

ASSOCIATED RECREATION COUNCIL

Financial Statements
December 31, 2021 and 2020

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Amanda O'Rourke, CPA
Matt Smith, CPA
Claire Chow, CPA
Jason Mallon, 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Associated Recreation Council 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. 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of Associated Recreation Council as of December 31, 2020 were audited by other auditors whose report dated September 21, 2021 expressed an unmodified opinion on those statements.

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, including omissions, 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 19, 2022

ASSOCIATED RECREATION COUNCIL

STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

ASSETS	2021	2020
Current Assets		
Cash and cash equivalents	\$ 4,212,186	\$ 2,284,653
Investments	3,327,372	3,340,947
Class fees receivable	2,571,667	1,191,840
Contributions and grants receivable	500,315	196,798
Campaign contributions receivable, current portion	628,312	736,384
Other receivables	28,932	280,860
Prepaid expenses	1,165	1,629
Total current assets	11,269,949	8,033,111
Campaign Contributions Receivable, net of current portion	-	20,676
Total assets	\$ 11,269,949	\$ 8,053,787
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 1,193,070	\$ 1,417,189
Deferred revenue	2,571,667	1,206,509
Paycheck Protection Program loan	-	2,021,000
Total liabilities	3,764,737	4,644,698
Net Assets		
Without donor restrictions	4,819,512	829,615
With donor restrictions	2,685,700	2,579,474
Total net assets	7,505,212	3,409,089
Total liabilities and net assets	\$ 11,269,949	\$ 8,053,787

See accompanying notes to financial statements.

ASSOCIATED RECREATION COUNCIL

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue						
Class fees	\$ 6,110,491	\$ -	\$ 6,110,491	\$ 5,003,870	\$ -	\$ 5,003,870
Sports fees	118,674	-	118,674	228,534	-	228,534
Contributions and grants	2,003,144	126,958	2,130,102	1,532,678	137,258	1,669,936
Special events	259,711	-	259,711	488,469	-	488,469
Special events - direct benefit to donor	(7,242)	-	(7,242)	(18,524)	-	(18,524)
Government grants - Paycheck Protection Program loan and interest forgiveness	4,056,224	-	4,056,224	-	-	-
Investment return (loss)	118,455	-	118,455	(195,415)	2,789	(192,626)
Retail sales, print shop proceeds, and other	183,685	-	183,685	89,752	-	89,752
Net assets released from restrictions	20,732	(20,732)	-	65,510	(65,510)	-
Total public support and revenue	12,863,874	106,226	12,970,100	7,194,874	74,537	7,269,411
Expenses						
Programs	5,900,825	-	5,900,825	7,564,842	-	7,564,842
Management and general	2,699,061	-	2,699,061	3,103,617	-	3,103,617
Fundraising	274,091	-	274,091	261,745	-	261,745
Total expenses	8,873,977	-	8,873,977	10,930,204	-	10,930,204
Change in net assets before Campaign Contributions and Expenditures	3,989,897	106,226	4,096,123	(3,735,330)	74,537	(3,660,793)
Campaign Contributions	-	-	-	-	776,836	776,836
Campaign Expenditures	-	-	-	(17,907)	-	(17,907)
Change in net assets	3,989,897	106,226	4,096,123	(3,753,237)	851,373	(2,901,864)
Net Assets, beginning of year	829,615	2,579,474	3,409,089	4,582,852	1,728,101	6,310,953
Net Assets, end of year	<u>\$ 4,819,512</u>	<u>\$ 2,685,700</u>	<u>\$ 7,505,212</u>	<u>\$ 829,615</u>	<u>\$ 2,579,474</u>	<u>\$ 3,409,089</u>

See accompanying notes to financial statements.

