

**THE ARTS AND RECREATION FOUNDATION
OF OVERLAND PARK, INC.**

FINANCIAL STATEMENTS

**Year Ended December 31, 2021
with
Independent Auditors' Report**

**THE ARTS AND RECREATION FOUNDATION
OF OVERLAND PARK, INC.**

FINANCIAL STATEMENTS

December 31, 2021

CONTENTS

| | <u>Page</u> |
|--|-------------|
| Independent Auditors' Report | 1 – 3 |
| Financial Statements: | |
| Statement of Financial Position | 4 |
| Statement of Activities..... | 5 |
| Statement of Functional Expenses | 6 |
| Statement of Cash Flows..... | 7 |
| Notes to Financial Statements..... | 8 – 18 |



Keller & Owens, LLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors

The Arts and Recreation Foundation of Overland Park, Inc.

We have audited the financial statements of **The Arts & Recreation Foundation of Overland Park, Inc.**, which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **The Arts & Recreation Foundation of Overland Park, Inc.** as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **The Arts & Recreation Foundation of Overland Park, Inc.** and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Restatement

The financial statements of **The Arts & Recreation Foundation of Overland Park, Inc.** for the year ended December 31, 2020, before the restatement described in Note 11, were audited by another auditor whose report dated May 6, 2022, expressed an unmodified opinion on those statements. As part of our audit of the December 31, 2021 financial statements, we also audited the adjustments described in Note 11 that were applied to restate the 2020 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2020 financial statements of the entity other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2020 financial statements as a whole.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **The Arts & Recreation Foundation of Overland Park, Inc.**'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

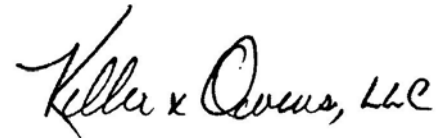
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Arts & Recreation Foundation of Overland Park, Inc.**'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **The Arts & Recreation Foundation of Overland Park, Inc.**'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

A handwritten signature in black ink that reads "Kella x Owens, LLC". The signature is written in a cursive, flowing style.

Overland Park, Kansas
October 14, 2022

**THE ARTS AND RECREATION FOUNDATION
OF OVERLAND PARK, INC.**

STATEMENT OF FINANCIAL POSITION
December 31, 2021

ASSETS

| | | |
|---|--------|-----------------------------|
| Cash and Cash Equivalents | \$ | 5,357,128 |
| Investments, at fair value | | 1,230,407 |
| Capital Campaign Promises to Give, net | | 635,690 |
| Other Contributions Receivable, due in one year or less | | 13,500 |
| Other Receivables, no allowance for doubtful accounts | | 61,314 |
| Prepaid Expenses | | <u>5,773</u> |
| Total Assets | \$ | <u><u>7,303,812</u></u> |

LIABILITIES AND NET ASSETS

| | | |
|--|--------|-----------------------------|
| Liabilities: | | |
| Accounts payable | \$ | 9,108 |
| Accrued liabilities | | 29,262 |
| Deferred revenue | | <u>144,646</u> |
| Total Liabilities | | 183,016 |
| Net Assets: | | |
| Without donor restrictions: | | |
| Undesignated | | 2,149,493 |
| Board-designated | | |
| Capital Campaign - Long House Visitor Center | | 1,575,000 |
| Arboretum Maintenance Reserve | | <u>18,997</u> |
| Total Board-designated | | <u>1,593,997</u> |
| Total without donor restrictions | | 3,743,490 |
| With donor restrictions | | <u>3,377,306</u> |
| Total Net Assets | | <u>7,120,796</u> |
| Total Liabilities and Net Assets | \$ | <u><u>7,303,812</u></u> |

