

**FREEDOM'S
FONTIER NATIONAL
HERITAGE AREA, INC.**
Lawrence, Kansas

Independent Auditors' Report and
Financial Statements with
Supplementary Information

For the Years Ended
December 31, 2020 and 2019

Attachment 11

30x30 12/09/2021

FREEDOM'S FRONTIER NATIONAL HERITAGE AREA, INC.
Lawrence, Kansas

TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
Independent Auditors' Report	1
FINANCIAL STATEMENTS:	
Statements of Financial Position.....	2
Statements of Activities.....	3
Statements of Functional Expenses	4-5
Statements of Cash Flows.....	6
Notes to the Financial Statements	7-11

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Freedom's Frontier National
Heritage Area, Inc.
Lawrence, Kansas

We have audited the accompanying financial statements of Freedom's Frontier National Heritage Area, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, 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.

Auditors' Responsibility

Our responsibility is to express an opinion 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 from 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 Organization's internal control. Accordingly, we express no such opinion. 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 position of Freedom's Frontier National Heritage Area, Inc. as of December 31, 2020 and 2019, 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.

Jarred, Gilmore & Phillips, PA

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
September 27, 2021

**FREEDOM'S FRONTIER NATIONAL
HERITAGE AREA, INC.**

Lawrence, Kansas

Statements of Financial Position
December 31, 2020 and 2019

	2020	2019
<u>ASSETS</u>		
Current Assets		
Cash and Cash Equivalents	\$ 138,093.82	\$ 143,989.87
Accounts Receivable, Net	-	-
	<u>138,093.82</u>	<u>143,989.87</u>
Total Current Assets	138,093.82	143,989.87
Total Assets	<u>\$ 138,093.82</u>	<u>\$ 143,989.87</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts Payable	\$ 12,193.76	\$ 5,145.03
Accrued Compensated Absences	11,872.92	9,005.30
Deposits Held for Others	4,802.46	2,248.41
	<u>28,869.14</u>	<u>16,398.74</u>
Total Current Liabilities	28,869.14	16,398.74
Total Liabilities	<u>28,869.14</u>	<u>16,398.74</u>
Net Assets		
Without Donor Restrictions	90,534.03	108,924.77
Without Donor Restrictions - Board Restricted	18,690.65	18,666.36
With Donor Restrictions	-	-
	<u>109,224.68</u>	<u>127,591.13</u>
Total Net Assets	109,224.68	127,591.13
Total Liabilities and Net Assets	<u>\$ 138,093.82</u>	<u>\$ 143,989.87</u>

The accompanying notes are an integral
part of these financial statements.

**FREEDOM'S FRONTIER NATIONAL
HERITAGE AREA, INC.**

Lawrence, Kansas

Statements of Activities
For the Years Ended December 31, 2020 and 2019

	2020	2019
CHANGES IN NET ASSETS		
Changes in Net Assets without Donor Restrictions:		
Support and Revenue:		
Gifts and Contributions		
Federal Grants	\$ 396,088.17	\$ 501,061.20
Local Contributions	748,218.52	631,595.97
Registration Income	381.08	6,741.03
Miscellaneous Income	327.00	2,330.81
Investment Income	834.43	1,931.35
Total Support and Revenues without Donor Restrictions	1,145,849.20	1,143,660.36
Expenses:		
Program Services:		
Education Programs	1,060,109.30	1,104,329.16
Supporting Activities:		
Management and General	87,119.53	88,354.06
Fundraising	16,986.82	16,502.62
Total Expenses	1,164,215.65	1,209,185.84
Net Increase (Decrease) in Net Asset without Donor Restrictions	(18,366.45)	(65,525.48)
Increase (Decrease) in Net Assets	(18,366.45)	(65,525.48)
Net Assets - Beginning of Year	127,591.13	193,116.61
Net Assets - End of Year	\$ 109,224.68	\$ 127,591.13

The accompanying notes are an integral
part of these financial statements.

**FREEDOM'S FRONTIER NATIONAL
HERITAGE AREA, INC.**

Lawrence, Kansas

Statement of Functional Expense
For the Year Ended December 31, 2020

	Supporting Activities			Total
	Education Programs	Management and General	Fundraising	
Payroll and Fringe	\$ 212,945.32	\$ 49,779.42	\$ 13,827.62	\$ 276,552.36
Bank fees	-	0.13	-	0.13
Collateral Materials	2,185.51	652.82	-	2,838.33
Contract Services	23,935.70	5,595.36	1,554.27	31,085.32
Educational Promotion	-	856.19	45.06	901.25
Insurance	2,331.56	696.44	-	3,028.00
Marketing Plan	-	-	618.60	618.60
Membership Fees	-	7,700.00	-	7,700.00
Office Equipment	-	2,423.07	-	2,423.07
Professional Development	-	1,126.21	-	1,126.21
Professional Fees	8,704.85	2,600.15	-	11,305.00
Software	-	4,566.75	-	4,566.75
Special Projects	797,339.32	-	-	797,339.32
Supplies	5,833.34	1,363.64	378.79	7,575.77
Travel & Meetings	4,547.57	1,358.37	-	5,905.94
Website	2,286.13	534.42	148.45	2,969.00
Website/Communications	-	7,866.57	414.03	8,280.60
Total Expenses	\$ 1,060,109.30	\$ 87,119.53	\$ 16,986.82	\$ 1,164,215.65

The accompanying notes are an integral
part of these financial statements.

