

ASSOCIATED RECREATION COUNCIL

Financial Statements
December 31, 2023 and 2022

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Matt Smith, CPA
Claire Chow, CPA
Jason Mallon, CPA
Andrew Van Ness, CPA



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Associated Recreation Council
Seattle, Washington

Opinion

We have audited the accompanying financial statements of Associated Recreation Council (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Associated Recreation Council as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Associated Recreation Council and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Associated Recreation Council's ability to continue as a going concern within 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 generally accepted auditing standards 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.

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In performing an audit in accordance with generally accepted auditing standards, 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 Associated Recreation Council'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 Associated Recreation Council'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.

Greenwood Ohlund

Seattle, Washington
May 24, 2024

ASSOCIATED RECREATION COUNCIL

STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and 2022

ASSETS	2023	2022
Current Assets		
Cash and cash equivalents	\$ 2,159,990	\$ 3,746,016
Investments	7,440,705	5,463,747
Class fees receivable	3,120,618	2,952,445
Contributions and grants receivable	1,050,067	204,384
Campaign contributions receivable	13,982	334,150
Other receivables	27,261	-
Prepaid expenses	12,931	6,833
Total current assets	13,825,554	12,707,575
Operating Lease Right-of-Use Asset	652,579	-
Total assets	\$ 14,478,133	\$ 12,707,575
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 2,117,172	\$ 1,246,897
Deferred revenue	3,120,617	2,952,445
Operating lease liability	148,740	-
Total current liabilities	5,386,529	4,199,342
Operating Lease liability, less current portion	509,386	-
Total liabilities	5,895,915	4,199,342
Net Assets		
Without donor restrictions	7,155,362	5,830,562
With donor restrictions	1,426,856	2,677,671
Total net assets	8,582,218	8,508,233
Total liabilities and net assets	\$ 14,478,133	\$ 12,707,575

See accompanying notes to financial statements.

ASSOCIATED RECREATION COUNCIL

STATEMENTS OF ACTIVITIES For the Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Class fees	\$ 10,415,877	\$ -	\$ 10,415,877	\$ 8,607,828	\$ -	\$ 8,607,828
Sports fees	752,380	-	752,380	475,748	-	475,748
Contributions and grants	4,387,916	69,444	4,457,360	3,694,638	70,601	3,765,239
Special events	502,804	-	502,804	360,552	-	360,552
Special events – direct benefit to donor	(110,575)	-	(110,575)	(74,859)	-	(74,859)
Investment return	393,106	-	393,106	(328,841)	-	(328,841)
Retail sales, print shop proceeds, and other	290,934	-	290,934	200,550	-	200,550
Net assets released from restrictions	18,299	(18,299)	-	86,362	(86,362)	-
Total support and revenue	16,650,741	51,145	16,701,886	13,021,978	(15,761)	13,006,217
Expenses						
Programs	11,442,780	-	11,442,780	8,634,711	-	8,634,711
Management and general	3,661,574	-	3,661,574	3,115,660	-	3,115,660
Fundraising	221,587	-	221,587	260,557	-	260,557
Total expenses	15,325,941	-	15,325,941	12,010,928	-	12,010,928
Change in net assets before Campaign contributions and expenditures	1,324,800	51,145	1,375,945	1,011,050	(15,761)	995,289
Campaign Contributions	-	39,242	39,242	-	44,446	44,446
Campaign Expenditures	-	(1,341,202)	(1,341,202)	-	(36,714)	(36,714)
Change in net assets	1,324,800	(1,250,815)	73,985	1,011,050	(8,029)	1,003,021
Net Assets, beginning of year	5,830,562	2,677,671	8,508,233	4,819,512	2,685,700	7,505,212
Net Assets, end of year	<u>\$ 7,155,362</u>	<u>\$ 1,426,856</u>	<u>\$ 8,582,218</u>	<u>\$ 5,830,562</u>	<u>\$ 2,677,671</u>	<u>\$ 8,508,233</u>

See accompanying notes to financial statements.