See accompanying notes

**THE ARTS AND RECREATION FOUNDATION
OF OVERLAND PARK, INC.**

STATEMENT OF ACTIVITIES
Year Ended December 31, 2021

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|---------------------|
| Support and Revenue: | | | |
| Contributions and grants | \$ 274,947 | \$ 1,136,983 | \$ 1,411,930 |
| Membership dues | 231,611 | - | 231,611 |
| Special events revenue | 1,886,340 | 77,664 | 1,964,004 |
| Less: cost of direct benefits to donors | <u>(507,475)</u> | <u>-</u> | <u>(507,475)</u> |
| Special events, net | 1,378,865 | 77,664 | 1,456,529 |
| Merchandise sales revenue | 118,383 | - | 118,383 |
| Less: cost of goods sold | <u>(46,824)</u> | <u>-</u> | <u>(46,824)</u> |
| Merchandise sales, net | 71,559 | - | 71,559 |
| Investment return, net | 36,170 | 28,602 | 64,772 |
| Net assets released from restrictions | <u>5,204,552</u> | <u>(5,204,552)</u> | <u>-</u> |
| Total Support and Revenue | 7,197,704 | (3,961,303) | 3,236,401 |
| Expenses: | | | |
| Program services | 5,544,550 | - | 5,544,550 |
| Supporting services: | | | |
| Management and general | 113,388 | - | 113,388 |
| Fundraising | 451,419 | - | 451,419 |
| Total supporting services | <u>564,807</u> | <u>-</u> | <u>564,807</u> |
| Total Expenses | 6,109,357 | - | 6,109,357 |
| Loss on Uncollectible Promises to Give | <u>-</u> | <u>(10,225)</u> | <u>(10,225)</u> |
| Change in Net Assets | 1,088,347 | (3,971,528) | (2,883,181) |
| Net Assets at Beginning of Year: | | | |
| As previously stated | 2,799,460 | 7,204,517 | 10,003,977 |
| Prior period restatement | <u>(144,317)</u> | <u>144,317</u> | <u>-</u> |
| As restated | <u>2,655,143</u> | <u>7,348,834</u> | <u>10,003,977</u> |
| Net Assets at End of Year | <u>\$ 3,743,490</u> | <u>\$ 3,377,306</u> | <u>\$ 7,120,796</u> |

See accompanying notes

**THE ARTS AND RECREATION FOUNDATION
OF OVERLAND PARK, INC.**

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2021

| | Program Services | Supporting Services | | Cost of Direct Benefits to Donors | Total |
|--|---------------------|---------------------------|-------------------|--|---------------------|
| | | Management and General | Fundraising | | |
| Salaries and wages | \$ 67,726 | \$ 28,550 | \$ 96,832 | \$ - | \$ 193,108 |
| Employee payroll taxes | 5,601 | 2,361 | 8,008 | - | 15,970 |
| Travel and meetings | - | 2,039 | 69,499 | - | 71,538 |
| Grants and assistance | 5,462,426 | - | - | - | 5,462,426 |
| Professional fees | 7,964 | 53,158 | 27,388 | - | 88,510 |
| Special events supplies, meals, and entertainment | - | - | - | 507,475 | 507,475 |
| Cost of goods sold | 1,974 | - | 44,850 | - | 46,824 |
| Office expense | - | 14,318 | 560 | - | 14,878 |
| Bank and credit card processing fees | 104 | 9,985 | 92,729 | - | 102,818 |
| Printing and publications | 729 | 2,532 | 12,869 | - | 16,130 |
| Advertising and marketing | - | 445 | 141,619 | - | 142,064 |
| Landscaping maintenance | - | - | 1,915 | - | 1,915 |
| Total expenses by function | 5,546,524 | 113,388 | 496,269 | 507,475 | 6,663,656 |
| Less expenses included with support and revenue on the statement of activities | | | | | |
| Cost of direct benefits to donors | - | - | - | (507,475) | (507,475) |
| Cost of goods sold | (1,974) | - | (44,850) | - | (46,824) |
| Total expenses included in the expense section on the statement of activities | \$ 5,544,550 | \$ 113,388 | \$ 451,419 | \$ - | \$ 6,109,357 |

