PARK CENTER AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2020 and 2019

And Report of Independent Auditor

Cherry Bekaert LLP
CPAs & Advisors

PARK CENTER AND AFFILIATE
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Report of Independent Auditor

To the Board of Directors
Park Center and Affiliate
Nashville, Tennessee

We have audited the accompanying consolidated financial statements of Park Center (a nonprofit organization) and Affiliate, which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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. 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Park Center and Affiliate as of June 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 15, toward the end of December 2019, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. During 2020, there have been various mandates and/or requests from federal, state, and local authorities resulting in closures of non-essential businesses. Although it is not possible to reliably estimate the length or severity of this outbreak and, hence, its financial impact, any significant reduction in support and revenue caused by COVID-19 could have material adverse effects on Park Center and affiliate. Our opinion is not modified with respect to this matter.

Report on Consolidating Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 19 through 22 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual organizations, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Cherry Bekaert LLP

Nashville, Tennessee
January 26, 2021

PARK CENTER AND AFFILIATE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 6,971,172	$ 2,978,558
Accounts receivable	145,044	174,852
Grants and fees receivable	656,448	730,798
Prepaid expenses	73,410	77,805
Total Current Assets	7,846,074	3,962,013
Investments	793,631	778,893
Property and equipment, net	11,570,957	12,185,925
Total Assets	$ 20,210,662	$ 16,926,831
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	$ 764,243	$ 549,580
Current portion of long-term debt	11,406	90,965
Deferred revenue	732,590	14,510
Total Current Liabilities	1,508,239	655,055
Long-term debt, net of current portion	81,088	7,091,537
Total Liabilities	1,589,327	7,746,592
Net Assets:		
Without Donor Restrictions:		
Undesignated	15,123,147	5,761,523
Board designated	1,172,864	1,158,131
Total Without Donor Restrictions	16,296,011	6,919,654
With donor restrictions	2,325,324	2,260,585
Total Net Assets	18,621,335	9,180,239
Total Liabilities and Net Assets	$ 20,210,662	$ 16,926,831

PARK CENTER AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues:			
Public Support:			
Grants and contracts	$ 4,209,422	$ -	$ 4,209,422
Contributions	384,501	114,647	499,148
In-kind donations	51,900	-	51,900
Total Public Support	4,645,823	114,647	4,760,470
Revenues:			
Rental income	803,007	-	803,007
Food service fees	9,211	-	9,211
Investment return, net	31,312	-	31,312
Other	105,556	-	105,556
Total Revenues	949,086	-	949,086
Net assets released from restrictions	49,908	(49,908)	-
Gain on property transactions (Note 5)	10,047,646	-	10,047,646
Total Public Support, Revenues	15,692,463	64,739	15,757,202
Expenses:			
Program services	5,141,066	-	5,141,066
Supporting Services:			
Management and general	973,833	-	973,833
Fundraising	201,207	-	201,207
Total Supporting Services	1,175,040	-	1,175,040
Total Expenses	6,316,106	-	6,316,106
Change in net assets	9,376,357	64,739	9,441,096
Net assets, beginning of year	6,919,654	2,260,585	9,180,239
Net assets, end of year	$ 16,296,011	$ 2,325,324	$ 18,621,335

PARK CENTER AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues:			
Public Support:			
Grants and contracts	$ 4,822,281	$ -	$ 4,822,281
Contributions	343,487	59,750	403,237
In-kind donations	13,638	-	13,638
Total Public Support	5,179,406	59,750	5,239,156
Revenues:			
Rental income	891,090	-	891,090
Food service fees	19,443	-	19,443
Investment return, net	29,444	-	29,444
Other	20,700	-	20,700
Total Revenues	960,677	-	960,677
Net assets released from restrictions	86,351	(86,351)	-
Total Public Support and Revenues	6,226,434	(26,601)	6,199,833
Expenses:			
Program services	4,913,278	-	4,913,278
Supporting Services:			
Management and general	954,394	-	954,394
Fundraising	200,834	-	200,834
Total Supporting Services	1,155,228	-	1,155,228
Total Expenses	6,068,506	-	6,068,506
Change in net assets	157,928	(26,601)	131,327
Net assets, beginning of year	6,761,726	2,287,186	9,048,912
Net assets, end of year	$ 6,919,654	$ 2,260,585	$ 9,180,239

