
NET ASSETS, end of year	<u>2,799,460</u>	<u>7,204,517</u>	<u>10,003,977</u>	<u>2,377,325</u>	<u>5,378,900</u>	<u>7,756,225</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, 2020 AND 2019

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	<u>2,247,752</u>	<u>1,058,694</u>
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Realized gain on investments		(32,575)
Unrealized gain on investments	(9,051)	(56,565)
Increase (decrease) in operating assets:		
Prepaid expenses	(712)	3,929
Inventory	2,739	(2,739)
Accounts receivable	27,724	(25,850)
Pledges receivable	(923,155)	122,356
Increase (decrease) in operating liabilities:		
Accounts payable	15,505	(5,433)
Payroll taxes payable	1,285	(77)
Deferred sponsorship revenue	(2,500)	2,500
Deferred membership revenue	(50,016)	11,757
Total adjustments	<u>(938,181)</u>	<u>17,303</u>
Net cash provided by operating activities	<u>1,309,571</u>	<u>1,075,997</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments		2,746,583
Purchase of investments	<u>(115,872)</u>	<u>(4,622,114)</u>
Net cash used in investing activities	<u>(115,872)</u>	<u>(1,875,531)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,193,699	(799,534)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>3,161,966</u>	<u>3,961,500</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>4,355,665</u>	<u>3,161,966</u>
<b>AS SHOWN ON THE STATEMENTS OF FINANCIAL POSITION</b>		
Cash and cash equivalents	3,032,343	1,838,644
Investment cash		
Unrestricted	354,355	365,058
Restricted	<u>968,967</u>	<u>958,264</u>
	<u>4,355,665</u>	<u>3,161,966</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, 2020 AND 2019

		2020				2019			
		Program Services				Program Services			
		Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
EXPENSES									
Accounting			31,365		31,365		33,240		33,240
Advertising and marketing				80,896	80,896	191,025		9,630	200,655
Merchandise						3,348			3,348
Architectural fees	5,425		550	3,245	9,220	748		4,925	5,673
Art						65,000			65,000
Artist and performance fees						3,450			3,450
Awards and grants to individuals	3,700				3,700	7,450			7,450
Bank charges and fees	11		17,688	20,843	38,542	135	23,138	2,191	25,464
Computer fees and services	419		14,228	6,350	20,997	3,178	13,652	315	17,145
Construction and maintenance materials						25,334			25,334
Contract services			23,000	10,062	33,062	44,675	11,625	17,533	73,833
Dues			975		975		925		925
Equipment	9,045			1,236	10,281				
Equipment rental			200		200	1,818	260		2,078
Food and beverage			369		369	1,345	789		2,134
Furnishings				7,960	7,960				
Insurance			12,951		12,951		15,258		15,258
Investment fees	233		1,954	10,891	13,078	7,255	953	173	8,381
Landscape						700		425	1,125
Office supplies			71		71		335	235	570
Payroll	62,516		26,354	93,825	182,695	59,994	34,348	60,672	155,014
Payroll tax	2,367		4,435	5,976	12,778	4,589	2,628	4,641	11,858
Postage, delivery, freight	2		509	676	1,187	9,291	306	590	10,187
Printing and publications			937	7,021	7,958	2,845	89	16,937	19,871
Professional fees			131	1,080	1,211		553	740	1,293
Program grants	121,090		100	23,496	144,686	84,261	3,000	20,779	108,040
Capital improvements	67,000				67,000	12,402			12,402
Occupancy	271,697				271,697	271,697			271,697
Sales tax	264			6,507	6,771	519		7,650	8,169
Supplies	5,860		1,240	54,735	61,835	9,561	1,458	123,379	134,398
Telephone			2,579		2,579		2,410		2,410
Travel and lodging			1,162		1,162	640	1,968	82	2,690
Bad debt							4,416		4,416
Other	2,484		35	301	2,820			2,556	2,556
Total expenses		<u>552,113</u>	<u>140,833</u>	<u>335,100</u>	<u>1,028,046</u>	<u>811,260</u>	<u>151,351</u>	<u>273,453</u>	<u>1,236,064</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 the Foundation), 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

It is the Foundation's policy 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.

