

**ASSOCIATED RECREATION COUNCIL**

Financial Statements  
December 31, 2024 and 2023

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## 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, 2024 and 2023, 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, 2024 and 2023, 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.

Amanda O'Rourke, CPA  
Matt Smith, CPA  
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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 21, 2025

# ASSOCIATED RECREATION COUNCIL

## STATEMENTS OF FINANCIAL POSITION December 31, 2024 and 2023

ASSETS	2024	2023
Current Assets		
Cash and cash equivalents	\$ 2,826,948	\$ 2,159,990
Investments	6,928,235	7,440,705
Class fees receivable	3,815,187	3,120,618
Contributions and grants receivable	503,097	1,050,067
Campaign contributions receivable	-	13,982
Other receivables	44,467	27,261
Prepaid expenses	15,214	12,931
Total current assets	14,133,148	13,825,554
Operating Lease Right-of-Use Asset	498,360	652,579
Total assets	<u>\$ 14,631,508</u>	<u>\$ 14,478,133</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 1,967,792	\$ 2,117,172
Deferred revenue	4,120,119	3,120,617
Operating lease liability	159,012	148,740
Total current liabilities	6,246,923	5,386,529
Operating Lease liability, less current portion	350,374	509,386
Total liabilities	6,597,297	5,895,915
Net Assets		
Without donor restrictions	7,348,346	7,155,362
With donor restrictions	685,865	1,426,856
Total net assets	8,034,211	8,582,218
Total liabilities and net assets	<u>\$ 14,631,508</u>	<u>\$ 14,478,133</u>

*See accompanying notes to financial statements.*

# ASSOCIATED RECREATION COUNCIL

## STATEMENTS OF ACTIVITIES For the Years Ended December 31, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Class fees	\$ 12,062,609	\$ -	\$ 12,062,609	\$ 10,415,877	\$ -	\$ 10,415,877
Sports fees	274,177	-	274,177	752,380	-	752,380
Contributions and grants	4,008,279	38,803	4,047,082	4,387,916	69,444	4,457,360
Special events	677,974	-	677,974	502,804	-	502,804
Special events – direct benefit to donor	(104,319)	-	(104,319)	(110,575)	-	(110,575)
Investment return	550,978	-	550,978	393,106	-	393,106
Retail sales, print shop proceeds, and other	309,552	-	309,552	290,934	-	290,934
Net assets released from restrictions	49,295	(49,295)	-	18,299	(18,299)	-
Total support and revenue	17,828,545	(10,492)	17,818,053	16,650,741	51,145	16,701,886
Expenses						
Programs	13,149,220	-	13,149,220	11,442,780	-	11,442,780
Management and general	3,939,829	-	3,939,829	3,661,574	-	3,661,574
Fundraising	307,011	-	307,011	221,587	-	221,587
Total expenses	17,396,060	-	17,396,060	15,325,941	-	15,325,941
Change in net assets before Campaign contributions and expenditures	432,485	(10,492)	421,993	1,324,800	51,145	1,375,945
Campaign Contributions	-	-	-	-	39,242	39,242
Campaign Expenditures	(239,501)	(730,499)	(970,000)	-	(1,341,202)	(1,341,202)
<b>Change in net assets</b>	<b>192,984</b>	<b>(740,991)</b>	<b>(548,007)</b>	<b>1,324,800</b>	<b>(1,250,815)</b>	<b>73,985</b>
Net Assets, beginning of year	7,155,362	1,426,856	8,582,218	5,830,562	2,677,671	8,508,233
Net Assets, end of year	\$ 7,348,346	\$ 685,865	\$ 8,034,211	\$ 7,155,362	\$ 1,426,856	\$ 8,582,218

See accompanying notes to financial statements.

