



ATLANTA, GEORGIA

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

**PIEDMONT PARK CONSERVANCY, INC.
INDEX TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

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Jones and Kolb
Certified Public Accountants
Atlanta, Georgia

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Piedmont Park Conservancy, Inc.
Atlanta, Georgia

We have audited the accompanying financial statements of Piedmont Park Conservancy, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and net assets, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 Organization'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 Piedmont Park Conservancy, Inc. as of December 31, 2018 and 2017, 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.

Jones and Kolb

March 20, 2019

PIEDMONT PARK CONSERVANCY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

ASSETS

	2018	2017
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,791,249	\$ 1,432,381
Pledges receivable	105,450	135,500
Accounts receivable	9,599	11,645
Prepaid expenses	32,628	31,915
Other current assets	34,400	29,967
Total current assets	1,973,326	1,641,408
PROPERTY AND EQUIPMENT		
Land, building and improvements	4,427,019	4,420,383
Furniture, fixtures and equipment	596,652	601,116
Total	5,023,671	5,021,499
Less accumulated depreciation	1,924,934	1,799,637
Total property and equipment	3,098,737	3,221,862
Total assets	\$ 5,072,063	\$ 4,863,270

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 61,935	\$ 46,334
Deferred revenue	283,658	228,450
Total current liabilities	345,593	274,784
NET ASSETS		
Without donor restrictions		
Undesignated	3,546,270	3,628,466
Designated by Board as operating and maintenance reserve	400,000	200,000
Total without donor restrictions	3,946,270	3,828,466
With donor restrictions	780,200	760,020
Total net assets	4,726,470	4,588,486
Total liabilities and net assets	\$ 5,072,063	\$ 4,863,270

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

PIEDMONT PARK CONSERVANCY, INC.
STATEMENTS OF ACTIVITIES AND NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Rental income	\$ 1,039,855	\$ 974,846
Special events	652,079	679,560
Program fees	660,528	638,671
Membership and unrestricted contributions	516,570	762,535
City of Atlanta support	303,470	229,231
Other income	24,451	76,967
	<hr/>	<hr/>
Total revenue and contributions	3,196,953	3,361,810
NET ASSETS RELEASED FROM RESTRICTIONS	<hr/>	<hr/>
	464,239	1,157,686
TOTAL REVENUE, CONTRIBUTIONS AND NET ASSETS RELEASED FROM RESTRICTIONS	<hr/>	<hr/>
	3,661,192	4,519,496
EXPENSES		
Program services	2,513,889	2,632,154
Supporting services		
Management and general	213,801	371,988
Fundraising	493,307	483,766
	<hr/>	<hr/>
Total functional expenses	3,220,997	3,487,908
Direct costs of special events	<hr/>	<hr/>
	322,391	277,934
Total expenses	<hr/>	<hr/>
	3,543,388	3,765,842
Change in net assets without donor restrictions	<hr/>	<hr/>
	117,804	753,654
NET ASSETS WITH DONOR RESTRICTIONS		
Support with donor restrictions	429,308	542,530
Endowment fund distributions	<hr/>	<hr/>
	55,111	53,473
Total contributions	<hr/>	<hr/>
	484,419	596,003
NET ASSETS RELEASED FROM RESTRICTIONS	<hr/>	<hr/>
	(464,239)	(1,157,686)
Change in net assets with donor restrictions	<hr/>	<hr/>
	20,180	(561,683)
CHANGE IN NET ASSETS	<hr/>	<hr/>
	137,984	191,971
NET ASSETS, Beginning of year	<hr/>	<hr/>
	4,588,486	4,396,515
NET ASSETS, End of year	<hr/> <hr/>	<hr/> <hr/>
	\$ 4,726,470	\$ 4,588,486