ASSOCIATED RECREATION COUNCIL

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021

	Program Expenses			Total Programs	Management and General	Fundraising	Total
	Preschool	Recreation and Education	School Age Care				
Personnel	\$ 595,795	\$ 663,714	\$ 3,354,228	\$ 4,613,737	\$ 2,342,640	\$ 230,838	\$ 7,187,215
System fees	8,958	97,374	321,995	428,327	49,541	1,559	479,427
Professional fees	103	211,072	5,369	216,544	64,030	11,972	292,546
Insurance	-	82,378	-	82,378	81,035	-	163,413
Equipment	4,156	50,630	61,137	115,923	41,837	2,367	160,127
Supplies	23,414	37,048	56,611	117,073	12,442	2,766	132,281
Facility rental	-	45,279	68,000	113,279	-	-	113,279
Miscellaneous	2,349	25,914	10,784	39,047	45,230	20,548	104,825
Food and appreciation	11,171	3,213	69,353	83,737	2,032	264	86,033
Taxes and fees	340	29,176	29,909	59,425	5,128	431	64,984
Transportation	1,922	-	228	2,150	39,423	4,123	45,696
Printing and advertising	17	3,927	-	3,944	14,471	-	18,415
Registration fees	-	17,969	-	17,969	207	-	18,176
Events	-	777	-	777	-	6,465	7,242
Uniforms	-	5,136	-	5,136	-	-	5,136
Travel	-	1,379	-	1,379	1,045	-	2,424
Total expenses	648,225	1,274,986	3,977,614	5,900,825	2,699,061	281,333	8,881,219
Less: Special events - direct benefit to donor	-	-	-	-	-	(7,242)	(7,242)
	<u>\$ 648,225</u>	<u>\$ 1,274,986</u>	<u>\$ 3,977,614</u>	<u>\$ 5,900,825</u>	<u>\$ 2,699,061</u>	<u>\$ 274,091</u>	<u>\$ 8,873,977</u>

See accompanying notes to financial statements.

ASSOCIATED RECREATION COUNCIL

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2020

	Program Expenses				Management and General	Fundraising	Total
	Preschool	Recreation and Education	School Age Care	Total Programs			
Personnel	\$ 895,316	\$ 1,135,555	\$ 4,156,544	\$ 6,187,415	\$ 2,700,401	\$ 260,504	\$ 9,148,320
System fees	19,214	76,669	386,334	482,217	-	230	482,447
Professional fees	-	136,720	4,316	141,036	108,561	4,409	254,006
Equipment	3,392	108,405	32,509	144,306	85,618	8,156	238,080
Supplies	30,732	62,100	66,210	159,042	19,587	1,026	179,655
Food and appreciation	8,022	14,960	78,059	101,041	12,294	240	113,575
Taxes and fees	3,120	43,001	54,399	100,520	8,126	717	109,363
Insurance	-	-	-	-	90,170	-	90,170
Facility rental	-	2,601	73,606	76,207	3,333	-	79,540
Transportation	5,992	7,358	3,320	16,670	38,793	3,548	59,011
Uniforms	-	57,118	-	57,118	-	-	57,118
Printing and advertising	81	37,983	4,978	43,042	11,391	804	55,237
Miscellaneous	3	15,279	-	15,282	21,767	3	37,052
Events	-	5,852	-	5,852	-	12,672	18,524
Program monitoring	-	14,805	-	14,805	-	-	14,805
Travel	107	7,164	3,970	11,241	3,396	15	14,652
Field trips	-	2,016	7,184	9,200	180	-	9,380
Registration fees	-	5,700	-	5,700	-	-	5,700
Total expenses	965,979	1,733,286	4,871,429	7,570,694	3,103,617	292,324	10,966,635
Less: Special events - direct benefit to donor	-	(5,852)	-	(5,852)	-	(12,672)	(18,524)
Less: Campaign expenditures	-	-	-	-	-	(17,907)	(17,907)
	<u>\$ 965,979</u>	<u>\$ 1,727,434</u>	<u>\$ 4,871,429</u>	<u>\$ 7,564,842</u>	<u>\$ 3,103,617</u>	<u>\$ 261,745</u>	<u>\$ 10,930,204</u>

See accompanying notes to financial statements.

