

LAWRENCE ARTS CENTER, INC.  
Lawrence, Kansas

FINANCIAL STATEMENTS  
For the years ended July 31, 2020 and 2019

And

INDEPENDENT AUDITOR'S REPORTS  
ON FINANCIAL STATEMENTS

**...KL...**

***Karlin & Long, LLC***  
***Certified Public Accountants***

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**LAWRENCE ARTS CENTER, INC.**

Lawrence, Kansas

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...**KL**...

***Karlin & Long, LLC***  
*Certified Public Accountants*

**INDEPENDENT AUDITOR'S REPORT  
ON FINANCIAL STATEMENTS**

To the Board of Directors  
Lawrence Arts Center, Inc.  
940 New Hampshire Street  
Lawrence, Kansas 66044

We have audited the accompanying financial statements of Lawrence Arts Center, Inc. (a nonprofit organization) which comprise the statements of financial position as of July 31, 2020 and 2019, the related statements of activities, functional expenses, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

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Board of Directors  
Lawrence Arts Center, Inc.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of Lawrence Arts Center, Inc. (a nonprofit organization), as of July 31, 2020 and 2019 and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Karlin & Long, LLC*

Karlin & Long, LLC  
Certified Public Accountants  
Lenexa, Kansas

September 29, 2020

**LAWRENCE ARTS CENTER, INC.**  
Lawrence, Kansas

**STATEMENTS OF FINANCIAL POSITION**

As of July 31, 2020 and 2019

<b>Assets</b>	<b>2020</b>	<b>2019</b>
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 50,307	\$ 16,843
Investments	1,142,292	2,431,585
Reserves	218,231	38,813
LAC Reserve Fund	476,504	-
Evans Endowment Fund	136,372	146,218
LAC Endowment Fund	961,224	-
Legacy Fund	561,354	524,793
Pledges and Accounts Receivable	3,820	11,729
Prepaid Expense	60,195	161,459
Inventory	-	13,435
Total Current Assets	3,610,299	3,344,875
Land, buildings and equipment, net	370,279	465,857
Total Fixed Assets	370,279	465,857
Total Assets	\$ 3,980,578	\$ 3,810,732
 <b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 46,205	\$ 44,814
Accrued Liabilities	8,272	1,358
City of Lawrence Obligation	2,000	424
Deferred Revenue	410,451	1,786,512
Total Current Liabilities	466,929	1,833,107
 <b>Long Term Liabilities</b>		
City of Lawrence Obligation, less current portion	4,424	-
SBA CARES Act - PPP	350,400	-
	354,824	-
 <b>Net Assets</b>		
Without Donor Restrictions	1,668,718	541,711
With Donor Restrictions	1,490,106	1,435,914
Total Net Assets	3,158,824	1,977,625
Total Liabilities and Net Assets	\$ 3,980,578	\$ 3,810,732

The accompanying notes to financial statements  
are an integral part of this statement.

**LAWRENCE ARTS CENTER, INC.**

Lawrence, Kansas

**STATEMENTS OF ACTIVITIES**

For the years ended July 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Changes in Net Assets without Donor Restrictions</b>		
<b>Revenue and Support</b>		
Program and Project Revenues	\$ 1,035,938	\$ 1,349,011
Grants, Donations and Sponsorships	2,967,110	1,131,831
Value of Donated Facility	653,280	929,600
Memberships	89,196	70,079
Gallery Sales	140,187	280,737
Interest and Investment Income, net	(76,977)	619
Building Use	54,131	67,379
Total Revenue and Support without Donor Restrictions	<u>4,862,864</u>	<u>3,829,257</u>
Total Revenues, Gains, and Other Support without Donor Restrictions	\$ 4,862,864	3,829,257
<b>Expenses</b>		
Arts Based Preschool	357,426	360,075
Dance Program	475,694	523,581
Performing Arts	481,061	495,187
Education Program	740,191	884,922
Exhibition Program	325,949	408,091
Support Activities	<u>1,355,535</u>	<u>1,521,879</u>
Total Expenses	<u>3,735,856</u>	<u>4,193,735</u>
Increase (Decrease) in Net Assets without Donor Restrictions	1,127,008	(364,478)
<b>Changes in Net Assets with Donor Restrictions</b>		
Grants, Donations and Sponsorships	9,972	80,001
Interest and Investment Income, net	<u>44,220</u>	<u>28,754</u>
Increase (Decrease) in Net Assets with Donor Restrictions	<u>54,192</u>	<u>108,755</u>
Increase (Decrease) in Net Assets	1,181,200	(255,723)
Net Assets at Beginning of Year	<u>1,977,625</u>	<u>2,233,348</u>
<b>Net Assets at End of Year</b>	<u><u>3,158,824</u></u>	<u><u>1,977,625</u></u>

