

The Arts & Recreation Foundation  
of Overland Park

Independent Auditor's Reports and  
Financial Statements

December 31, 2009 and 2008

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**EMERICK & COMPANY, P.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
The Arts & Recreation Foundation  
Of Overland Park

We have audited the accompanying consolidated statements of financial position of The Arts & Recreation Foundation of Overland Park as of December 31, 2009 and 2008, and the related consolidated statements of activities and changes in net assets, and consolidated cash flows for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Arts & Recreation Foundation of Overland Park as of December 31, 2009 and 2008, 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.

*Emerick + Company, P.C.*

Kansas City, Missouri  
June 4, 2010

**Arts and Recreation Foundation of Overland Park  
Consolidated Statements of Financial Position  
December 31, 2009 and 2008**

**ASSETS**

<b>CURRENT ASSETS</b>	2009	2008
Cash and Cash Equivalents	\$ 1,055,679	\$ 693,718
Total Current Assets	1,055,679	693,718
<b>TEMPORARILY RESTRICTED ASSETS</b>	317,400	446,478
<b>PERMANENTLY RESTRICTED ASSETS</b>	153,495	139,352
<b>TOTAL ASSETS</b>	\$ 1,526,574	\$ 1,279,548

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Payroll Tax Payable	\$ -	\$ 1,013
<b>NET ASSETS</b>		
Unrestricted net assets:		
Operating	463,566	273,090
Board Designated	592,113	419,615
Total	1,055,679	692,705
Temporarily restricted	317,400	446,478
Permanently restricted	153,495	139,352
Total Net Assets	1,526,574	1,278,535
<b>TOTAL NET ASSETS AND LIABILITIES</b>	\$ 1,526,574	\$ 1,279,548

See Notes to Financial Statements

**Arts and Recreation Foundation of Overland Park  
Consolidated Statements of Activities and Change in Net Assets  
For the Years Ended December 31, 2009 and 2008**

**UNRESTRICTED NET ASSETS**

**REVENUE AND SUPPORT**

	2009	2008
Individual donations	\$ 192,529	\$ 159,163
Corporation and business grants	17,650	26,895
Foundation and trust grants	95,892	68,684
Local government grants	40,100	44,313
Dues	37,369	36,676
Interest and dividend income	23,808	34,517
Special event income	576,098	455,252
Unrealized gain/(loss)	53,487	(176,757)
Other income	4,147	6,011
Net assets released from restrictions	260,637	99,200
Total Revenue and Support	<u>1,301,717</u>	<u>753,954</u>
Less cost of sales	54,400	35,819
Total Revenue and Support	<u>1,247,317</u>	<u>718,135</u>

**EXPENSES**

Program Services		
Programs	533,091	309,489
	<u>533,091</u>	<u>309,489</u>
Support Services		
Fundraising	248,020	282,031
Management and general	103,232	90,699
	<u>351,252</u>	<u>372,730</u>
Total Expenses	<u>884,343</u>	<u>682,219</u>
Change in Unrestricted Net Assets	<u>362,974</u>	<u>35,916</u>

**TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted contributions	124,591	158,100
Net assets released from restrictions	<u>(253,669)</u>	<u>(89,178)</u>
Change in Temporarily Restricted Net Assets	<u>(129,078)</u>	<u>68,922</u>

**PERMANENTLY RESTRICTED NET ASSETS**

Unrealized gain/(loss)	21,111	(51,057)
Net assets released from restrictions	<u>(6,968)</u>	<u>(10,022)</u>
Change in Permanently Restricted Net Assets	<u>14,143</u>	<u>(61,079)</u>

**CHANGE IN NET ASSETS**

**NET ASSETS, BEGINNING OF YEAR**

**NET ASSETS, END OF YEAR**

248,039	248,039	43,759
1,278,535	<u>1,278,535</u>	<u>1,234,776</u>
\$ 1,526,574	<u><u>\$ 1,526,574</u></u>	<u><u>\$ 1,278,535</u></u>

See Notes to Financial Statements

**Arts and Recreation Foundation of Overland Park  
Consolidated Statements of Cash Flows  
Years Ended December 31, 2009 and 2008**