## ASSOCIATED RECREATION COUNCIL

### STATEMENT OF FUNCTIONAL EXPENSES For the Year Ended December 31, 2024

	Program Expenses						
	Preschool	Recreation and Education	School Age Care	Total Programs	Management and General	Fundraising	Total
Personnel	\$ 1,276,267	\$ 2,905,870	\$ 4,265,187	\$ 8,447,324	\$ 3,041,616	\$ 311,263	\$ 11,800,203
System fees	33,181	483,255	957,704	1,474,140	66,738	2,258	1,543,136
Capital grant	-	970,000	-	970,000	-	-	970,000
Professional fees	-	661,716	13,672	675,388	243,998	28,970	948,356
Travel	-	403,132	814	403,946	10,404	864	415,214
Supplies	38,984	176,434	115,887	331,305	40,001	1,163	372,469
Food and appreciation	32,889	92,582	193,643	319,114	30,230	286	349,630
Equipment	5,798	223,243	24,760	253,801	59,615	1,963	315,379
Facility rental	-	87,762	-	87,762	205,995	-	293,757
Insurance	-	187,624	75,699	263,323	-	-	263,323
Scholarships	-	90,527	119,000	209,527	-	-	209,527
Transportation	10,781	51,376	55,345	117,502	53,088	10,552	181,142
Events	-	88,218	-	88,218	36,436	52,704	177,358
Taxes and fees	50	100,175	53,920	154,145	3,504	-	157,649
Miscellaneous	4,364	22,269	13,325	39,958	96,097	662	136,717
Registration fees	-	110,726	-	110,726	6,612	-	117,338
Uniforms	-	71,390	-	71,390	19,571	-	90,961
Printing and advertising	7,958	41,764	-	49,722	25,307	645	75,674
Field trips	4,075	9,874	37,912	51,861	617	-	52,478
Program monitoring	-	68	-	68	-	-	68
Total expenses	1,414,347	6,778,005	5,926,868	14,119,220	3,939,829	411,330	18,470,379
Less: Special events – direct benefit to donor	-	-	-	-	-	(104,319)	(104,319)
Less: Campaign expenditures	-	(970,000)	-	(970,000)	-	-	(970,000)
	<u>\$ 1,414,347</u>	<u>\$ 5,808,005</u>	<u>\$ 5,926,868</u>	<u>\$ 13,149,220</u>	<u>\$ 3,939,829</u>	<u>\$ 307,011</u>	<u>\$ 17,396,060</u>

*See accompanying notes to financial statements.*

## ASSOCIATED RECREATION COUNCIL

### STATEMENT OF FUNCTIONAL EXPENSES For the Year Ended December 31, 2023

	Program Expenses						
	Preschool	Recreation and Education	School Age Care	Total Programs	Management and General	Fundraising	Total
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

### STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Cash received from:		
Customers	\$ 12,934,065	\$ 11,431,929
Donors	5,181,689	4,324,074
Interest and dividends	538,581	461,040
Cash paid to:		
Personnel	(11,860,705)	(9,970,753)
Vendors	(5,681,539)	(4,485,464)
Grantees	(970,000)	(1,301,960)
Net cash flows from operating activities	142,091	458,866
Cash Flows from Investing Activities		
Purchases of investments	(3,013,803)	(5,950,795)
Proceeds from sales of investments	3,538,670	3,905,903
Net cash flows from investing activities	524,867	(2,044,892)
<b>Net change in cash and cash equivalents</b>	<b>666,958</b>	<b>(1,586,026)</b>
Cash and Cash Equivalents, beginning of year	2,159,990	3,746,016
Cash and Cash Equivalents, end of year	\$ 2,826,948	\$ 2,159,990

*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. In 2024, ARC created a new council called the "Youth Advisory Council" whose members are all teenage youth who live in the City of Seattle. As of December 31, 2024, there were 37 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. In 2023, ARC made an initial distribution to the City totaling \$1,300,000. During the year ended December 31, 2024, ARC made disbursements to the City totaling \$970,000 and construction was completed on the boathouse.

##### *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. Contributions with donor restrictions that are met within the same reporting period are recognized as increases in net assets 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:

	2024	2023
Mt. Baker equipment fund	\$ 341,594	\$ 328,003
Sharon Gowdey Memorial Fund special programs	84,409	91,537
Troops for Fitness program	62,334	63,534
Seal Sitters program fund	46,753	45,790
Montlake Family Fitness capital project	28,499	28,499
Cascade Park	28,122	28,122
Friends of Heron Habitat	24,549	24,028
Carkeek Park trails maintenance	21,162	21,162
Annie's Playground, Meadowbrook	16,082	16,082
Grand Army of the Republic	10,867	11,679
East African Meals program	4,933	4,933
Green Lake rowing scholarship fund	3,872	18,000
Green Lake small craft capital project	-	730,499
Other programs and fiscal sponsorships	12,689	14,988
	<u>\$ 685,865</u>	<u>\$ 1,426,856</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. ARC has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk.