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

PIEDMONT PARK CONSERVANCY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services					Total Expenses
	Park Events	Park Maintenance and Beautification	Total Program Services	Management and General	Fundraising	
Salaries	\$ 550,160	\$ 416,294	\$ 966,454	\$ 47,624	\$ 311,855	\$ 1,325,933
Staff health and retirement benefits	48,560	66,159	114,719	4,055	28,212	146,986
Payroll taxes	41,780	29,023	70,803	3,240	22,329	96,372
Total personnel	640,500	511,476	1,151,976	54,919	362,396	1,569,291
Rental expenses	324,574	-	324,574	-	-	324,574
Park maintenance	-	266,124	266,124	-	-	266,124
Aquatic center	151,957	-	151,957	-	-	151,957
Office expenses	26,848	15,354	42,202	27,441	59,874	129,517
Program expenses	59,836	52,624	112,460	-	-	112,460
Security services	-	112,380	112,380	-	-	112,380
Occupancy	99,805	-	99,805	-	-	99,805
Advertising and promotion	11,772	2,454	14,226	33,150	34,477	81,853
Other expenses	41,355	2,303	43,658	22,646	4,044	70,348
Insurance	25,981	32,191	58,172	7,018	785	65,975
Professional services and fees	-	-	-	51,311	-	51,311
Information technology	3,449	1,724	5,173	1,724	21,212	28,109
Conferences and meetings	1,663	927	2,590	463	2,955	6,008
Total expenses before depreciation	1,387,740	997,557	2,385,297	198,672	485,743	3,069,712
Depreciation	75,642	52,950	128,592	15,129	7,564	151,285
Total expenses	\$ 1,463,382	\$ 1,050,507	\$ 2,513,889	\$ 213,801	\$ 493,307	\$ 3,220,997

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

PIEDMONT PARK CONSERVANCY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Program Services					
	Park Events	Park Maintenance and Beautification	Total Program Services	Management and General	Fundraising	Total Expenses
Salaries	\$ 504,399	\$ 371,918	\$ 876,317	\$ 37,388	\$ 313,526	\$ 1,227,231
Staff health and retirement benefits	41,085	63,652	104,737	15,157	26,556	146,450
Payroll taxes	31,150	30,613	61,763	3,301	21,903	86,967
Total personnel	576,634	466,183	1,042,817	55,846	361,985	1,460,648
Rental expenses	312,668	-	312,668	-	-	312,668
Park maintenance	-	415,143	415,143	-	-	415,143
Aquatic center	160,280	-	160,280	-	-	160,280
Office expenses	32,485	18,120	50,605	19,182	54,369	124,156
Program expenses	134,274	69,471	203,745	-	-	203,745
Security services	-	106,828	106,828	-	-	106,828
Occupancy	81,392	-	81,392	-	-	81,392
Advertising and promotion	15,465	853	16,318	157,676	20,363	194,357
Other expenses	51,290	-	51,290	43,345	169	94,804
Insurance	25,644	25,772	51,416	6,780	554	58,750
Professional services and fees	-	-	-	70,525	-	70,525
Information technology	5,171	-	5,171	1,729	30,879	37,779
Conferences and meetings	2,160	609	2,769	623	9,213	12,605
Total expenses before depreciation	1,397,463	1,102,979	2,500,442	355,706	477,532	3,333,680
Depreciation	76,989	54,723	131,712	16,282	6,234	154,228
Total expenses	\$ 1,474,452	\$ 1,157,702	\$ 2,632,154	\$ 371,988	\$ 483,766	\$ 3,487,908

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

PIEDMONT PARK CONSERVANCY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 137,984	\$ 191,971
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation	151,285	154,228
Amortization	3,000	-
Decrease in pledges receivable	30,050	85,083
Decrease (increase) in accounts receivable	2,046	(11,645)
(Increase) decrease in prepaid expenses	(713)	5,428
Increase in other current assets	(4,433)	(6,251)
Increase (decrease) in accounts payable	15,601	(47,947)
Increase (decrease) in deferred revenue	55,208	(41,698)
Total adjustments	<u>252,044</u>	<u>137,198</u>
Net cash and cash equivalents provided by operating activities	<u>390,028</u>	<u>329,169</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(28,160)</u>	<u>(19,800)</u>
Net cash and cash equivalents used in investing activities	<u>(28,160)</u>	<u>(19,800)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment for loan origination fee	(3,000)	-
Principal payments on capital lease obligation	<u>-</u>	<u>(4,927)</u>
Net cash and cash equivalents used in financing activities	<u>(3,000)</u>	<u>(4,927)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	358,868	304,442
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>1,432,381</u>	<u>1,127,939</u>
CASH AND CASH EQUIVALENTS		
End of year	<u>\$ 1,791,249</u>	<u>\$ 1,432,381</u>