Financial Statement Presentation

The financial statements report amounts by class of net assets, as required by ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. During 2018, the Foundation adopted the provisions of Accounting Standards Update (ASU) 2016-14: *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, (ASU 2016-14), which improves the net asset classification and related information presented in the financial statements and notes about the Foundation's liquidity, financial performance, and cash flows. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions under the direction of the Board, designated by the Board for specific use, or invested in property and equipment.

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both, and are reported in the statements of activities as net assets released from restrictions.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

The Foundation 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 the Foundation 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.

Recognition of Donor-Restricted Contributions

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions 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 net assets with donor restrictions depending on the nature of the restriction. When the restriction expires, net assets with donor restrictions are reclassified to unrestricted net assets without donor restrictions.

In-Kind Contributions and Contributed Services

The Foundation 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 the Foundation with its operations. The volunteer hours have not been recorded in the financial statements since those services do not meet the criteria for recognition.

Cash and Cash Equivalents

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

Investments

The Foundation 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.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

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.

Accounts 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

The Foundation 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 nonrelated party pledges has been included in the calculation of pledges receivable for the years ended December 31, 2020 and 2019.

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 the Foundation.

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. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. Salaries are allocated on a basis of time and effort by the Foundation's staff.

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, 2020 and 2019, were \$80,896 and \$200,655, respectively. For the years ended December 31, 2020 and 2019, various publications within the Kansas City metropolitan area donated marketing services totaling \$85,146 and \$176,025, respectively. Services were valued at their fair value.

Compensated Absences

The Foundation 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.

Income Taxes

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code as a publicly supported organization. Contributions to the Foundation qualify for a charitable contribution deduction. The Foundation utilizes the provisions of FASB ASC 740-10, *Accounting for Uncertain Tax Positions*. The Foundation continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings. The Foundation 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.

Inventory

Inventories are valued at the lower of cost or net realizable value. Cost is determined using the first-in, first-out (FIFO) method. Net realizable value is based on the selling price.

Revenue Recognition

The Foundation has analyzed the provisions of the FASB's ASC Topic 606, *Revenue from Contracts with Customers*, and has concluded that no changes are necessary to conform with the new standard. Our sales contain a single delivery element and revenue is recognized at a single point in time when ownership, risks, and rewards transfer.

The Foundation holds various special events throughout the year. Tickets are priced at varying levels based on each event and can be purchased in advance, or in some cases, the day of the event. Revenues from ticket sales and sponsorships are recognized when the event occurs. Events are held rain or shine and there is no right of return associated with the ticket sale. The value the donor receives is reported as revenues from contracts with customers - special events on the statement of activities.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

The Foundation also had various items for sale at events or sales as fundraising activities. Merchandise and concession items purchased are delivered to customers directly. There is no right of return associated with any items the Foundation sells. Control of the items purchased transfers to the customers when the items is purchased. Revenues derived from merchandise sales are reported as revenues from contracts with customers - merchandise sales on the statement of activities.

Memberships

The Foundation provides various classifications of membership at different rates on a yearly basis.

Program/Activity Revenue

The Foundation conducts program-related experiences such as education and general program about the Farmstead where the performance obligation is delivery of the program. Fees for programs and activities are set by the Foundation. For sponsorships described as program revenues, fees include program supplies, staffing, and facility costs. As is customary, these items are not separately priced and are therefore considered to be one performance obligation. Some special programs do incur additional fees, which are separately priced. Fees collected in advance of delivery of the program or activity are initially recognized as liabilities (deferred revenue) and are only recognized in the statements of activities after delivery of a program has occurred.

Special Fundraising Event Revenue

The Foundation conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event (the exchange component) and a portion represents a contribution to the Foundation. The fair value of meals and entertainment provided at special events is measured at the actual cost to the Foundation. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The direct costs of the special events, which ultimately benefit the donor rather than the Foundation, are recorded as costs of direct donor benefits in the statement of activities. The performance obligation is delivery of the event, which is usually accompanied by a presentation, with the event fee set by the Foundation. FASB ASU 2014-09 requires allocation of the transaction price to the performance obligations. Accordingly, the Foundation separately presents in the statement of activities the exchange and contribution components of the gross proceeds from special events.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Fundraising Event Revenue (Continued)

Special event fees collected in advance of delivery of the event are initially recognized as liabilities (deferred revenue) and are only recognized in the statements of activities after delivery of the special event has occurred. For special event fees received before year end that are for an event to occur after year end, the Foundation follows AICPA guidance where the inherent contribution is conditioned on the event taking place, and is therefore treated as a refundable advance along with the exchange component.