The accompanying notes to financial statements  
are an integral part of this statement.

**LAWRENCE ARTS CENTER, INC.**  
Lawrence, Kansas

**STATEMENTS OF FUNCTIONAL EXPENSES**

For the years ended July 31, 2020 and 2019

	<b>2020</b>						
	<b>Arts Based Preschool</b>	<b>Dance Program</b>	<b>Performing Arts</b>	<b>Education Program</b>	<b>Exhibition Program</b>	<b>Support Activities</b>	<b>Total</b>
Salaries and Wages	\$ 188,079	\$ 180,461	\$ 156,462	\$ 252,715	\$ 68,357	\$ 137,724	\$ 983,798
Taxes and benefits	41,044	42,784	53,252	63,163	21,899	49,996	272,138
Insurance	4,494	6,741	5,618	4,494	4,869	11,236	37,452
Professional Fees	8,684	8,684	9,770	9,770	6,513	14,423	57,846
Operating Equipment and Supplies	30,606	46,780	60,832	124,344	51,001	80,432	393,995
Contract Artists	6,709	63,661	86,214	110,295	42,970	-	309,849
Grant Expense	-	5,000	-	250	-	178,353	183,603
Vending	-	-	-	-	-	1,836	1,836
Alcohol Expense	-	-	-	-	-	13,555	13,555
Production	-	-	36,782	-	-	-	36,782
Programming	8,220	17,878	-	43,535	5,844	-	75,477
Projects	1,670	21,054	-	51,373	51,737	8,334	134,168
Support	64,920	59,450	61,236	58,569	66,646	119,126	429,947
Miscellaneous	-	20,000	-	-	-	138	20,138
Occupancy costs	-	-	-	-	-	653,280	653,280
Depreciation	3,000	3,200	10,895	21,685	6,112	87,103	131,995
<b>Total Expenses</b>	<b>\$ 357,426</b>	<b>\$ 475,694</b>	<b>\$ 481,061</b>	<b>\$ 740,191</b>	<b>\$ 325,949</b>	<b>\$ 1,355,535</b>	<b>\$ 3,735,856</b>

The accompanying notes to financial statements  
are an integral part of this statement

**LAWRENCE ARTS CENTER, INC.**  
Lawrence, Kansas

**STATEMENTS OF FUNCTIONAL EXPENSES**

For the years ended July 31, 2020 and 2019

	2019						
	Arts Based Preschool	Dance Program	Performing Arts	Education Program	Exhibition Program	Support Activities	Total
Salaries and Wages	\$ 190,411	\$ 176,874	\$ 145,723	\$ 283,365	\$ 74,399	\$ 133,065	\$ 1,003,837
Taxes and benefits	34,491	38,703	40,688	59,716	21,066	41,359	236,023
Insurance	7,036	9,624	8,020	6,416	6,951	16,047	54,094
Professional Fees	9,377	9,377	10,550	10,550	7,033	12,910	59,797
Operating Equipment and Supplies	32,680	58,321	67,415	132,761	49,646	95,725	436,547
Contract Artists	6,724	93,295	98,906	156,051	23,462	-	378,438
Grant Expense	-	-	-	1,750	-	66,371	68,121
Vending	-	-	-	-	-	2,698	2,698
Alcohol Expense	-	-	-	-	-	18,374	18,374
Production	-	-	54,113	-	-	-	54,113
Programming	10,742	17,993	-	65,508	7,811	-	102,054
Projects	4,319	42,576	-	90,580	144,158	8,190	289,823
Support	61,341	56,379	59,336	57,571	64,640	106,518	405,785
Miscellaneous	-	16,806	-	-	-	157	16,963
Occupancy costs	-	-	-	-	-	929,600	929,600
Depreciation	2,954	3,633	10,436	20,655	8,925	90,865	137,468
<b>Total Expenses</b>	<b>\$ 360,075</b>	<b>\$ 523,581</b>	<b>\$ 495,187</b>	<b>\$ 884,922</b>	<b>\$ 408,091</b>	<b>\$ 1,521,879</b>	<b>\$ 4,193,735</b>