**FREEDOM'S FRONTIER NATIONAL
HERITAGE AREA, INC.**

Lawrence, Kansas

Statement of Functional Expense
For the Year Ended December 31, 2019

	Supporting Activities			Total
	Education Programs	Management and General	Fundraising	
Payroll and Fringe	\$ 227,210.45	\$ 53,114.13	\$ 14,753.93	\$ 295,078.51
Contract Services	11,579.80	2,706.97	751.94	15,038.70
Membership Fees	-	4,412.10	-	4,412.10
Professional Development	-	1,264.08	-	1,264.08
Travel & Meetings	17,931.56	5,356.18	-	23,287.74
Website/Communications	-	8,826.55	464.56	9,291.11
Software	-	312.17	-	312.17
Professional Fees	13,236.46	3,953.75	-	17,190.21
Office Equipment	-	383.90	-	383.90
Insurance	2,838.99	848.01	-	3,687.00
Supplies	7,499.90	1,753.22	487.01	9,740.13
Educational Promotion	-	858.79	45.20	903.99
Collateral Materials	4,365.15	1,303.88	-	5,669.03
Travel and Trade Shows	-	2,214.96	-	2,214.96
Miscellaneous	-	1,045.37	-	1,045.37
Special Projects	819,666.84	-	-	819,666.84
Total Expenses	\$ 1,104,329.16	\$ 88,354.06	\$ 16,502.62	\$ 1,209,185.84

The accompanying notes are an integral
part of these financial statements.

**FREEDOM'S FRONTIER NATIONAL
HERITAGE AREA, INC.**

Lawrence, Kansas

Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows From Operating Activities:		
Net Increase (Decrease) in Net Assets	\$ (18,366.45)	\$ (65,525.48)
Adjustments to Reconcile to Net Increase (Decrease) in Net Assets		
to Net Cash Provided by Operating Activities:		
(Increase) Decrease in Accounts Receivable	-	-
Increase (Decrease) in Accounts Payable	7,048.73	(24,722.68)
Increase (Decrease) in Accrued Compensated Absenses	2,867.62	(1,924.64)
Increase (Decrease) in Deposits Held for Others	2,554.05	1,049.47
Total Adjustments	<u>12,470.40</u>	<u>(25,597.85)</u>
Net Cash Provided (Used) by Operating Activities	<u>(5,896.05)</u>	<u>(91,123.33)</u>
Net Increase (Decrease) in Cash and Equivalents	(5,896.05)	(91,123.33)
Cash and Cash Equivalents, Beginning of Year	<u>143,989.87</u>	<u>235,113.20</u>
Cash and Cash Equivalents, End of Year	<u>\$ 138,093.82</u>	<u>\$ 143,989.87</u>

The accompanying notes are an integral
part of these financial statements.

FREEDOM'S FRONTIER NATIONAL HERITAGE AREA, INC.
Lawrence, Kansas

Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

1. NATURE OF ACTIVITIES

Organization

Freedom's Frontier National Heritage Area, Inc., (The Organization) was incorporated under the laws of the State of Kansas and is a nonprofit organization.

The primary objectives of the Organization is to established to build awareness of the struggles for freedom in western Missouri and eastern Kansas. The Organization achieves its goals through interpretation, preservation, conservation, and education for all residents and visitors. The Organization's major source of income is derived from governmental agencies and local contributions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization's policy is to prepare its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP). Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, Freedom's Frontier National Heritage Area, Inc.'s net assets and changes thereto are classified and reported as follows:

Net assets without donor restrictions – consists of amounts that are available for use in carrying out the activities of Freedom's Frontier National Heritage Area, Inc. and are not subject to donor-imposed restrictions.

Net assets with donor restrictions – Net assets subject to donor or certain grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Liquidity

Assets are presented in the accompanying statement of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers cash and cash equivalents to include all deposit accounts in banks, cash on hand, and certificates of deposit with an original maturity of three months or less.

Property and Equipment

All property and equipment is stated at cost, if purchased, and fair value, if donated. The Organization's capitalization policy includes items with a useful life of more than one year and an initial value of \$1,000.00 or more. Depreciation is computed on a straight-line basis over the following estimated useful lives of the assets:

Equipment	5 - 15 Years
Furniture and Office Equipment	5 - 15 Years
Vehicles	5 Years

Income Taxes

The Organization is exempt from Federal income taxes under IRS Code Section 501(c)(3). In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private Organization under Section 509(a)(2).

In-Kind Goods/Services

The Organization receives donated services and space as part its program. In-kind contributions are shown both as support and expenditures in this program, and are recorded at the fair value of the goods or services at the time of donation. Amounts included are only those allowable under generally accepted accounting principles.