See accompanying notes

**THE ARTS AND RECREATION FOUNDATION
OF OVERLAND PARK, INC.**

STATEMENT OF CASH FLOWS
Year Ended December 31, 2021

| | |
|---|----------------------------|
| Cash Flows from Operating Activities: | |
| Change in net assets | \$ (2,883,181) |
| Adjustments to reconcile change in net assets to net cash used by operating activities: | |
| Net unrealized loss | 9,734 |
| Contributions restricted to capital campaign | (952,292) |
| Loss on uncollectible promises to give | 10,225 |
| Forgiveness of Paycheck Protection Program loan | (31,420) |
| (Increase) decrease in: | |
| Other contributions receivable | (13,500) |
| Other receivables | (60,074) |
| Prepaid expenses | 705 |
| Increase (decrease) in: | |
| Accounts payable | (5,049) |
| Accrued liabilities | 20,486 |
| Deferred revenue | <u>69,536</u> |
| Net Cash Used by Operating Activities | (3,834,830) |
| Cash Flows from Investing Activities: | |
| Purchases of investments | (70,524) |
| Proceeds from sales of investments | <u>4,692,132</u> |
| Net Cash Provided by Investing Activities | 4,621,608 |
| Cash Flows From Financing Activities: | |
| Collections of contributions restricted to capital campaign | <u>1,538,007</u> |
| Net Cash Provided by Financing Activities | <u>1,538,007</u> |
| Net Increase in Cash and Cash Equivalents | 2,324,785 |
| Cash and Cash Equivalents at Beginning of Year | <u>3,032,343</u> |
| Cash and Cash Equivalents at End of Year | <u><u>\$ 5,357,128</u></u> |

See accompanying notes

THE ARTS AND RECREATION FOUNDATION OF OVERLAND PARK, INC.

NOTES TO FINANCIAL STATEMENTS December 31, 2021

1. NATURE OF ORGANIZATION

The Arts & Recreation Foundation of Overland Park, Inc. (the “Foundation”) is a nonprofit 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounts Receivable – Other receivables primarily consist of amounts due for special events. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Accounts over 30 days are considered past due. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts, based on historical experience, existing economic conditions, and subsequent collections. The allowance as of December 31, 2021 was \$-0-.

Advertising Costs – The Foundation expenses advertising costs as they are incurred. Total advertising costs during 2021 were \$142,064.

Basis of Accounting – The Foundation prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents – For purposes of the statement of cash flows, cash and cash equivalents are considered to be all highly liquid investments purchased with original maturity dates of less than three months. Cash and cash equivalents in brokerage accounts, which are part of investments on the statement of financial position, are excluded from this definition.

Concentrations of Credit Risk – The Foundation maintains its cash in bank accounts in amounts that may exceed federally insured limits at times. The Foundation has not experienced any losses in these accounts in the past, and management believes the Foundation is not exposed to significant credit risks as it periodically evaluates the strength of the financial institutions in which it deposits funds. As of December 31, 2021, the Foundation had approximately \$1,089,000 in deposits in excess of federally-insured limits.

THE ARTS AND RECREATION FOUNDATION OF OVERLAND PARK, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Nonfinancial Assets – Donated goods and services are reflected as contributions at their estimated fair values at date of receipt. During 2021, the Foundation received approximately \$147,000 in donated goods and services for special events, including \$137,000 in advertising and \$10,000 in supplies.

The Foundation and the City of Overland Park, Kansas, (the “City”) 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.

Additionally, a number of volunteers donated services to the Foundation. These services do not meet the criteria for recognition as a contribution and thus are not reflected in the accompanying financial statements.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses – The Foundation allocates expense on a functional basis among the various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by management’s estimate of resources devoted to the program or support service, requiring allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages and employee payroll taxes, which are allocated based on time and effort spent in functional areas.

THE ARTS AND RECREATION FOUNDATION OF OVERLAND PARK, INC.