The accompanying notes to financial statements  
are an integral part of this statement



**LAWRENCE ARTS CENTER, INC.**  
Lawrence, Kansas

**STATEMENTS OF CASH FLOWS**  
For the years ended July 31, 2020 and 2019

	<b>2020</b>	<b>2019</b>
<b>Cash Flows From Operating Activities</b>		
<b>Increase (Decrease) in Net Assets</b>	\$ 1,181,200	\$ (255,723)
Adjustments to reconcile change in net assets to net cash flows		
Depreciation	131,995	137,468
Change in assets and liabilities		
(Increase) Decrease in Accounts Receivable	7,909	(1,592)
(Increase) Decrease in Prepaid Expenses	101,264	(54,396)
Increase (Decrease) in Accounts Payable	1,392	(6,719)
Increase (Decrease) in Accrued Liabilities	6,913	(139)
Increase (Decrease) in Deferred Revenues	(1,376,061)	1,744,462
	<b>54,612</b>	<b>1,563,361</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of Capital Assets	(36,417)	(87,739)
Increase in Investments	(1,510,000)	(1,760,000)
Redemption of Investments	1,169,270	224,564
	<b>(377,147)</b>	<b>(1,623,175)</b>
<b>Cash Flows From Financing Activities</b>		
Increase in Long Term Debt	358,000	-
Principal payments on Long Term Debt	(2,000)	(2,000)
	<b>356,000</b>	<b>(2,000)</b>
<b>Net Cash Provided (Used) by Financing Activities</b>	<b>356,000</b>	<b>(2,000)</b>
<b>Net Increase (Decrease) in Cash for Period</b>	<b>33,465</b>	<b>(61,814)</b>
<b>Cash as of Beginning of Period</b>	<b>16,843</b>	<b>78,657</b>
<b>Cash as of End of Period</b>	<b>\$ 50,308</b>	<b>\$ 16,843</b>

The accompanying notes to financial statements  
are an integral part of this statement

**LAWRENCE ARTS CENTER, INC.**  
Lawrence, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – Summary of Significant Accounting Policies**

**Business Activity**

Lawrence Arts Center, Inc. was established in 1974 as a non-profit corporation to provide classes for participation in the arts, support for local artists, and serves the arts-related needs of the community and is located at 940 New Hampshire, Lawrence, Kansas.

**New Accounting Pronouncement**

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Lawrence Arts Center, Inc. has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

**Basis of Presentation**

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the “Guide”). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time.

**LAWRENCE ARTS CENTER, INC.**  
Lawrence, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – Summary of Significant Accounting Policies (Continued)**

**Basis of Presentation (Continued)**

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

**Contributions:**

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the assets and the assets are placed in service.

**Measure of Operations:**

The statements of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

**LAWRENCE ARTS CENTER, INC.**  
Lawrence, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – Summary of Significant Accounting Policies (Continued)**

**Property and Equipment**

Property and equipment consist of general operating assets and are recorded at cost. Donated assets are recorded at their estimated fair market value at date of contribution. It is the policy of the Organization to capitalize expenditures for property and equipment in excess of \$500. Maintenance and repairs are charged to expense as incurred; major renewals and improvements are capitalized.