Contributions and Unconditional Promises to Give

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as contributions with donor restrictions that increases that net asset class. When donor restrictions expire, that is, when a time restriction ends and/or a purpose restriction is fulfilled, 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 restriction.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Allocated Costs

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated using various allocation methods.

3. **CONCENTRATION OF CREDIT RISK**

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the Organization's deposits may not be returned to it. At December 31, 2020, the Organization's carrying amount of deposits was \$138,093.82 and the bank balance was \$197,382.22. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$197,382.22 was covered by FDIC.

At December 31, 2019, the Organization's carrying amount of deposits was \$143,989.87 and the bank balance was \$208,523.56. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$208,523.56 was covered by FDIC.

4. **COMPENSATED ABSENCES**

All full and part-time employees are eligible for vacation benefits. Full time employees accrue vacation as follows:

During the first year of work: 05 days or 40 hours accrued.

During the second through fifth year of work: 10 days or 80 hours accrued.

Starting with the sixth year of work: 15 days or 120 hours accrued.

Employees can carry-over up to 5 days or 40 hours a year. Because we accrue vacation paycheck by paycheck, no employee can have more vacation accrued than his or her current annual allocation plus 40 hours.

Sick leave accrues at the rate of one day per month. The maximum accrual for sick leave is 90 days. Full payment shall be allowed for sick leave meeting the guidelines. Sick leave is a benefit and not an entitlement. Unused sick leave will not be paid upon termination.

The Organization accrues a liability for compensated absences which meet the following criteria:

1. The Organization's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated and is material to the financial statements.

In accordance with the above criteria, the Organization has accrued a liability for vacation which has been earned, but not taken, by Organization employees. The Organization has not accrued a liability for sick leave earned, but not taken, by Organization employees, in accordance with guidance provided by FASB ASC 710-10-25-7, as the amounts cannot be reasonably estimated at this time.

5. NET ASSETS

Net assets without donor restrictions

The Board approved the establishment of a Board designated fund. The purpose of the fund is to segregate funds for future board projects. The Board, in June 2016, adopted a policy whereby all contributions made without donor restrictions to the Organization will be split with 25% going into the board designated fund. All other unrestricted net assets are undesignated as to their use.

6. LIQUIDITY

At December 31, 2020 and 2019, all net assets with donor restrictions are available for payment of qualifying expenses within the respective The Organization funds as such expenses are incurred, except for contributions receivable which are available when the receivable is collected, which is expected within the next year, and the expense is incurred. Likewise, as of December 31, 2019 and 2020, all net assets without donor restrictions are available to meet cash needs for general expenses of the Organization within one year.

Cash and Cash Equivalents - Unrestricted	\$ 138,093.82	\$ 143,989.87
Accounts Receivable, Net	0.00	0.00
Less: Deposits Held for Others	<u>(4,802.46)</u>	<u>(2,248.41)</u>
Assets Available to Satisfy Current Obligations	<u>\$ 133,291.36</u>	<u>\$ 141,741.46</u>

7. COLLECTION OF ARTWORK

In accordance with industry practice, the Organization's collection of art is not capitalized and recognized as assets on the statement of financial position. The Organization holds its collection for public exhibition, education, and research rather than for financial gain. It protects, cares for, preserves, and keeps its collection unencumbered, subject to a policy that requires proceeds from sales of art to be used to purchase additional art. Additionally, it is impracticable to attempt to assign values to the collection because the historical significance and rarity of the work of art make it difficult to determine an objective basis for valuation.

8. CONCENTRATION OF RISK

The Organization receives substantial revenue in the form of Federal grants. The effect on the Organization's ability to continue operations, if these funding sources were lost or cancelled, is unknown.

9. **DEPOSITS HELD FOR OTHERS**

The Organization collects donations on behalf of several smaller non-profit organizations. The Organization is to distribute the funds as it is requested by these separate organizations. The Organization has no variance power over the funds. The Organization has recognized the fund held for others in the accompanying statement of financial position. The amounts held were as follows:

	2020	2019
Northeast Kansas Tourism	\$ 2,838.96	\$ 1,898.41
Guardians of Grover Barn	963.50	350.00
Community Remembrance Project	1,000.00	0.00
Total	<u>\$ 4,802.46</u>	<u>\$ 2,248.41</u>

10. **CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal and State government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Organization expects such amounts, if any, to be immaterial.

In January 2019, the novel coronavirus "COVID-19" pandemic in the United States has resulted in classroom buildings being closed, activities cancelled, and the temporary closure of operating hours for the offices. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the Organization as of the date of this report, management believes that a material impact on the Organization's financial position and results of future operations is reasonably possibly.

11. **SUBSEQUENT EVENTS**

The Organization evaluated events and transactions occurring subsequent to December 31, 2020 through September 27, 2021, the date the financial statements were available to be issued. During this period, there were no subsequent events requiring recognition in the financial statements.

