



Park Pride, Inc.

FINANCIAL STATEMENTS

December 31, 2020



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REPORT





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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of Park Pride, Inc.

Opinion

We have audited the accompanying financial statements of Park Pride, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, 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 Park Pride, Inc. as of December 31, 2020, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Park Pride, Inc. 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.

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 Park Pride, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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.

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 Park Pride, Inc.'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 Park Pride, Inc.'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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Atlanta, Georgia
August 12, 2021



FINANCIAL STATEMENTS



Park Pride, Inc.
Statement of Financial Position

<i>December 31, 2020</i>	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Current assets			
Cash, cash equivalents and restricted cash	\$ 2,122,522	\$ 2,555,934	\$ 4,678,456
Promises to give, net	53,868	-	53,868
Accounts receivable, net	66,305	-	66,305
Total current assets	2,242,695	2,555,934	4,798,629
Non-current assets			
Equipment, net	18,812	-	18,812
Total assets	\$ 2,261,507	\$ 2,555,934	\$ 4,817,441
Liabilities and Net Assets			
Current liabilities			
Accounts payable	\$ 52,969	\$ -	\$ 52,969
Contract liabilities	1,359,315	-	1,359,315
Total current liabilities	1,412,284	-	1,412,284
Total liabilities	1,412,284	-	1,412,284
Net assets			
Without donor restrictions	849,223	-	849,223
With donor restrictions	-	2,555,934	2,555,934
Total net assets	849,223	2,555,934	3,405,157
Total liabilities and net assets	\$ 2,261,507	\$ 2,555,934	\$ 4,817,441

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

Park Pride, Inc.
Statement of Activities

<i>For the year ended December 31, 2020</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Restricted grant support	\$ -	\$ 2,627,200	\$ 2,627,200
Government grant - Paycheck Protection Program	206,500	-	206,500
Program revenue	642,521	-	642,521
Service fee and event income	494,017	-	494,017
Operating grants and contributions	642,214	-	642,214
Interest income	15,857	-	15,857
Net assets released from restrictions	2,393,841	(2,393,841)	-
Total revenues and other support	4,394,950	233,359	4,628,309
Expenses			
Program services	3,719,918	-	3,719,918
Management and general	177,037	-	177,037
Fundraising	210,646	-	210,646
Total expenses	4,107,601	-	4,107,601
Change in net assets	287,349	233,359	520,708
Net assets at beginning of year	561,874	2,322,575	2,884,449
Net assets at end of year	\$ 849,223	\$ 2,555,934	\$ 3,405,157

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

Park Pride, Inc.
Statement of Functional Expenses

<i>For the year ended December 31, 2020</i>	Program Services	Management and General	Fundraising	Total
Payroll, salaries, bonuses	\$ 612,235	\$ 104,955	\$ 157,432	\$ 874,622
Health insurance	59,458	10,193	15,289	84,940
Payroll tax	51,743	8,871	13,305	73,919
Retirement benefits	15,378	2,637	3,954	21,969
Personnel costs	738,814	126,656	189,980	1,055,450
Program costs	2,865,651	-	-	2,865,651
Events	41,650	-	1,524	43,174
Occupancy	25,106	5,380	5,380	35,866
Miscellaneous expense	12,862	6,462	8,380	27,704
Technology	14,019	4,673	4,673	23,365
Accounting	-	13,000	-	13,000
Vehicle	10,090	668	-	10,758
Insurance	-	9,360	-	9,360
Operation programs	5,032	-	-	5,032
Depreciation	-	4,814	-	4,814
Amortization	-	4,143	-	4,143
Staff development	2,138	1,151	-	3,289
Office supplies	2,401	475	284	3,160
Marketing	2,155	255	425	2,835
Total	\$ 3,719,918	\$ 177,037	\$ 210,646	\$ 4,107,601