When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets as follows:

Theatre	10 years
Gallery	5-10 years
Classroom	3-30 years
Preschool	10 years
Office Equipment	3-10 years
Custodial	10 years
Transportation	4-10 years
Miscellaneous	10-30 years

**Income Taxes Status**

Lawrence Arts Center, Inc. is exempt from federal income taxes under section 501 (c) (3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, Lawrence Arts Center, Inc. has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509 (a) of the Internal Revenue Code. The organization has not been involved in any activities subject to the Unrelated Business Income Tax of nonprofit organizations.

The Organization’s payroll tax returns for the years ending 2019, 2018, and 2017 are subject to examination by the IRS and state taxing authorities. Returns are generally subject to examination for three years after they were filed.

**LAWRENCE ARTS CENTER, INC.**  
Lawrence, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – Summary of Significant Accounting Policies (Continued)**

**Donated Materials and Services**

The Organization records the value of donated goods or services when there is an objective basis available to measure their value. Donated materials and equipment are reflected as contributed in the accompanying statements at their estimated values at date of receipt. No amounts have been reflected in the statements for donated services as no objective basis is available to measure the value of such service. The Organization pays for most services requiring specific expertise. Many individuals provided services to the Organization at no cost for such things as advertising, catering, and printing.

**Support and Revenues**

The Arts Center receives funding from donations from foundations, private individuals, local businesses, state and federal grants, and the local governmental entities. Revenues are also received for the various arts based educational services and events provided to the local community and for the theatrical performances provided to the community and cities. Revenues are recognized when earned.

**Use of Accounting 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 of certain assets, liabilities and disclosures. Accordingly, actual amounts could differ from those estimates. Any adjustments applied to estimated amounts are recognized in the year the adjustment is determined.

**Cash and cash equivalents**

For financial presentation purposes, money market funds and highly liquid investments with maturities of three months or less at the date of purchase are considered to be cash equivalents.

**LAWRENCE ARTS CENTER, INC.**  
Lawrence, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – Summary of Significant Accounting Policies (Continued)**

**Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the Statement of Activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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. Detail items, such as payroll, bank, audit and business fees, equipment and software, equipment supplies and service, insurance, janitorial, marketing, office supplies, postage, repairs and maintenance, and telephone have been allocated in the statements of functional expenses and grouped based upon overall expense types. This note reflects the groupings of the statements of functional expenses. The expenses are allocated on the basis of estimates of time and effort.

**NOTE 2 – Debt Obligation**

The Arts Center entered into a debt agreement with the City of Lawrence on November 28, 2000 for City constructed facilities that the Organization occupies. The Arts Center agreed to pay the City \$3,000,000 with the final payment due September 1, 2003.

During July 2006 the remaining obligation was restructured by the City requiring annual payments of \$2,000 beginning August 26, 2006 until the obligation is retired. Interest on the obligation has been forgiven, however a finance charge of 1% of the outstanding balance will be assessed on payments made after August 26 of each year. The balance on the obligation as of July 31, 2020 and 2019 totaled \$6,424 and \$424 respectively.

**NOTE 3 – Restricted Assets**

Substantially all of the net assets with donor restrictions as of July 31, 2020 and 2019 consist of donations and grants for the education, exhibition, dance, performing arts programs and for scholarships. During the fiscal year the Center received several grants which are externally restricted for certain purposes.

**LAWRENCE ARTS CENTER, INC.**  
Lawrence, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 – Deposits and Investments**

The Organization considers substantially all demand deposits and certificates of deposits with original maturity of one year or less to be cash equivalents.