**CASH FLOWS FROM OPERATING ACTIVITIES**

	2009	2008
Change in net assets	\$ 248,039	\$ 43,759
Change in accounts payable	(1,013)	(22)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>247,026</b>	<b>43,737</b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Change in temporarily restricted net assets	129,078	(68,922)
Change in permanently restricted net assets	(14,143)	61,079
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>114,935</b>	<b>(7,843)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>361,961</b>	<b>35,894</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>693,718</b>	<b>657,824</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,055,679</b>	<b>\$ 693,718</b>

See Notes to Financial Statements

**THE ARTS & RECREATION FOUNDATION OF OVERLAND PARK**  
**Notes to Financial Statements**  
**December 31, 2009 and 2008**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Basis of Presentation**

The Foundation is a 501 (c) (3) not-for-profit corporation. The foundation incorporated in 1995 and became active in 1996. The mission is to support 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.

The Foundation has lent its support to a variety of projects at the arboretum and farmstead and as part of Overland Park's master plan for public art.

Revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of The Arts & Recreation Foundation of Overland Park are classified and reported as follows:

***Unrestricted net assets*** – Net assets that are not subject to any donor-imposed stipulations.

***Temporarily restricted net assets*** – Net assets subject to donor-imposed restrictions on their use that may be met by actions of The Arts & Recreation Foundation of Overland Park or the passage of time.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements. Estimates and assumptions may also affect disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses. Actual results could differ from management's estimates.

**THE ARTS & RECREATION FOUNDATION OF OVERLAND PARK**  
**Notes to Financial Statements**  
**December 31, 2009 and 2008**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Income Taxes**

No provision is made for federal or state income taxes due to the Organization's tax-exempt status.

**Fundraising and Donations**

The related fundraising costs are materials purchased and other expenses arising from fundraising activities.

Revenue is recognized when cash is received from fundraising and donations.

**Donated Materials and Services**

The Arts and Recreation Foundation of Overland Park recognizes contributions of services received if such services a) create or enhance nonfinancial assets or b) require specialized skills, and are provided by individuals possessing those skills and would typically need to be purchased if not contributed. Such donated services, if any, will be recorded at the fair market value of these services based upon the local market rate if the organization were required to purchase these services.

**Contributions and Bequests**

Contributions are recorded as revenue, at their fair value, when received, or promised unconditionally. Contributions received with donor restrictions that limit their use are reported as temporarily restricted revenue. When a donor restriction is met through the passage of time or fulfillment of a purpose restriction, temporarily restricted net assets are reclassified to unrestricted net assets.

**Investments and Investment Return**

Marketable equity and debt securities are stated at fair value based on quoted market prices. Investment securities are exposed to various risks, such as interest rate, market, and credit risk. Due to the risks associated with investment securities and the uncertainty related to changes in the fair value of investment securities, it is at least reasonably possible that changes in fair value could materially affect the net assets of the Foundation. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value.

**Subsequent Events**

Subsequent events have been evaluated through June 4, 2010, which is the date the financial statements were available to be issued.

**THE ARTS & RECREATION FOUNDATION OF OVERLAND PARK**  
**Notes to Financial Statements**  
**December 31, 2009 and 2008**

**NOTE 2: CASH AND CASH EQUIVALENTS**

For purposes of the statement of cash flows, The Arts & Recreation Foundation of Overland Park considers all cash and other highly liquid investments to be cash equivalents. The company maintains cash and cash equivalent balances at Bank of Blue Valley. At December 31, 2009 and 2008 cash equivalents consisted primarily of cash and money market accounts. The bank has issued a guaranty bond for amounts exceeding insured amounts by the Federal Deposit Insurance Corporation (FDIC). The bond covers amounts up to \$1,000,000.

**NOTE 3: INVESTMENTS – FAIR VALUE MEASUREMENTS**

The Foundation has adopted FASB Statement of Financial Accounting Standards (SFAS) No. 157, “Fair Value Measurements”. This statement defines fair value, established a consistent framework for measuring fair value and expands the related disclosure requirements. SFAS No. 157 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. An asset or liability’s classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. This hierarchy prioritizes the inputs into three broad levels as follows:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

**Level 3:** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Assets measured at fair value on a recurring basis as of December 31, were as follows:

<b>Pershing/Royal Alliance:</b>	<u>2009</u>	<u>2008</u>
Equity Mutual Funds – Level 1	\$692,802	\$593,726