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

PIEDMONT PARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Piedmont Park Conservancy, Inc. ("PPC") is a nonprofit organization created in 1989 for the purpose of the restoration and preservation of Piedmont Park (the "Park"), a City of Atlanta (the "City") public park in Atlanta, Georgia. PPC programs include (1) the planning and implementation of park improvements, (2) on-going park maintenance and beautification and (3) cultural, educational and recreational activities and events in the Park.

In February 2012, the Atlanta City Council approved and passed a Memorandum of Understanding (the "MOU") outlining PPC's relationship with the City, defining in broad terms the responsibilities of PPC and the City regarding the operation of the Park. The 2012 MOU had a five-year term with a provision for one five-year renewal term, and either the City or PPC may terminate the MOU, without cause, with 30 days written notice. The MOU does not affect agreements with the City regarding PPC's operation of certain City facilities for the benefit of the Park. In 2017, PPC reached an agreement with the City for the terms of a new five-year MOU.

The MOU contains provisions allowing PPC to manage concessions and rental facilities and display banners in the Park recognizing organizations making large donations. The MOU requires PPC to ensure that vendors engaged by PPC to perform work in the Park carry certain insurance and indemnification provisions. The MOU also clarifies the City's public safety responsibilities in the Park and documents the City's commitment to fund security and janitorial services managed by PPC that supplement the City's basic police services and pay for fixed infrastructure repairs and utilities.

PPC completed restorations of the Park's Visitor Center in 1996 and Magnolia Hall and the administration buildings in 1998. PPC donated these capital improvements to the City and executed operating agreements with the City to operate each facility. Under these agreements, PPC retains all revenues generated by the facilities as an offset to operating expenses incurred by PPC to maintain the Park. PPC assumes responsibility for some maintenance obligations of utilities and internal structural features that were otherwise required of the City. The City retains responsibility for systems including plumbing and electrical on these structures. During 2015, PPC and the City agreed to an operating agreement for maintaining the Park. The operating agreement contains riders that govern the maintenance and revenue collection for multiple facilities inside of the Park.

During 2009, PPC fully redesigned and rebuilt the Piedmont Park Pool and the two-story adjacent building. The bottom level of the building and the pool are collectively referred to as the "Aquatic Center." The upper level of the building, including the entry plaza and all outdoor patio and terrace areas, is referred to as "Greystone." PPC donated these capital improvements to the City and executed operating agreements with the City to manage the Aquatic Center and Greystone. These agreements also specify that PPC retains all revenues generated to offset operating expenses incurred by PPC to maintain the Park.

PIEDMONT PARK CONSERVANCY, INC.
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Gold LEED certification has been attained for Greystone and the Aquatic Center and Silver LEED certification has been attained for the Mayors' Grove Restroom. LEED is an internationally recognized green building certification system providing third-party verification that a building or a community is designed and built using strategies aimed at improving performance across all the metrics that matter most: energy savings, water efficiency, carbon dioxide emissions reduction, improved indoor environmental quality and stewardship of resources and sensitivity to their impacts. Greystone and the Aquatic Center have also received awards from the Atlanta Urban Design Commission, the Urban Land Institute and the Georgia Society for Historic Preservation.

During 2010, PPC completed construction of a maintenance facility for the use by PPC and the City. During 2011, substantial portions of the North Woods expansion project, as well as new basketball courts, were completed and placed in service.