PARK CENTER AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

		Supporting Services		
	Program Services	Management and General	Fundraising	Total Expenses
Personnel services	$ 2,656,548	$ 607,813	$ 115,136	$ 3,379,497
Fringe benefits	309,119	64,778	19,455	393,352
Payroll taxes	193,890	40,980	8,025	242,895
Total Personnel Costs	3,159,557	713,571	142,616	4,015,744
Rental and maintenance	542,767	30,002	9,163	581,932
Utilities	233,795	-	-	233,795
Professional fees (including in-kind) of $51,900)	109,491	97,874	6,229	213,594
Interest	150,144	-	-	150,144
Member expenses	114,947	550	-	115,497
Insurance	41,469	64,995	-	106,464
Rent	78,600	1,000	14,625	94,225
Telephone	66,710	20,112	2,965	89,787
Food and beverage	56,610	4,745	10,375	71,730
Taxes and licenses	54,858	137	501	55,496
Program supplies	46,928	4,580	2,797	54,305
Travel	46,254	4,123	745	51,122
Program services	40,639	600	-	41,239
Miscellaneous	4,581	22,902	2,103	29,586
Office supplies	17,127	4,432	661	22,220
Janitorial supplies	18,847	-	-	18,847
Small equipment purchases	16,347	-	-	16,347
Certifications and accreditations	16,035	-	-	16,035
Printing and publications	2,642	1,461	5,620	9,723
Vehicle expense	5,475	-	-	5,475
Contract services	2,541	1,845	-	4,386
Postage and shipping	534	904	2,807	4,245
Medical supplies	3,340	-	-	3,340
Total Expense Before Depreciation	4,830,238	973,833	201,207	6,005,278
Depreciation	310,828	-	-	310,828
Total Expenses	$ 5,141,066	$ 973,833	$ 201,207	$ 6,316,106

PARK CENTER AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Total Expenses
Personnel services	$ 2,507,344	$ 496,821	$ 122,422	$ 3,126,587
Fringe benefits	279,177	54,397	18,362	351,936
Payroll taxes	183,954	36,433	9,069	229,456
Total Personnel Costs	2,970,475	587,651	149,853	3,707,979
Rental and maintenance	409,429	51,872	9,766	471,067
Utilities	234,649	-	-	234,649
Interest	232,920	-	-	232,920
Professional fees	91,169	127,473	4,136	222,778
Insurance	44,193	66,147	-	110,340
Member expenses (including in-kind of $13,638)	105,794	1,670	-	107,464
Food and beverage	87,075	2,214	11,058	100,347
Travel	61,707	20,192	1,938	83,837
Rent	69,400	-	8,210	77,610
Telephone	52,490	13,182	1,316	66,988
Taxes and licenses	12,680	41,590	540	54,810
Certifications and accreditations	49,775	1,206	-	50,981
Program services	42,333	3,203	-	45,536
Office supplies	32,632	3,643	2,079	38,354
Miscellaneous	4,072	29,776	2,290	36,138
Program supplies	22,204	-	2,450	24,654
Janitorial supplies	22,032	-	-	22,032
Vehicle expense	14,498	-	-	14,498
Small equipment purchases	13,979	-	-	13,979
Printing and publications	4,426	2,066	5,134	11,626
Medical supplies	6,252	-	-	6,252
Contract services	2,762	1,470	-	4,232
Postage and shipping	437	1,039	2,064	3,540
Total Expense Before Depreciation	4,587,383	954,394	200,834	5,742,611
Depreciation	325,895	-	-	325,895
Total Expenses	$ 4,913,278	$ 954,394	$ 200,834	$ 6,068,506

PARK CENTER AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	$ 9,441,096	$ 131,327
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	310,828	325,895
Net realized and unrealized gain on investments	(17,334)	(13,586)
Gain on property transactions	(10,047,646)	-
Changes in operating assets and liabilities:		
Accounts receivable	29,808	146,738
Grants receivable	74,350	(276,614)
Prepaid expenses	4,395	35,750
Accounts payable and accrued expenses	214,663	166,808
Deferred revenue	718,080	14,510
Net cash provided by operating activities	728,240	530,828
Cash flows from investing activities:		
Proceeds from sale of investments	104,002	209,194
Purchases of investments	(101,406)	(222,681)
Proceeds from property transactions	10,483,421	-
Purchases of property and equipment	(131,635)	(289,280)
Net cash provided by (used in) investing activities	10,354,382	(302,767)
Cash flows from financing activities:		
Payments on long-term debt	(7,090,008)	(43,176)
Net cash used in financing activities	(7,090,008)	(43,176)
Net increase in cash and cash equivalents	3,992,614	184,885
Cash and cash equivalents, beginning of year	2,978,558	2,793,673
Cash and cash equivalents, end of year	$ 6,971,172	$ 2,978,558
Supplemental disclosure:		
Interest paid	$ 150,144	$ 232,920

Note 1—Nature of organization and significant accounting policies

General – Park Center (the "Organization") is a nonprofit organization that provides psychosocial and vocational rehabilitation services and housing to emotionally and mentally ill individuals in Davidson County, Tennessee. The Organization offers food service, clerical, environmental, and vocational rehabilitation and operates a continuous mental health facility. Additionally, the Organization offers housing and housing support programs at several locations. The Organization's major sources of revenue are government grants and contracts with behavioral health organizations.