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, 2020 and 2019, there were no cash expenditures for income taxes or interest.

NOTE 3. FAIR VALUE MEASUREMENTS

The Foundation utilizes FASB ASC 820-10, *Fair Value Measurements*, which provides a framework for measuring fair value under generally accepted accounting principles. 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, the Foundation uses various methods including market, income, and cost approaches.

Based on these approaches, the Foundation 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. The Foundation 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, the Foundation is required to provide the following information according to the fair value hierarchy.

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

NOTE 3. FAIR VALUE MEASUREMENTS (Continued)

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, 2020 and 2019, 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, 2020 and 2019, at fair value on a recurring basis.

	2020			
	Total	Level 1	Level 2	Level 3
Investments				
Marketable CDs	507,135	507,135		
Fixed income	2,344,728	2,344,728		
Mutual funds	142,490	142,490		
Treasury bills	1,414,534	1,414,534		
Exchange traded funds	129,540	129,540		
Total	<u>4,538,427</u>	<u>4,538,427</u>		
	2019			
	Total	Level 1	Level 2	Level 3
Investments				
Marketable CDs	708,530	708,530		
Fixed income	3,191,294	3,191,294		
Mutual funds	310,036	310,036		
Treasury bills	99,766	99,766		
Exchange traded funds	103,878	103,878		
Total	<u>4,413,504</u>	<u>4,413,504</u>		

The carrying amounts, market value, unrealized gains, and unrealized losses of the Level 1 investments at December 31, 2020 and 2019, are disclosed in Note 4.

NOTE 4. INVESTMENTS

Investments as of December 31, 2020 and 2019, are summarized as follows:

	2020		
	Cost	Unrealized Appreciation (Depreciation)	Fair Value
Marketable CDs	500,489	6,646	507,135
Fixed income	2,317,731	26,997	2,344,728
Mutual funds	112,149	30,341	142,490
Treasury bills	1,414,534		1,414,534
Exchange traded funds	92,675	36,865	129,540
Total	<u>4,437,579</u>	<u>100,848</u>	<u>4,538,427</u>



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

NOTE 4. INVESTMENTS (Continued)

	2019		
	Cost	Unrealized Appreciation (Depreciation)	Fair Value
Marketable CDs	700,805	7,725	708,530
Fixed income	3,164,782	26,512	3,191,294
Mutual funds	278,600	31,436	310,036
Treasury bills	97,755	2,011	99,766
Exchange traded funds	85,871	18,007	103,878
Total	<u>4,327,813</u>	<u>85,691</u>	<u>4,413,504</u>

Investment income for the years ended December 31, 2020 and 2019, is composed of the following:

	2020	2019
Interest	10,355	27,482
Dividends	128,756	101,130
Capital gains		9,440
Net realized gain		32,575
Net unrealized gain (loss)	9,051	56,565
Total investment income	<u>148,162</u>	<u>227,192</u>

Investment fees for the years ending December 31, 2020 and 2019, were \$12,884 and \$8,277, respectively.

NOTE 5. CONCENTRATIONS OF CREDIT RISK

The Foundation had deposits at one institution in excess of the \$250,000 federally insured limit by the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2020 and 2019, all of the Foundation'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 contributors' base, the number of contributors, and its contributors' financial resources. As of December 31, 2020 and 2019, the Foundation had no significant concentrations of credit risk.

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

NOTE 6. DONATED FACILITIES

The Foundation 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 the Foundation'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 Foundation's staff. The value of this agreement cannot be determined and is not included as a contribution or an expense on the financial statements.

NOTE 7. PLEDGES RECEIVABLE

In 2015 the Foundation initiated the Growing to Inspire capital 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 at 4.5% and an allowance for doubtful accounts at December 31, 2020 and 2019, are due to be collected as follows:

	2020	2019
Gross amount due		
One year or less	485,974	290,514
Between one year and five years	845,400	50,700
	<u>1,331,374</u>	<u>341,214</u>
Less:		
Present value discount	85,293	17,964
Less allowance for doubtful accounts	14,451	14,775
	<u>99,744</u>	<u>32,739</u>
Total	<u>1,231,630</u>	<u>308,475</u>

Discounts will be recognized as contribution income in the years 2021 - 2025.