#### *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*

Certificates of deposit are stated at cost plus accrued interest. Investments in mutual funds are reported at their fair value using quoted prices in active markets (Level 1 inputs) in the statements of financial position and consist of the following at December 31:

	2024	2023
Cash Equivalents	\$ 50,458	\$ 4,469,307
Certificates of Deposit	2,996,040	1,500,000
Digital Asset Mutual Funds	95,490	-
Bond and Preferred Stock Mutual Funds		
Government bond funds	2,404,573	512,785
High-yield bond funds	380,440	113,359
Multisector bond funds	375,380	599,308
Intermediate-term bond funds	133,047	43,235
Equity Mutual Funds		
Large blend equity funds	370,351	70,763
International large blend equity funds	47,644	42,145
Foreign large value equity funds	17,006	-
Small blend equity funds	16,808	28,819
Foreign large growth equity funds	15,305	48,568
Diversified emerging markets	13,508	-
Global real estate equity funds	12,185	12,416
	<u>\$ 6,928,235</u>	<u>\$ 7,440,705</u>

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 in 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, 2024 and 2023, 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, 2024 or 2023.

Contributions and grants receivable from the City represented 93% and 100% of total contributions and grants receivable at December 31, 2024 and 2023, respectively.

#### *Leases*

ARC determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (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 lease 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 liabilities 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.

ARC 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. Class fees and sports fees are recognized as revenue over time as the benefits of the services are transferred to the customer on a pro rata basis during the term of the class or sport season, which do not exceed one year. Revenue from retail sales, print shop proceeds, and other 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. There are no significant judgments that affect the determination of the amount and timing of recognition of revenue from contracts with customers. ARC does not incur costs to obtain contracts.

Class fees receivable represent amounts collected by the City from customers 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, 2022, recognized to revenue during the year ended December 31, 2023, was \$2,952,445. Deferred revenue at December 31, 2023, recognized to revenue during the year ended December 31, 2024, was \$3,120,617.

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, 2024 and 2023.

As of December 31, 2024, ARC had conditional awards outstanding of approximately \$172,000, which ARC has yet to receive. These amounts are not recognized in these financial statements as they are conditional upon ARC performing certain measurables related to programs run by ARC.

Contributions and grants from the City represented 16% and 13% of total support and revenue during the years ended December 31, 2024 and 2023, respectively.

In addition, during the years ended December 31, 2024 and 2023, ARC met the conditions for and received \$962,845 and \$2,050,126, respectively, from the Internal Revenue Service under the Employee Retention Credit program. These amounts are included within revenue from contributions and grants in the statements 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 the 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.

#### *Reclassifications*

Certain prior year balances have been reclassified in order to conform to the current year presentation.

#### *Subsequent Events*

ARC has evaluated subsequent events through the date these financial statements were available to be issued, which was May 21, 2025.

# ASSOCIATED RECREATION COUNCIL

## NOTES TO FINANCIAL STATEMENTS

### 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.

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.

Financial assets available for general expenditure at December 31, 2024 and 2023, comprise the following:

	2024	2023
Financial assets		
Cash and cash equivalents	\$ 2,826,948	\$ 2,159,990
Investments	6,928,235	7,440,705
Class fees receivable	3,815,187	3,120,618
Contributions and grants receivable	503,097	1,050,067
Campaign contributions receivable	-	13,982
Other receivables	44,467	27,261
	<u>14,117,934</u>	<u>13,812,623</u>
Less: Amounts not available for general use within one year		
Net assets with donor restrictions	<u>(685,865)</u>	<u>(1,426,856)</u>
	<u>\$ 13,432,069</u>	<u>\$ 12,385,767</u>

### Note 3 – Operating Lease

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. 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 \$175,551 and \$102,405 during the years ended December 31, 2024 and 2023, respectively, and is included in facility rental in the statements of functional expenses. Operating cash flows under this lease were \$170,072 and \$88,130 during the years ended December 31, 2024 and 2023, respectively.

A maturity analysis of future annual undiscounted cash flows for lease liability as of December 31, 2024, is as follows for the years ending December 31:

2025	\$ 174,654
2026	179,226
2027	<u>183,800</u>
	537,680
Less: Imputed interest at 3.7%	<u>(28,294)</u>
	<u>\$ 509,386</u>

## ASSOCIATED RECREATION COUNCIL

### NOTES TO FINANCIAL STATEMENTS

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

	2024	2023
Operating lease liability (a current liability)	\$ 159,012	\$ 148,740
Operating lease liability, less current portion	350,374	509,386
	<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 \$141,478 and \$116,566 in 2024 and 2023, 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 \$1,877,295 and \$1,571,346 for the years ended December 31, 2024 and 2023, respectively. At December 31, 2024 and 2023, ARC had balances payable to the City totaling \$1,119,818 and \$951,010, respectively, which are included in accounts payable and accrued expenses.

Additionally, during the years ended December 31, 2024 and 2023, ARC purchased vehicles, furniture and fixtures, and other long-lived assets totaling \$69,177 and \$344,820, respectively, which were immediately donated to the City. These amounts are included in equipment on the statements of functional expenses.