ASSOCIATED RECREATION COUNCIL

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2023

	Program Expenses				Management and General	Fundraising	Total
	Preschool	Recreation and Education	School Age Care	Total Programs			
Personnel	\$ 1,078,849	\$ 2,407,915	\$ 3,686,531	\$ 7,173,295	\$ 2,620,487	\$ 253,636	\$ 10,047,418
System fees	36,736	516,793	950,694	1,504,223	66,683	2,487	1,573,393
Capital grant	-	1,300,000	-	1,300,000	-	-	1,300,000
Professional fees	-	399,876	8,445	408,321	255,734	52,193	716,248
Equipment	4,905	315,292	22,170	342,367	252,367	1,974	596,708
Travel	-	339,869	166	340,035	4,600	1,846	346,481
Supplies	30,246	121,555	85,025	236,826	40,050	1,051	277,927
Food and appreciation	21,902	68,100	147,954	237,956	36,980	528	275,464
Insurance	-	167,803	91,455	259,258	8,952	-	268,210
Transportation	10,142	69,504	48,648	128,294	36,327	7,034	171,655
Taxes and fees	60	95,626	42,823	138,509	2,176	-	140,685
Facility rental	-	96,446	-	96,446	122,108	-	218,554
Scholarships	-	84,058	114,000	198,058	-	-	198,058
Events	-	107,145	-	107,145	37,246	51,720	196,111
Miscellaneous	5,137	11,047	20,840	37,024	105,279	442	142,745
Uniforms	234	69,818	-	70,052	39,981	-	110,033
Registration fees	-	88,582	-	88,582	2,978	-	91,560
Printing and advertising	34	22,188	-	22,222	29,174	453	51,849
Field trips	2,191	13,684	30,734	46,609	452	-	47,061
Program monitoring	-	7,558	-	7,558	-	-	7,558
Total expenses	1,190,436	6,302,859	5,249,485	12,742,780	3,661,574	373,364	16,777,718
Less: Special events – direct benefit to donor	-	-	-	-	-	(110,575)	(110,575)
Less: Campaign expenditures	-	(1,300,000)	-	(1,300,000)	-	(41,202)	(1,341,202)
	<u>\$ 1,190,436</u>	<u>\$ 5,002,859</u>	<u>\$ 5,249,485</u>	<u>\$ 11,442,780</u>	<u>\$ 3,661,574</u>	<u>\$ 221,587</u>	<u>\$ 15,325,941</u>

See accompanying notes to financial statements.

ASSOCIATED RECREATION COUNCIL

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2022

	Program Expenses				Management and General	Fundraising	Total
	Preschool	Recreation and Education	School Age Care	Total Programs			
Personnel	\$ 914,200	\$ 1,763,285	\$ 2,849,885	\$ 5,527,370	\$ 2,603,311	\$ 303,255	\$ 8,433,936
System fees	31,520	421,180	837,988	1,290,688	20,228	3,380	1,314,296
Professional fees	-	370,811	9,312	380,123	74,150	1,300	455,573
Equipment	6,966	197,012	24,556	228,534	52,458	3,155	284,147
Travel	-	251,298	4,108	255,406	5,463	1,217	262,086
Supplies	13,836	89,513	85,363	188,712	21,073	962	210,747
Food and appreciation	12,750	26,241	136,451	175,442	33,275	215	208,932
Insurance	-	50,096	-	50,096	141,274	-	191,370
Transportation	3,271	71,063	42,430	116,764	32,008	4,143	152,915
Events	-	52,752	-	52,752	30,484	53,437	136,673
Taxes and fees	20	73,102	26,144	99,266	2,815	421	102,502
Facility rental	-	87,286	-	87,286	-	-	87,286
Miscellaneous	1,006	7,903	12,086	20,995	55,492	-	76,487
Registration fees	-	66,962	-	66,962	1,937	-	68,899
Uniforms	-	51,295	-	51,295	613	-	51,908
Printing and advertising	19	21,162	-	21,181	21,104	645	42,930
Field trips	-	5,122	-	5,122	18,312	-	23,434
Program monitoring	-	16,717	-	16,717	1,663	-	18,380
Total expenses	983,588	3,622,800	4,028,323	8,634,711	3,115,660	372,130	12,122,501
Less: Special events - direct benefit to donor	-	-	-	-	-	(74,859)	(74,859)
Less: Campaign expenditures	-	-	-	-	-	(36,714)	(36,714)
	<u>\$ 983,588</u>	<u>\$ 3,622,800</u>	<u>\$ 4,028,323</u>	<u>\$ 8,634,711</u>	<u>\$ 3,115,660</u>	<u>\$ 260,557</u>	<u>\$ 12,010,928</u>

See accompanying notes to financial statements.