The North Woods expansion project (the "Project") is a component of the Master Plan to Enhance Piedmont Park. Phase 1 of the Project includes more than 20,000 gallons of underground storm water recapture, 1,500 dark-sky cap lighting poles, well/pump and irrigation infrastructure and miles of ADA accessible paths and trails. It includes activation of the expansion area extending the activated Park's acreage from the historic park northward. This phase also includes the following above-ground amenities: the Clear Creek corridor re-naturalization, Six Springs Wetland area, Legacy Interactive Fountain and Arbor, the Promenade Lawn, the Grand Plaza, a three-acre hardwood forest now called "Walker Woods," two ADA accessible public restrooms, a maintenance facility, four new pedestrian entrances, basketball and bocce courts, and the expanded dog park area. These amenities were collectively celebrated and opened to the public with ribbon cutting or other public activations between April and May of 2011. During December 2013, PPC executed an operating agreement with the City to manage the Greensward, which comprises an upper and a lower meadow, the Legacy Interactive Fountain and the landing and paths surrounding the fountain. This agreement specifies that PPC retains all revenues generated to offset operating expenses incurred by PPC to maintain the Park.

During 2012, PPC received and installed a gift of outdoor fitness equipment, which was activated for public use in the summer. During 2013, PPC completed the final phase of the Project and donated it to the City.

Over the last five years, PPC has completed numerous projects needed for infrastructure repairs and Park improvement. Repairs to the Community Center included full HVAC and roof replacement, as well as updates to the fire alarm system and expansion of the patio area. Grant-funded work was also completed on a number of other facilities including Magnolia Hall, Greystone, PPC's administrative office and 1496 Monroe Drive. These projects included exterior painting, repairing structural damage and updating the security needs of each building to include secure doors and gated storage areas. Major repairs were also made to the Legacy Interactive Fountain.

PIEDMONT PARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

B. PPC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, only unrelated business taxable income, as defined by Section 512(a)(1) of the Code, is subject to tax.

C. The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

D. PPC records unconditional pledges in the period made by donors and allowances are provided for amounts estimated as uncollectible. All contributions are available for unrestricted purposes unless specifically restricted by the donor. At December 31, 2018 and 2017, all pledges are expected to be collected, and no allowance has been recorded.

E. Unconditional promises to give that are expected to be collected within one year are recorded at their estimated realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts, if any, is included in contribution revenue in the accompanying Statements of Activities and Net Assets. At December 31, 2018 and 2017, 95% and 81% of pledges receivable were due from two donors and three donors, respectively.

F. Accounts receivable, net of allowances for uncollectible accounts, are recorded at the amount of cash estimated as realizable. PPC provides reserves for uncollectible accounts when specific accounts are deemed uncollectible. Accounts receivable are considered delinquent based upon how recently payments have been received. PPC considers all amounts collectible; therefore, an allowance for uncollectible accounts has not been recorded.

G. PPC records donated services as a contribution and expense if the services create or enhance a non-financial asset, or the services would (1) need to be purchased by PPC if not provided by a contribution, (2) require specialized skills, and (3) are provided by individuals with those skills. Donated materials and services are reflected as contributions in the accompanying statements at their estimated value at date of receipt. During the years ended December 31, 2018 and 2017, PPC recorded approximately \$166,000 and \$305,000, respectively, of donated services, materials and advertising, related to various fundraising events and professional services.

H. Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – These net assets are available for use in general operations and are not subject to donor or grantor restrictions. The governing Board has designated an amount, from net assets without donor restrictions, for an operating and

PIEDMONT PARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
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maintenance reserve. At December 31, 2018 and 2017, the operating and maintenance reserve balance was \$400,000 and \$200,000, respectively.

Net assets with donor restrictions – These net assets are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature; for example, restrictions that may or will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature; for example, stipulating that resources be maintained in perpetuity. The donors of these assets permit PPC to use all of the income earned on related investments for general or specific purposes. More specifically, items included in net assets with donor restrictions are gifts for which restrictions have not been met.

When restrictions expire (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 reported in the Statements of Activities and Net Assets as "net assets released from restrictions."

I. Purchased property and equipment are capitalized at cost. Donated assets are capitalized at the fair market value of the asset on the date of contribution. Additions and replacements are charged to the property accounts, while repairs and maintenance are charged to expense as incurred. Property and equipment are depreciated over the estimated useful lives of the related assets using the straight-line method. Useful lives of these assets range from five to forty years. Depreciation expense was \$151,285 and \$154,228 for the years ended December 31, 2018 and 2017, respectively.