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

Park Pride, Inc.
Statement of Cash Flows

<i>For the year ended December 31,</i>	2020
Operating Activities	
Change in net assets	\$ 520,708
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation and amortization	8,957
Change in operating assets and liabilities:	
Promises to give	2,430
Accounts receivable	(11,007)
Accounts payable	9,387
Contract liabilities	(182,984)
Net cash provided by (used in) operating activities	347,491
Investing Activities	
Capital expenditures	(5,009)
Net cash provided by (used in) investing activities	(5,009)
Net change in cash, cash equivalents and restricted cash	342,482
Cash, cash equivalents and restricted cash at beginning of year	4,335,974
Cash, cash equivalents and restricted cash at end of year	\$ 4,678,456
Reconciliation to Statement of Financial Position:	
Cash and cash equivalents	\$ 2,122,522
Restricted cash	2,555,934
Cash, cash equivalents and restricted cash at end of year	\$ 4,678,456

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

Note 1: DESCRIPTION OF THE ORGANIZATION

Park Pride Atlanta, Inc. (the Organization) was incorporated in the state of Georgia as a not-for-profit corporation in November 1989. During 2018, the Organization formally changed its name to Park Pride, Inc. The Organization's purpose is to engage communities to activate the power of parks in the City of Atlanta and surrounding areas. Support for the Organization is primarily derived from program service fees, local governments, corporations, foundations, individuals and other charitable contributors.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to the allowance for doubtful accounts.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

Restricted Cash

Amounts included in restricted cash represent those required to be set aside to support specific park projects.

Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed. Promises to give are expected to be realized in one year or less.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of members to meet their obligations.

Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Management believes all contributions receivable and accounts receivable are fully collectible at December 31, 2020, and therefore no allowance for doubtful accounts was necessary at December 31, 2020.

Equipment

All acquisitions of equipment in excess of \$500 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Equipment is carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Program revenue, service fees and event income is accounted for under ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied. Prior to the adoption of ASC 606, the Organization recognized revenue when persuasive evidence of an arrangement existed, delivery of products had occurred, the sales price was fixed or determinable and collectability was reasonably assured.

Gifts of cash and other assets are recorded as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. Net assets with donor restrictions at December 31, 2020, represent contributions received that are restricted for certain specific programs.

Donated Services

Donations of goods and services are recorded as support at their estimated fair value at the time of donation. Unless specified otherwise by the donor, these donations are reported as unrestricted in the statement of activities. During the year ended December 31, 2020, the Organization recognized donations of goods and services of approximately \$36,000. Donated services consisted of rent and utilities from the City of Atlanta (Note 8), which are categorized as operating grants and contributions.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, which are allocated on a square footage basis, as well as personnel costs, and events, which are allocated on the basis of estimates of time and effort.

Income Taxes

The Organization is exempt from federal income taxes under the provisions of §501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has also determined that the Organization is not a private foundation as defined by §509(a)(1) of the Code.

Accounting principles generally accepted in the United States of America require the Organization's management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the relevant taxing authorities. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2020, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization believes it is no longer subject to income tax examinations for years prior to 2017.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued August 12, 2021. See Note 13 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Accounting Guidance Not Yet Adopted

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). This ASU requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the statement of financial position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the statement of activities and changes in net assets and the statement of cash flows will be substantially unchanged from the existing lease accounting guidance. The ASU is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Organization is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU specifies requirements for the recognition and initial measurement of contributions and disclosure requirements for contributed services. The ASU is effective for fiscal years beginning after June 15, 2021. Early adoption is permitted. The Organization is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

The Organization maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as the Organization's expenditures come due. The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

Total assets at year end	\$ 4,817,441
Less non-financial assets	
Equipment, net	(18,812)
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions	
Restricted by donor with time or purpose restrictions	(2,555,934)
Board designations	(489,209)
<hr/>	
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,753,486</u>

Park Pride, Inc.
Notes to Financial Statements

Note 4: EQUIPMENT

The components of equipment at December 31, 2020, are as follows:

	Estimated Useful Lives (in years)		
Computer equipment	3	\$	32,604
Vehicles	5		24,783
Website	7		29,000
Total equipment			86,387
Less accumulated depreciation and amortization			(67,575)
Equipment, net		\$	18,812

Depreciation and amortization expense for the year ended December 31, 2020, was \$8,957.