ASSOCIATED RECREATION COUNCIL

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	\$ 73,985	\$ 1,003,021
Adjustments to reconcile change in net assets to net cash flows for operating activities:		
Realized and unrealized losses on investments	67,934	493,729
Amortization of operating lease right-of-use asset	87,479	-
Changes in operating assets and liabilities:		
Class fees receivable	(168,173)	(380,778)
Contributions and grants receivable	(845,683)	295,931
Campaign contributions receivable	320,168	294,162
Other receivables	(27,261)	28,932
Prepaid expenses	(6,098)	(5,668)
Accounts payable and accrued expenses	870,275	53,827
Deferred revenue	168,172	380,778
Operating lease liabilities	(81,932)	-
	458,866	2,163,934
Net cash flows from operating activities		
Cash Flows from Investing Activities		
Purchases of investments	(5,950,795)	(2,762,089)
Proceeds from sales of investments	3,905,903	131,985
	(2,044,892)	(2,630,104)
Net cash flows from investing activities		
Net change in cash and cash equivalents	(1,586,026)	(466,170)
Cash and Cash Equivalents, beginning of year	3,746,016	4,212,186
Cash and Cash Equivalents, end of year	\$ 2,159,990	\$ 3,746,016

See accompanying notes to financial statements.

ASSOCIATED RECREATION COUNCIL

NOTES TO FINANCIAL STATEMENTS

Note 1 – Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities and Financial Statement Presentation

Associated Recreation Council (ARC) is an independent nonprofit corporation, the purpose of which is to benefit and support the City of Seattle Department of Parks and Recreation (the City) and its officially recognized Advisory Councils in providing public recreation programs at various parks and community centers throughout the City of Seattle. As of December 31, 2023, there were 36 Advisory Councils providing programs, classes, and activities. Support provided by ARC involves the collection, administration, and disbursement of funds for member Advisory Councils in connection with all programs, classes, and activities provided through the ARC system.

These financial statements include the assets, liabilities, revenue, and expenses of ARC and those of the Advisory Councils other than the assets and liabilities represented by the park and community center facility properties. Ownership of these properties remains with the City of Seattle. ARC also provides monetary support to the City (see Note 5).

ARC has an ongoing fundraising campaign (the Campaign) to support the construction of a boathouse at the Green Lake Small Craft Center. During the year ended December 31, 2023, construction began on the boathouse and ARC made initial disbursements to the City totaling \$1,300,000.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Financial Statement Presentation

ARC reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets without donor restrictions are available to support the general operations of ARC.

Net assets with donor restrictions consist of unexpended contributions restricted for particular programs or time periods. Donor-restricted contributions for which the restriction is met in the same year the contribution is received are recognized as revenue without donor restrictions. Net assets with donor restrictions are transferred to net assets without donor restrictions as expenditures are incurred for the restricted programs or as the time restrictions are met.

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ASSOCIATED RECREATION COUNCIL

NOTES TO FINANCIAL STATEMENTS

Net assets with donor restrictions are available for the following purposes at December 31:

	<u>2023</u>	<u>2022</u>
Green Lake small craft capital project	\$ 730,499	\$ 2,032,459
Mt. Baker equipment fund	328,003	289,050
Sharon Gowdey Memorial Fund Special Programs	91,537	93,766
Troops for Fitness program	63,534	63,534
Seal Sitters program fund	45,790	41,656
Montlake Family Fitness capital project	28,499	28,499
Cascade Park	28,122	28,122
Friends of Heron habitat	24,028	24,004
Carkeek Park trails maintenance	21,162	21,747
Green Lake rowing scholarship fund	18,000	9,205
Annie's Playground, Meadowbrook	16,082	16,082
Grand Army of the Republic	11,679	10,079
East African meals program	4,933	4,933
Other programs and fiscal sponsorships	14,988	14,535
	<u>\$ 1,426,856</u>	<u>\$ 2,677,671</u>

Cash and Cash Equivalents

ARC considers all highly liquid investments with an original maturity of three months or less to be cash and cash equivalents. ARC occasionally has cash balances in excess of federally insured limits.

Fair Value Measurements

Fair value is a market-based measurement determined based on assumptions that market participants would use in pricing an asset or liability. There are three levels that prioritize the inputs used in measuring fair value as follows:

- Level 1: Observable market inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Observable market inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3: Unobservable market inputs where there is little or no market data, which require the reporting entity to develop its own assumptions.