NOTES TO FINANCIAL STATEMENTS December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes – The Foundation is a Kansas non-profit corporation and has been recognized by the IRS as exempt from Federal income taxes, except on unrelated income, under Section 501(c)(3) of the Internal Revenue Code, qualifies for the charitable contribution deduction, and has been determined not to be a private foundation.

The Foundation's policy with regard to income tax is to record a liability for any tax position that is beneficial to the Foundation, including any related interest and penalties, when it is more likely than not the position taken by management with respect to the transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of December 31, 2021, and, accordingly, no liability has been accrued.

Investments – Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return (loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Net Assets – Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor or certain grantor restrictions. They also include any designations by the governing board.

Net assets with donor restrictions – Net assets subject to donor- or certain grantor-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. We report contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

THE ARTS AND RECREATION FOUNDATION OF OVERLAND PARK, INC.

NOTES TO FINANCIAL STATEMENTS December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Promises to Give – The Foundation records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discount is included in contributions and grants revenue in the statement of activities. The Foundation determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible.

Revenue Recognition – The Foundation recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. As of December 31, 2021, there were no conditional promises to give.

Membership dues, which are nonrefundable, are comprised of exchange transaction elements based on the benefits received. The Organization recognizes membership dues over the membership period. Payments are required at the time of sale or start of the membership period. Amounts received in advance are deferred to the applicable period.

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 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 item is purchased. These revenues are reported as merchandise sales revenue on the statement of activities.

Subsequent Events – Management has evaluated events and transactions that have occurred since December 31, 2021 and reflected their effects, if any, in these financial statements through October 14, 2022, the date the financial statements were available to be issued.

THE ARTS AND RECREATION FOUNDATION OF OVERLAND PARK, INC.

NOTES TO FINANCIAL STATEMENTS December 31, 2021

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following represents the Foundation's financial assets available for general expenditures within one year as of December 31, 2021:

| | |
|--|---------------------|
| Cash and cash equivalents | \$ 5,357,128 |
| Investments | 1,230,407 |
| Receivables | <u>710,504</u> |
| | 7,298,039 |
| Less: board-designations | (1,593,997) |
| Less: net assets with donor restrictions | <u>(3,377,306)</u> |
| | |
| Total Financial Assets Available to Meet General Expenditures Over the Next 12 Months | <u>\$ 2,326,736</u> |

In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. The statement of cash flows identifies the sources and uses of the Foundation's cash. The investments are highly liquid, with no withdrawal restrictions.

4. FAIR VALUE MEASUREMENTS

The objective of a fair value measurement is to determine 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 (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three-tier hierarchy of inputs are summarized in the three broad levels below:

- Level 1 – Inputs are unadjusted quoted market prices in active independent markets for identical assets and liabilities;
- Level 2 – Inputs are directly or indirectly observable estimates from quotes for similar but not identical assets and liabilities, market trades for identical assets not actively traded or other external independent means;
- Level 3 – Inputs are unobservable and reflect assumptions on the part of the reporting entity.

**THE ARTS AND RECREATION FOUNDATION
OF OVERLAND PARK, INC.**

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

4. FAIR VALUE MEASUREMENTS (continued)

The following is a description of the valuation methodologies used for Level 2 fair value measurements. There have been no changes in the methodology used during the year-ended December 31, 2021.

- *Bonds* – Fair value is determined by custodians of the securities using recently executed transactions, market price quotations, and bond spreads obtained from independent external parties, such as vendors and brokers, adjusted for any basis difference between cash and derivative instruments. The spread data used are for the same maturity as the bond. If the spread data do not reference the issuer, then data that reference a comparable issuer are used. Bonds are classified within Level 2 of the fair value measurements table.