ASSOCIATED RECREATION COUNCIL

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ 4,096,123	\$ (2,901,864)
Adjustments to reconcile change in net assets to net cash flows for operating activities:		
Forgiveness of Paycheck Protection Program loans	(4,021,000)	-
Realized and unrealized losses on investments	29,004	379,808
Changes in operating assets and liabilities:		
Class fees receivable	(1,379,827)	(244,418)
Contributions and grants receivable	(303,517)	249,301
Campaign contributions receivable	128,748	(453,893)
Other receivables	251,928	(188,593)
Prepaid expenses	464	20,762
Accounts payable and accrued expenses	(224,119)	244,994
Deferred revenue	1,365,158	(97,426)
Net cash flows from operating activities	(57,038)	(2,991,329)
Cash Flows from Investing Activities		
Purchases of investments	(128,963)	(1,114,010)
Proceeds from sales of investments	113,534	3,067,617
Net cash flows from investing activities	(15,429)	1,953,607
Cash Flows from Financing Activity		
Proceeds from Paycheck Protection Program loans	2,000,000	2,021,000
Net change in cash and cash equivalents	1,927,533	983,278
Cash and Cash Equivalents, beginning of the year	2,284,653	1,301,375
Cash and Cash Equivalents, end of the year	\$ 4,212,186	\$ 2,284,653

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, 2021, 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 contributed \$104,508 of equipment to the City in 2020, which is included in equipment on the statement of functional expenses. There were no contributions of equipment from ARC to the City in 2021. ARC also provides monetary support to the City. See Note 4.

ARC has an ongoing fundraising campaign (the Campaign) to support the construction of a boathouse at the Green Lake Small Craft Center.

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. If ARC receives a donor restricted contribution and it meets the restriction in the same year the contribution is received, then it records the contribution 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.

ASSOCIATED RECREATION COUNCIL

NOTES TO FINANCIAL STATEMENTS

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

	2021	2020
Green Lake small craft capital project	\$ 2,024,727	\$ 1,937,536
Mt. Baker equipment fund	287,357	261,103
Sharon Gowdey Memorial Fund Special Programs	93,766	98,744
Troops for Fitness program	63,534	63,534
Seal Sitters program fund	39,780	45,075
Montlake Family Fitness capital project	28,499	28,499
Green Lake rowing scholarship fund	28,193	25,693
Cascade Park	28,122	28,122
Other programs and fiscal sponsorships	24,501	23,836
Friends of Heron habitat	23,612	23,723
Carkeek Park trails maintenance	22,594	22,594
Annie's Playground, Meadowbrook	16,082	16,082
East African meals program	4,933	4,933
	\$ 2,685,700	\$ 2,579,474

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.

Cash and Cash Equivalents

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

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:

	<u>2021</u>	<u>2020</u>
Cash Equivalents	\$ 3,188	\$ 3,435
Bond and Preferred Stock Mutual Funds		
Preferred stock funds	1,709,924	1,727,677
Multisector bond funds	635,255	597,089
Government bond funds	555,457	569,150
High-yield bond funds	123,464	123,464
Intermediate-term bond funds	45,998	80,319
International bond funds	32,793	29,224
Equity Mutual Funds		
International large blend equity funds	82,455	78,787
Large blend equity funds	75,325	81,520
Small blend equity funds	31,503	18,957
Foreign large growth equity funds	16,248	18,480
Global real estate equity funds	15,762	12,845
	<u>\$ 3,327,372</u>	<u>\$ 3,340,947</u>

Investment return or loss consists of interest and dividends, realized and unrealized gains or losses, net of 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, 2021 and 2020.

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. Contributions and grants receivable expected to be received in more than one year (consisting solely of Campaign contributions receivable) are discounted to net present value at a rate based on management’s estimate commensurate with the related risk. As a result of this adjustment, promises to give are initially recognized at fair value. Management considers a discount and allowance for uncollectibility when arriving at fair 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 and discount were not necessary as of December 31, 2021 or 2020.

Campaign contributions receivable is due in the following years at December 31:

	<u>2021</u>	<u>2020</u>
Receivable in less than one year	\$ 628,312	\$ 736,384
Receivable in one to five years	-	20,676
	<u>\$ 628,312</u>	<u>\$ 757,060</u>

Contributions and grants receivable from one donor represented 25% of total contributions and grants receivable at December 31, 2021. There were no concentrations of contributions and grants receivable at December 31, 2020.

At December 31, 2020, 63% of Campaign contributions receivable were due from three donors. There were no concentrations of Campaign contributions receivable at December 31, 2021.