An asset's or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

ASSOCIATED RECREATION COUNCIL

NOTES TO FINANCIAL STATEMENTS

Investments

Investments are reported at their fair value using quoted prices in an active market (Level 1 inputs such as quoted prices on national exchanges) in the statements of financial position and consist of the following at December 31:

	2023	2022
Cash Equivalents	\$ 4,469,307	\$ 604,084
Certificates of Deposit	1,500,000	2,009,886
Bond and Preferred Stock Mutual Funds		
Preferred stock funds	-	1,441,947
Multisector bond funds	599,308	580,319
Government bond funds	512,785	502,140
High-yield bond funds	113,359	107,866
Intermediate-term bond funds	43,235	37,178
Equity Mutual Funds		
Large blend equity funds	70,763	61,132
Foreign large growth equity funds	48,568	40,082
International large blend equity funds	42,145	42,249
Small blend equity funds	28,819	11,537
Global real estate equity funds	12,416	25,327
	\$ 7,440,705	\$ 5,463,747

Investment return or loss consists of interest and dividends, realized and unrealized gains or losses, net of external investment fees.

Receivables

Class fees receivable consists of amounts due from the City, which manages the enrollment of classes and collects registration fees for classes in advance. Amounts due from the City relate to class fees collected by the City that have not been earned and are stated at the amount management expects to collect from outstanding balances. The unearned amounts recognized as being receivable are included with deferred revenue discussed below.

Management reviews the collectability of receivables on a periodic basis and determines the appropriate amount of an allowance for doubtful accounts, if any. ARC writes off receivables against the allowance when it is determined that a receivable is not collectible. Management believes all receivables are collectible at December 31, 2023 and 2022, and therefore, no allowance has been recognized.

ASSOCIATED RECREATION COUNCIL

NOTES TO FINANCIAL STATEMENTS

Contributions and grants receivable (including Campaign contributions receivable) expected to be collected in one year are recorded at net realizable value. ARC assesses the need for an allowance on its contributions and grants receivable in the same manner as its class fees receivable. Management determined that an allowance was not necessary as of December 31, 2023 or 2022.

Contributions and grants receivable from the City represented 100% of total contributions and grants receivable at December 31, 2023. There were no concentrations of contributions and grants receivable at December 31, 2022.

Leases

ARC determines if an arrangement is a lease at inception. Operating leases are included in ROU assets and lease liabilities in the statements of financial position.

ROU assets represent ARC's right to use an underlying asset for the lease term, and lease liabilities represent ARC's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when they are reasonably certain to be exercised. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

ARC has elected to recognize payments for short-term leases with terms of 12 months or less as expense as incurred, and these leases are not included in ROU assets or lease obligations on the statements of financial position. The individual lease contract does not provide information about the discount rate implicit in the lease. Therefore, ARC has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

The Organization has elected not to separate non-lease components from lease components and instead accounts for each separate lease component and the non-lease component as a single lease component.

Revenue Recognition

ARC's primary source of revenue is derived from class registration fees and participation fees for organized sports. Revenue is recognized over time as the benefit of the services is transferred to the customer or at the point in time when the control of goods is transferred to the customer. Class fees and sports fees are recognized as revenue over time on a pro rata basis during the term of the class or sport season as the benefits of the services are transferred to the customer. There are no significant judgments that affect the determination of the amount and timing of revenue from contracts with customers. ARC does not incur costs to obtain contracts.

Contract assets consist of class fees receivable and represent amounts collected by the City and payable to ARC for classes and/or sport seasons that are not complete. Contract liabilities include deferred revenue related to payments for class and sports participation fees received before the end of the year for classes and/or sport seasons that are not complete. Deferred revenue also includes unearned amounts recognized as being receivable.

ASSOCIATED RECREATION COUNCIL

NOTES TO FINANCIAL STATEMENTS

Deferred revenue at December 31, 2021, recognized to revenue during the year ended December 31, 2022, was \$2,571,667. Deferred revenue at December 31, 2022, recognized to revenue during the year ended December 31, 2023, was \$2,952,445.

Contributions and grants (including those from government agencies, Campaign contributions, and those received at special events) are recorded when unconditionally pledged as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Revenue from government grants is subject to audit, which could result in adjustments to revenue. These adjustments are recorded at the time that such amounts can first be reasonably determined, normally upon notification by the government agency. No significant adjustments were made during the years ended December 31, 2023 and 2022.

Contributions and grants from the City represented 13% of total support and revenue during the years ended December 31, 2023 and 2022.