J. All highly liquid investments with initial maturities of three months or less are considered to be cash equivalents.

K. PPC maintains cash balances at financial institutions which may, at times, exceed the federally insured limits. Management periodically reviews the financial viability of the financial institutions and does not anticipate any credit risk related losses.

L. The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 support and expenses during the reporting period. Actual results could differ from those estimates.

M. 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. Expenses that are allocated include salaries and benefits, which are allocated on the basis of estimated time and effort, while office and direct program expenses are allocated based on their specific functions and events.

PIEDMONT PARK CONSERVANCY, INC.
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N. In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2016-14, Not-for-Profit Entities (Topic 958). This ASU improves the prior net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance and cash flows. The ASU is effective for fiscal years beginning after December 15, 2017. PPC has adopted this standard for the year ended December 31, 2018 and retroactively applied this standard to the year ended December 31, 2017.

O. Certain prior year balances have been reclassified to conform to the current year financial presentation.

P. Management has evaluated subsequent events through March 20, 2019, which is the date these financial statements were available to be issued.

2. LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Statement of Financial Position date, comprise the following as of December 31, 2018:

	2018
Cash and cash equivalents	\$ 1,111,049
Pledges and account receivables, net	65,049
Total	\$ 1,176,098

PPC has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. If liquidity needs arise in the future, PPC can draw from the \$500,000 line of credit available with a financial institution, which matures in October 2019. Management's intent is to renew the line of credit effective upon maturity.

3. PLEDGES RECEIVABLE

Pledges receivable are collectible as follows as of December 31:

	2018	2017
Receivable in less than one year	\$ 80,450	\$ 135,500
Receivable in one to five years	25,000	-
Total pledges receivable	\$ 105,450	\$ 135,500

**PIEDMONT PARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

4. PARK IMPROVEMENT PROJECTS

At December 31, 2018 and 2017, improvement projects in progress consist primarily of repairs and maintenance to existing facilities. In addition, operating and program expenses in the accompanying Statements of Activities and Net Assets include approximately \$283,000 and \$299,000 for 2018 and 2017, respectively, of facility maintenance expenses and additional safety services that were unreimbursed by the City.

5. LINE OF CREDIT

PPC has a \$500,000 line of credit with a financial institution that was renewed in April 2018 for an 18-month term. Borrowings under the line of credit bear interest at the institution's prime rate. The line of credit is secured by all receivables, inventory and equipment of PPC. PPC did not have any borrowings under the line of credit during the years ended December 31, 2018 and 2017. Management's intent is to renew the line of credit effective upon maturity.

6. LEASES

During the years ended December 31, 2018 and 2017, PPC leased building space to a restaurant tenant under a noncancelable operating lease with a ten-year term which was scheduled to expire in 2017. PPC and the tenant have agreed to the terms of a five-year extension ending in 2022. The agreement and extension provide for monthly base rental payments plus a percentage of gross annual sales over a specified amount. For the years ended December 31, 2018 and 2017, rental income from these leases totaled \$88,739 and \$80,553, respectively.

Future minimum base rental payments to be received under the leases are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2019	\$ 70,636
2020	72,052
2021	73,493
2022	<u>37,111</u>
Total	<u>\$ 253,292</u>

During the year ended December 31, 2017, PPC entered into an agreement with another restaurant tenant under a noncancelable operating lease with a ten-year term which expires in 2028. The agreement provides for monthly base rental payments plus a percentage of gross annual sales over a specified amount. Rental payments begin at the earlier of three hundred days after PPC has delivered the premises or when the tenant begins operations. During the buildout phase, the tenant

PIEDMONT PARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
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and PPC had a dispute in relation to the condition of the leasing space. As of December 31, 2018, the two parties were still in negotiation; therefore, no rental income was recognized for the years ended December 31, 2018 and 2017.

During the year ended December 31, 2014, PPC purchased a security cart and a tractor totaling \$35,985 under two capital lease agreements. Accumulated depreciation on the security cart and tractor totaled \$25,386 at December 31, 2017. PPC purchased both the security cart and tractor at the completion of the leases in 2017.