Revenue Recognition

ARC’s primary source of revenue is derived from class registration fees and participation fees for organized sports. Revenue is recognized when the benefit of the services is transferred to the customer, or when the control of goods is transferred to the customer. Class fees are recognized as revenue when the benefit of the services is transferred to the customer over time, on a pro rata basis during the term of the class. Sports participation fees are recognized as revenue when the benefit of the services is transferred to the customer over time, on a pro rata basis during the sport season. 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, 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 prior to year-end for classes and/or sport seasons that are not complete. Deferred revenue also includes unearned amounts recognized as being receivable.

Deferred revenue at December 31, 2019 recognized to revenue during the year ended December 31, 2020 was \$1,303,935. Deferred revenue at December 31, 2020 recognized to revenue during the year ended December 31, 2021 was \$1,206,509.

ASSOCIATED RECREATION COUNCIL

NOTES TO FINANCIAL STATEMENTS

Contributions and grants (including 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.

Conditional promises to give, that is, those with a measurable performance or barrier and a right of return, are not recognized until the conditions on which they depend have been met. ARC had \$2,470,938 of conditional contributions and grants, of which it was notified during the year ended December 31, 2021. The promises were conditional upon ARC achieving certain goals or incurring qualified expenditures. Due to the conditions present, revenue was not recognized for these contribution and grants as of December 31, 2021.

During the year ended December 31, 2020, ARC received a Paycheck Protection Program loan from the Small Business Administration of \$2,021,000. This loan included forgivable conditions which were met during the year ended December 31, 2021 and, therefore, the loan amount (including interest of \$22,480) was recognized to government grants.

During the year ended December 31, 2021, ARC received an additional Paycheck Protection Program loan from the Small Business Administration of \$2,000,000. This loan included forgivable conditions which were met during the year ended December 31, 2021 and, therefore, the loan amount (including interest of \$12,744) was recognized to government grants.

Donated Facilities and Services

The City provides administrative office space for ARC. The fair value of this office space has not been included in these financial statements based on materiality. A substantial number of volunteers and City personnel make significant contributions of time to the program activities of the various member Advisory Councils. Donated services would not be performed by salaried personnel if the donated services were not available. Accordingly, no amounts are reflected in the financial statements for these services.

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.

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 19, 2022.

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, and accounts receivable are due within 120 days of recognition.

Long-term pledges and donor restricted assets 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, 2021 and 2020, comprise the following:

	2021	2020
Financial Assets		
Cash and cash equivalents	\$ 4,212,186	\$ 2,284,653
Investments	3,327,372	3,340,947
Class fees receivable	2,571,667	1,191,840
Contributions and grants receivable	500,315	196,798
Campaign pledges receivable	628,312	757,060
Other receivables	28,932	280,860
	11,268,784	8,052,158
Less: Amounts Not Available to be Used Within One Year		
Net assets with donor restrictions (including noncurrent campaign pledges receivable restricted by donor)	(2,685,700)	(2,579,474)
	\$ 8,583,084	\$ 5,472,684

Note 3 – 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 \$83,209 and \$95,164 in 2021 and 2020, respectively.

Note 4 – 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 donations) 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. For 2020, the City waived the payment of the Participation Fee in its entirety to the City by ARC.
- Wage Reimbursement – up to \$50,000 for wages and taxes related to Recreation Attendants serving as building monitors.

ASSOCIATED RECREATION COUNCIL

NOTES TO FINANCIAL STATEMENTS

- Scholarship Reimbursement – up to \$426,800 to cover the difference between the allocated scholarships and the approved scholarship ceiling.
- 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 \$448,430 and \$387,209 for the years ended December 31, 2021 and 2020, respectively. At December 31, 2021 and 2020, ARC owed the City \$248,009 and \$587,553, respectively, which are included with accounts payable and accrued expenses.

The Agreement also included a GEO Tier Support (G.T.S.) Fee, which is determined as 6.45% of gross receipts (excluding grants and donations) of all Seattle Community Center programs up to a fee limit of \$611,000. These fees were paid for the reimbursement of wages for Recreation Assistant Coordinators, who administer program classes and activities in the community centers. The proceeds of the G.T.S. Fee also supported some of the overhead of the Department of Parks and Recreation Belltown Community Center. The agreement was expired on December 31, 2020. In 2020, total fees paid by ARC related to the G.T.S. Fee were \$152,750. SPR agree to waive \$565,250 that ARC owed in GEO fees for 2020.