In addition, during the year ended December 31, 2023, ARC met the conditions for and received \$2,050,126 from the Internal Revenue Service under the Employee Retention Credit program. This amount is included within contributions and grants in the statement of activities.

Functional Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Personnel costs are allocated based on employee hours, and all other expenses are allocated based on employee head count of each cost center.

Income Taxes

ARC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Subsequent Events

ARC has evaluated subsequent events through the date these financial statements were available to be issued, which was May 24, 2024.

Note 2 – Liquidity and Availability of Resources

ARC strives to maintain liquid assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash needs are invested in open-end mutual funds. All investments are available for liquidation within three days of request, and accounts receivable are due within 120 days of recognition.

Net assets with donor restrictions are deemed unavailable to meet the daily cash needs for general expenditures and have been reduced from financial assets available for general expenditures.

ASSOCIATED RECREATION COUNCIL

NOTES TO FINANCIAL STATEMENTS

Financial assets available for general expenditure at December 31, 2023 and 2022, comprise the following:

	2023	2022
Financial assets		
Cash and cash equivalents	\$ 2,159,990	\$ 3,746,016
Investments	7,440,705	5,463,747
Class fees receivable	3,120,618	2,952,445
Contributions and grants receivable	1,050,067	204,384
Campaign contributions receivable	13,982	334,150
Other receivables	27,261	-
	13,812,623	12,700,742
Less: Amounts not available for general use within one year		
Net assets with donor restrictions	(1,426,856)	(2,677,671)
	\$ 12,385,767	\$ 10,023,071

Note 3 – Operating Lease

Beginning in 2023, ARC began subleasing space from the City at the Elliot Bay Office Park under a noncancellable operating lease with a term through December 31, 2027. The lease does not contain a discount rate, and therefore, management has elected to apply a risk-free rate. ROU assets obtained in exchange for new operating lease liabilities under this agreement totaled \$726,330 during the year ended December 31, 2023. Operating lease cost under this lease totaled \$102,405 during the year ended December 31, 2023, and is included in facility rental in the statement of functional expenses. Operating cash flows under this lease were \$88,130 during the year ended December 31, 2023.

A maturity analysis of annual undiscounted cash flows at December 31, 2023, for operating leases is as follows for the years ending December 31:

2024	\$ 170,072
2025	174,654
2026	179,226
2027	183,800
	707,752
Less: Imputed interest at 3.7%	(49,626)
	\$ 658,126

ASSOCIATED RECREATION COUNCIL

NOTES TO FINANCIAL STATEMENTS

The operating lease liability is presented in the statement of financial position as follows at December 31, 2023:

Operating lease liability (a current liability)	\$	148,740
Operating lease liability, less current portion		<u>509,386</u>
	\$	<u>658,126</u>

Note 4 – Employee Benefit Plan

ARC has a 401(k) plan for employees who meet the eligibility requirements set forth in the plan. ARC matches a portion of employee contributions, which amounted to \$116,566 and \$103,430 in 2023 and 2022, respectively.

Note 5 – Annual Services Agreement with the City of Seattle Department of Parks and Recreation

ARC and the City operate under an Annual Services Agreement (the Agreement) that attempts to plan for and address biennial budget issues. The Agreement includes, but is not limited to, the following amounts paid to the City of Seattle:

- Participation Fee – a fee of 4% of gross receipts (excluding grants and contributions) of all Advisory Councils excluding rowing and sailing is set by the Seattle City Council on users of Parks facilities for the benefit of the City. ARC collects and pays this fee to the City.
- Assistant Coordinators Wage Reimbursement – the City will provide nine full-time Assistant Coordinators, and ARC will pay the related wages and taxes.
- Building Monitors Wage Reimbursement – up to \$50,000 for wages and taxes related to Recreation Attendants serving as building monitors.
- Other – includes support for capital improvements and project expenses, and general operational support.

All support paid to the City is included in various expense categories on the statements of functional expenses and totaled \$1,571,346 and \$1,227,622 for the years ended December 31, 2023 and 2022, respectively. At December 31, 2023 and 2022, ARC had balances payable to the City totaling \$951,010 and \$170,174, respectively, which are included with accounts payable and accrued expenses.

Additionally, during the year ended December 31, 2023, ARC purchased vehicles, furniture and fixtures, and other long-lived assets totaling \$344,820, which were immediately donated to the City. These amounts are included in equipment on the statement of functional expenses. No such purchases were made during the year ended December 31, 2022.