Certificates of deposit with an original maturity of more than one year are considered to be investments. Investments, current and endowment are valued as follows:

	July 31, 2020		
	<u>Market Value</u>	<u>Book Value</u>	<u>Unrealized Gain (Loss)</u>
Cash	\$ 50,307	\$ 50,307	\$ -
Cash - Restricted	1,142,292	1,142,292	-
Cash - Reserved	218,231	218,231	-
LAC Reserve Fund	440,935	476,504	(35,569)
Evans Endowment Fund	126,893	136,372	(9,479)
LAC Endowment Fund	891,320	961,224	(69,904)
Legacy Fund	593,861	561,354	32,507
	<u>\$ 3,463,839</u>	<u>\$ 3,546,284</u>	<u>\$ (82,445)</u>

	July 31, 2019		
	<u>Market Value</u>	<u>Book Value</u>	<u>Unrealized Gain (Loss)</u>
Cash	\$ 16,843	\$ 16,843	\$ -
Cash - Restricted	2,431,585	2,431,585	-
Cash - Reserved	38,813	38,813	-
LAC Reserve Fund	-	-	-
Evans Endowment Fund	142,871	146,218	(3,347)
LAC Endowment Fund	-	-	-
Legacy Fund	582,492	524,793	57,699
	<u>\$ 3,212,604</u>	<u>\$ 3,158,252</u>	<u>\$ 54,352</u>

**LAWRENCE ARTS CENTER, INC.**  
Lawrence, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 – Employee Benefit Plan**

The company has established a 401(k) Retirement Plan. The Plan covers all employees who have attained a stated period of service. Participants can contribute a percentage of their compensation to the Plan and receive a matching employer contribution. The Company incurred expenses of \$31,516 and \$30,514 for the year ended July 31, 2020 and 2019, respectively.

**NOTE 6 – Property, Equipment and Depreciation**

Major classes of capital assets and related accumulated depreciation as of July 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Preschool	\$ 37,869	\$ 36,832
Dance	25,787	22,534
Transportation	28,591	28,591
Performing Arts	146,284	141,916
Education	337,805	329,114
Exhibition	75,407	75,407
Operating	402,528	391,140
Facilities	345,085	337,404
	<u>1,399,356</u>	<u>1,362,938</u>
Accumulated Depreciation	<u>(1,029,077)</u>	<u>(897,081)</u>
Total	<u>\$ 370,279</u>	<u>\$ 465,857</u>

**NOTE 7 – Risk Management**

The Arts Center is exposed to various risks of loss related to theft, damage, and destruction of assets, errors and omissions, natural disasters, and limited torts for which it carries commercial insurance. There have been no significant reductions in coverage and settlements have not exceeded coverage for the years ended July 31, 2020 and 2019.

**NOTE 8 – Donated Facility**

Lawrence Arts Center, Inc. occupies its facilities free of rent from the City of Lawrence, Kansas. The donated rent is recorded as income and expense in the statement of activities. The value of the donated rent is estimated with the assistance of the county appraiser. Donated rent for the years ended July 31, 2020 and 2019 is \$653,280 and \$929,600, respectively.



**LAWRENCE ARTS CENTER, INC.**  
Lawrence, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 - Availability and Liquidity**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, are comprised of the following at July 31, 2020:

Financial assets at year end:

Cash and Cash Equivalents	\$ 50,307
Investments	1,142,292
Reserves	218,231
LAC Reserve Fund	476,504
Evans Endowment Fund	136,372
LAC Endowment Fund	961,224
Legacy Fund	561,354
Pledges and Accounts Receivable	3,820
Prepaid Expense	60,195
Total financial assets	<u>\$3,610,299</u>

Less amounts not available to be used within one year:

Legacy Fund	561,354
Investments	1,142,292
	<u>1,703,646</u>

Financial assets available to meet general expenditures  
over the next twelve months

\$1,906,653

**NOTE 10 – Lease Arrangements**

The Lawrence Arts Center and The City of Lawrence form a private public partnership established in 2003 to finance the construction of the building. The Lawrence Arts Center provided \$3 million plus financing costs for the construction of the building, and relinquished ownership to the City. In exchange, the Lawrence Arts Center is not required to pay rent to occupy the facility, as outlined in a lease agreement.

**NOTE 11 – Subsequent Events**

Subsequent events for management's review have been evaluated through September 29, 2020. The date in the prior sentence is the date the financial statements were available to be issued.