Note 5: NET ASSETS

A summary of net assets without donor restrictions follows:

Undesignated		\$	360,014
Board designated			
Operating reserve			489,209
Total net assets without donor restrictions		\$	849,223

A summary of net assets with donor restrictions follows:

Purpose restrictions			
Restricted for park improvement projects		\$	2,555,934

Note 6: REVENUE

Program fees are related to amounts collected by partnering neighborhoods and parks and remitted to the Organization. The Organization has an obligation to provide services and recognizes revenue when the obligations are satisfied.

Contract Balances

December 31, 2020

Contract liabilities, beginning of year	\$ 1,542,299
Contract liabilities, end of year	\$ 1,359,315
Receivables from contracts, beginning of year	\$ 55,298
Receivables from contracts, end of year	\$ 66,305

Note 7: CONCENTRATIONS OF CREDIT RISK

The Organization has cash deposits with a financial institution, which fluctuate from time to time in excess of federally insured limits. Cash and cash equivalents in excess of the federally insured limits totaled approximately \$3,937,000 at December 31, 2020. If this financial institution were not to honor its contractual liability, the Organization could incur losses. Management is of the opinion that there is no risk of loss because of the financial strength of the financial institution.

During 2020, three vendors amounted to approximately 42% of total expenses.

Note 8: COMMITMENTS AND CONTINGENCIES

The Organization has an agreement with the City of Atlanta (the City) to provide support, administration, planning, design and construction services for the City's parks. The Organization acts as a fiduciary agent on behalf of the City for park related programs, projects and initiatives as defined in the agreement. The City pays the Organization an amount not to exceed \$60,000 per year for these services and also provides office space at no charge. During the year ended December 31, 2020, the Organization recognized donations of goods and services of approximately \$36,000. In-kind services consisted of rent, utilities and website hosting from the City of Atlanta (Note 2), which are categorized as operating grants and contributions.

From time to time, the Organization may have asserted and unasserted claims arising in the normal course of business. The Organization does not expect losses, if any, arising from these asserted and unasserted claims to have a material effect on the financial statements.

Note 9: EMPLOYEE BENEFIT PLAN

The Organization has established a SIMPLE IRA Plan (the Plan). Generally, all employees of the Organization who meet the minimum service hours are eligible to participate in the Plan. Employees may contribute up to statutory limits annually. The Organization is required to make matching contributions to the Plan up to 3% of the employee's total compensation. The Organization paid matching contributions of approximately \$22,000 during the year ended December 31, 2020.

Note 10: ECONOMIC DEPENDENCY

The Organization receives the majority of its revenue and support from grant contracts with organizations, community programs and local governments. The future receipt of such funding, however, is indeterminate due to the uncertainty of grant resources in future years. Should this support be discontinued, the Organization would have to replace this funding from other sources or discontinue certain of its programs.

Note 11: PAYCHECK PROTECTION PROGRAM

In April 2020, in response to the global pandemic, the Organization applied for and received a \$206,500 loan through the Paycheck Protection Program under the CARES Act. The Organization applied for forgiveness of \$206,500 of the debt and recorded the amount as contribution revenue during 2020. On January 15, 2021, the Organization received notice that the \$206,500 and related interest had been forgiven.

Note 12: UNCERTAINTIES

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Organization. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

Note 13: SUBSEQUENT EVENTS

Management evaluated all events or transactions that occurred after December 31, 2020 through August 12, 2021, the date the Organization's financial statements were available to be issued. The follow item occurred:

The Organization applied for and has been notified that \$206,500 of the PPP loan has been forgiven. Loan forgiveness was awarded on January 15, 2021, and is included in income for the fiscal year ended December 31, 2020.

In March 2021, the Organization applied for a second loan with a participating lender under the PPP program totaling approximately \$205,655. The Organization is currently in the twenty-four week measurement period that will determine the amount of the loan proceeds that may ultimately be granted (forgiven) by the Small Business Administration. The Organization estimates that they will be able to use substantially all of the loan proceeds for qualified expenses and therefore anticipates full forgiveness. In the event that the proceeds are not fully spent during the measurement period on qualified expenses, the Organization plans to either return the non-forgiven portion of the proceeds immediately or to repay them within a two-year period of time following that determination, with interest at 1%.