7. NET ASSETS

Board designated net assets consisted of \$400,000 and \$200,000 for an operating and maintenance reserve at December 31, 2018 and 2017, respectively. The purpose of the reserve is to ensure the stability of the mission, programs and operations of the Organization through protection of the regular operating budget against major unforeseen, unbudgeted repair and maintenance expenses.

Changes to net assets with donor restrictions are as follows:

	<u>December 31,</u> <u>2017</u>	<u>Additions</u>	<u>Released from</u> <u>Restrictions</u>	<u>December 31,</u> <u>2018</u>
Subject to expenditure for specified purpose:				
Capital projects	\$ 755,520	\$ 116,183	\$ (196,003)	\$ 675,700
Performance on the Promenade	-	75,000	(25,000)	50,000
Field trips	-	30,000	(30,000)	-
Environmental education	4,500	25,000	(25,000)	4,500
Green Market	-	80,000	(80,000)	-
Volunteer program	-	53,125	(53,125)	-
	<u>760,020</u>	<u>379,308</u>	<u>(409,128)</u>	<u>730,200</u>
Subject to the passage of time:				
Promises to give without donor restrictions but are unavailable until collected from donor	-	105,111	(55,111)	50,000
	<u>-</u>	<u>105,111</u>	<u>(55,111)</u>	<u>50,000</u>
	<u>\$ 760,020</u>	<u>\$ 484,419</u>	<u>\$ (464,239)</u>	<u>\$ 780,200</u>

PIEDMONT PARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>December 31,</u> <u>2016</u>	<u>Additions</u>	<u>Released from</u> <u>Restrictions</u>	<u>December 31,</u> <u>2017</u>
Subject to expenditure for specified purpose:				
Capital projects	\$ 1,321,703	\$ 320,388	\$ (886,571)	\$ 755,520
Field trips	-	60,000	(60,000)	-
Environmental education	-	25,000	(20,500)	4,500
Green Market	-	80,000	(80,000)	-
Volunteer program	-	57,142	(57,142)	-
	<u>1,321,703</u>	<u>542,530</u>	<u>(1,104,213)</u>	<u>760,020</u>
Subject to the passage of time:				
Promises to give without donor restrictions but are unavailable until collected from donor	-	53,473	(53,473)	-
	<u>-</u>	<u>53,473</u>	<u>(53,473)</u>	<u>-</u>
	<u>\$ 1,321,703</u>	<u>\$ 596,003</u>	<u>\$ (1,157,686)</u>	<u>\$ 760,020</u>

8. RETIREMENT SAVINGS PLAN

PPC provides a 401(k) retirement savings plan (the "Plan") covering substantially all employees. Annually, PPC contributes three percent of each eligible participant's annual compensation into a retirement savings account for that participant under the Plan. PPC employees become eligible to enter the Plan on the first January 1 or July 1 following a 90-day waiting period after their date of hire. One year after a participant is eligible to enter the Plan, the participant is eligible for the PPC three percent safe harbor contribution. Eligible employees may contribute pre-tax amounts via payroll deduction into their retirement savings account under the Plan. PPC contributions to participant accounts under the Plan were \$32,503 and \$29,752 for the years ended December 31, 2018 and 2017, respectively.

9. ENDOWMENT FUND

In 2003, a donor contributed \$1,000,000 to PPC to establish a permanent endowment fund with the Community Foundation for Greater Atlanta, Inc. (the "Foundation"). The restricted fund agreement grants ownership and control of this endowment fund to the Foundation, with annual distributions from the fund paid to PPC to help care for the Park. Accordingly, the endowment fund is not recorded as an asset of PPC and is not recognized in the accompanying financial statements. The market value of this endowment fund was \$1,141,065 and \$1,265,280 at December 31, 2018 and 2017, respectively. Distributions to PPC from this endowment fund are recorded as contributions in the year they are received. Distributions of \$55,111 and \$53,473 were received from the endowment fund during the years ended December 31, 2018 and 2017, respectively.