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

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

NOTE 8. CONDITIONAL PROMISES TO GIVE

The Foundation has received conditional promises to give totaling \$1,000,000, from a single donor. Commitments of \$500,000 were received in the years ending December 31, 2018 and 2017. 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 9. IN-KIND CONTRIBUTIONS AND CONTRIBUTED SERVICES

Over the course of the year, the Foundation receives several in-kind contributions of goods and services for various Foundation events. During the years ended December 31, 2020 and 2019, the Foundation received the following noncash contributions of services and equipment that have been reflected in the financial statements of the Foundation.

	2020	2019
Equipment rental	4,000	6,914
Food and beverages		40,771
Marketing services	78,146	176,025
Professional fees		7,624
Supplies	<u>12,793</u>	<u>34,606</u>
Total in-kind contributions	<u>94,940</u>	<u>265,940</u>

NOTE 10. SPECIAL EVENT REVENUES

Gross receipts from special fundraising events recorded by the Foundation consisted of a combination of exchange transaction and contribution revenues. As a result of adopting FASB ASU 2014-09 during 2019, the Foundation is required to separately present the components of this revenue:

Contributions	353,455
Special event revenues	<u>403,464</u>
Special fundraising events - gross	756,919
Less direct expenses	<u>(147,250)</u>
Special fundraising events - net	<u>609,669</u>

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

NOTE 11. LIQUIDITY

The Foundation's financial assets available to meet cash needs for general expenditures within one year of the balance sheet date are as follows:

	2020	2019
Cash and cash equivalents	4,355,665	3,161,966
Accounts receivable	1,240	28,964
Investments	4,538,427	4,413,504
Pledges receivable	1,231,630	308,475
	<u>10,126,962</u>	<u>7,912,909</u>
Less board-designated	(1,178,497)	(648,497)
Less portion with donor restrictions	(7,204,517)	(5,378,900)
Total	<u><u>1,743,948</u></u>	<u><u>1,885,512</u></u>

NOTE 12. DISCLOSURE OF NET ASSETS

The detail of the Foundation's net asset categories at December 31, 2020 and 2019, are as follows:

	2020	2019
Net assets without donor restrictions		
Undesignated	1,620,963	1,728,828
Board-designated	1,178,497	648,497
Total net assets without donor restrictions	<u>2,799,460</u>	<u>2,377,325</u>
Net assets with donor restrictions		
Unexpended funds received for a specific purpose	<u>7,204,517</u>	<u>5,378,900</u>
Total net assets	<u><u>10,003,977</u></u>	<u><u>7,756,225</u></u>

Net assets identified as board-designated have been set aside for the following purposes:

	2020	2019
Growing to Inspire	1,100,000	570,000
Deanna Rose Children's Farmstead	7,000	7,000
Friends of the Arboretum	26,497	26,497
Friends of the Arts	45,000	45,000
	<u><u>1,178,497</u></u>	<u><u>648,497</u></u>

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

NOTE 12. DISCLOSURE OF NET ASSETS (Continued)

Net assets with donor restrictions at December 31, 2020 and 2019, are available for the following purposes:

	2020	2019
9-11 Firefighter's Memorial	7,118	5,403
Ben Craig Farmstead Maintenance	200,499	200,499
Ben's Bank	10,329	15,328
Beverly's Butterfly Garden	1,463	4,193
Development Agreement	9,000	
Draft Horse Barn	270,885	270,885
Education	4,475	4,475
Erickson Rose Garden	31,258	31,258
Farmstead	23,426	23,426
Friends of the Arts Sculpture Program	10,500	10,500
Growing to Inspire Campaign	6,453,626	4,638,433
Hen House	182	182
Kiwanis Repose	936	936
McGowan Costume Grant	2,566	2,566
Metcalf Bank Fund	173,999	166,561
Prairie Dog Exhibit	2,800	2,800
Sculpture Exhibition	1,065	1,065
Solid Sweep System	390	390
Total	<u>7,204,517</u>	<u>5,378,900</u>

In November 2007, the Foundation 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, the Foundation 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 13. SUBSEQUENT EVENT

In preparing the financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through May 6, 2022, the date the financial statements were available to be issued.