The following table sets forth information about the levels within the fair value hierarchy at which the Foundation's financial assets and liabilities are measured on a recurring basis at December 31, 2021:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|----------------------------|-------------------|-------------------|----------------|---------------------|
| Investments: | | | | |
| Cash and cash equivalents: | | | | |
| At cost | \$ - | \$ - | \$ - | \$ 27 |
| At fair value | 288,886 | - | - | 288,886 |
| Mutual funds: | | | | |
| Domestic | 218,389 | - | - | 218,389 |
| International | 79,962 | - | - | 79,962 |
| Fixed income | 151,844 | - | - | 151,844 |
| Multi-asset | 40,472 | - | - | 40,472 |
| International bonds | - | 250,090 | - | 250,090 |
| U.S. Treasury bonds | - | 200,737 | - | 200,737 |
| Total, recurring basis | <u>\$ 779,553</u> | <u>\$ 450,827</u> | <u>\$ -</u> | <u>\$ 1,230,407</u> |

**THE ARTS AND RECREATION FOUNDATION
OF OVERLAND PARK, INC.**

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

5. CAPITAL CAMPAIGN PROMISES TO GIVE

Unconditional promises to give restricted by donors for the capital campaign consists of the following at December 31, 2021:

| | |
|--|-------------------|
| Receivable in: | |
| Less than one year | \$ 310,147 |
| One to five years | <u>372,900</u> |
| | 683,047 |
| Allowance for uncollectible pledges | - |
| Present value discount at 4.50% | <u>(47,357)</u> |
| Capital Campaign Promises to Give, net | <u>\$ 635,690</u> |

Outstanding promises to give from related parties amounted to \$8,400 at December 31, 2021.

One donor to the capital campaign comprised approximately 15% of total support and revenue in 2021.

6. OTHER RECEIVABLES

Other receivables consists of the following at December 31, 2021:

| | |
|---|------------------|
| Special events admission and entry fees | \$ 36,098 |
| Membership dues | 8,321 |
| Employee Retention Tax Credit | <u>16,895</u> |
| Total Other Receivables | <u>\$ 61,314</u> |

**THE ARTS AND RECREATION FOUNDATION
OF OVERLAND PARK, INC.**

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods at December 31, 2021:

| | |
|--|---------------------|
| Time and purpose restricted: | |
| Long House Visitor Center capital campaign | \$ 635,690 |
| Purpose restricted: | |
| Long House Visitor Center capital campaign | 2,035,006 |
| Ben Craig Farmstead Maintenance | 200,499 |
| Metcalf Bank Fund (for the Iris Garden) | 182,759 |
| 9-11 Firefighter's Memorial | 6,576 |
| Sculptures | 1,064 |
| Solid Sweep System | 390 |
| Friends of the Farmstead: | |
| Draft Horse Barn | 272,885 |
| Mining Shack Upgrade | 24,000 |
| Ben's Bank | 6,475 |
| Mackenzie's Island | 1,462 |
| Friends of the Arts: | |
| Sculptures | <u>10,500</u> |
| Total purpose restricted | <u>2,741,616</u> |
| Total Net Assets with Donor Restrictions | <u>\$ 3,377,306</u> |

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events by the donors are as follows for the year ended December 31, 2021:

| | |
|---|---------------------|
| Long House Visitor Center capital campaign | \$ 5,000,029 |
| Metcalf Bank Fund (for the Iris Garden) | 8,700 |
| 9-11 Firefighter's Memorial | 1,818 |
| Ben's Bank | 3,000 |
| Beverly's Butterfly Garden | 1,000 |
| Mackenzie's Island | 66,463 |
| General Support of the Friends of the Arboretum | 120,469 |
| Nature Encounter aka Interpretive Trail | 100 |
| Plein Air Paint | 2,649 |
| Other | <u>324</u> |
| Total Net Assets Released from Restrictions | <u>\$ 5,204,552</u> |

**THE ARTS AND RECREATION FOUNDATION
OF OVERLAND PARK, INC.**

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

8. PAYCHECK PROTECTION PROGRAM

On April 15, 2020, the Foundation was approved for a \$31,420 Paycheck Protection Program (“PPP”) loan from a financial institution under the CARES Act. On January 5, 2021, the PPP loan was forgiven, and it was subsequently recognized as a contribution and included in contributions and grants in the 2021 statement of activities.

9. OTHER COMMITMENTS

During 2021, the Foundation entered into agreements with the City to provide to the City funds raised from the capital campaign for the purpose of constructing the Long House Visitor Center. While the total commitment amount is \$11,140,000, the remaining \$6,140,000 at December 31, 2021, is expected to be paid on the following schedule:

| <u>Year ending December 31,</u> | |
|---------------------------------|---------------------|
| 2022 | \$ 3,000,000 |
| 2023 | 2,140,000 |
| 2024 | 500,000 |
| 2025 | <u>500,000</u> |
| Total Future Expected Payments | <u>\$ 6,140,000</u> |

10. NEW ACCOUNTING PRONOUNCEMENTS

ASU 2016-02, Leases

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The amendments in this ASU are to be applied using a modified retrospective approach. Subsequent ASUs have allowed for an option for organizations to initially adopt the standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of net assets in the period of adoption.

In June 2020, the FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, which deferred the effective date for certain entities to fiscal years beginning after December 15, 2021. Early application continues to be allowed.

**THE ARTS AND RECREATION FOUNDATION
OF OVERLAND PARK, INC.**

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

10. NEW ACCOUNTING PRONOUNCEMENTS (continued)

ASU 2016-13, Financial Instruments – Credit Losses

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This standard requires application of the current expected credit loss (“CECL”) methodology for the measurement of credit losses on financial assets measured at amortized cost. The CECL methodology replaces the previous incurred loss methodology. It also modifies the accounting for available-for-sale debt securities, which must be individually assessed for credit losses when fair value is less than the amortized cost basis. This standard is effective for annual reporting periods beginning after December 15, 2020. The standard is applied on a modified retrospective approach.

In November 2019, the FASB issued ASU No. 2019-10, *Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates*, which deferred the effective date of the new CECL standard. The new standard is effective for fiscal years beginning after December 15, 2022.

ASU 2020-07, Not-for-Profit Entities

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets for NFPs, including additional disclosure requirements for recognized contributed services. The amendments in this ASU are to be applied on a retrospective basis. The amendments should be applied for fiscal years beginning after June 15, 2021. Early adoption is permitted.

The Foundation is evaluating the effects that these standards will have on its financial statements and related disclosures.

**THE ARTS AND RECREATION FOUNDATION
OF OVERLAND PARK, INC.**

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

11. PRIOR PERIOD RESTATEMENT

At and prior to December 31, 2020, certain amounts pertaining to the application of FASB Accounting Standards Codification (“ASC”) 958-605 were applied improperly to the classification of net asset balances at the time the financial statements were prepared. Therefore, those amounts as of December 31, 2020 have been restated. The effect of this restatement on the financial statements at December 31, 2020 is as follows.

| | <u>As Reported, Dec 31, 2020</u> | <u>Adjustments</u> | <u>As Restated, Dec 31, 2020</u> |
|----------------------------|--------------------------------------|--------------------|--------------------------------------|
| Net Assets: | | | |
| Without donor restrictions | \$ 2,799,460 | \$ (144,317) | \$ 2,655,143 |
| With donor restrictions | <u>7,204,517</u> | <u>144,317</u> | <u>7,348,834</u> |
| Total Net Assets | <u>\$10,003,977</u> | <u>\$ -</u> | <u>\$ 10,003,977</u> |

12. SUBSEQUENT EVENTS

In April 2022, the Foundation received a \$150,000 unconditional promise to give, with \$100,000 restricted by the donor for arboretum friends group and \$50,000 restricted for the farmstead friends group.

In May 2022, the Foundation disbursed \$100,000 to the City of Overland Park to prepay for the design costs related to the Draft Horse Barn project at the Deanna Rose Children's Farmstead.

In March, June, and September 2022, the Foundation disbursed \$750,000 in each of these months for a total of \$2,250,000 to the City of Overland Park for the purpose described in Note 9.