The Organization sponsored the establishment of Haley's Park, Inc. ("Haley's Park"), a separate nonprofit corporation, that was established in order to construct a facility to provide chronically mentally ill persons with housing and other services under guidelines of the U.S. Department of Housing and Urban Development ("HUD"), Section 811. The facility was completed in 2008 and includes 14 one-bedroom units and one two-bedroom unit for a resident counselor, as well as office space. Haley's Park is operated under Section 202 of the National Housing Act and regulated by HUD with respect to rental charges and operating methods. The Organization provides management services for Haley's Park and the Organization's Board of Directors maintains the ability to approve the directors of Haley's Park.

Principles of Consolidation - The consolidated financial statements include the accounts of the Organization and its affiliated organization, Haley's Park (collectively, the "Center"). All significant inter-entity transactions and balances have been eliminated in consolidation.

Basis of Presentation - The accompanying consolidated 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"). Financial statement presentation is in accordance with standards of accounting and financial reporting prescribed for nonprofit organizations within the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). Accordingly, net assets of the Center and changes therein are classified and reported 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 Center. These net assets may be used at the discretion of the Center's management and the Board of Directors. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors. Presently, net assets designated by the board are for future needs and the benefits of certain programs.
>
> *Net Assets With Donor Restrictions* – Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Center or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Net assets with donor restrictions represent amounts available for specified projects.

Cash and Cash Equivalents – The Center considers all highly liquid investments available for current use with a maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable – Client service revenue is reported at the estimated net realizable value from third-party payers in the period services are rendered. Management provides for losses on accounts receivable using the allowance method. The allowance is based on experience and other circumstances which may affect the collectability of accounts receivable. Based on collection experience and management's review, no allowance for doubtful accounts is considered necessary at June 30, 2020 and 2019.

Note 1—Nature of organization and significant accounting policies (continued)

Investments – The Center accounts for investments in accordance with U.S. GAAP. Under this guidance, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the consolidated statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statements of activities as revenues or expenses without donor restrictions, unless specified by the donor.

Fair Values – The Center has an established process for determining fair values in accordance with FASB ASC guidance. Fair value is based upon quoted market prices, where available. If listed prices or quotes are not available, fair value is based upon internally developed models or processes that use primarily market-based or independently-sourced market data and third party information. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. Furthermore, while the Center believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies, or assumptions, to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. U.S. GAAP has a three-level valuation hierarchy for fair value measurements. A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The three levels are explained as follows:

> *Level 1* – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
>
> *Level 2* – Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset and liability, either directly or indirectly, for substantially the full term of the financial instrument.
>
> *Level 3* – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Contributions – Contributions are recognized when the donor makes a promise to give to the Center that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restrictions are reported as increases in net assets with donor restrictions based on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Donated Services – Amounts are reported in the consolidated financial statements for voluntary donations of services only when those services create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills, which would typically be purchased if not provided by donation. Volunteers donate significant amounts of their time in the Center's program services and its fundraising efforts that have not been reported in the accompanying consolidated financial statements because the services do not create or enhance nonfinancial assets and no objective basis is available to measure the value of such volunteer time.

Functional Expense Allocation – The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and in the consolidated statements of functional expenses. Salaries and related expenses are allocated to the various program and supporting services based on actual or estimated time employees spend on each function. The remaining expenses are specifically allocated whenever practical. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Center.

Note 1—Nature of organization and significant accounting policies (continued)

Estimates – The preparation of consolidated financial statements in conformity with U.S. GAAP 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 consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes – The Center and Haley's Park are exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and are not private foundations as defined in Section 509(a) of the Internal Revenue Code. Management believes the Center continues to satisfy the requirements of a tax-exempt organization as of June 30, 2020.

Unemployment Claims – Rather than providing for future unemployment claims by paying the state unemployment insurance tax, the Center has elected to be a reimbursing employer. Reimbursing employers pay actual approved claims as they occur, plus an administrative fee. The Center is not currently aware of any pending claims.

Adoption of New Accounting Pronouncements – In January 2016, FASB issued ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities.* This guidance revises accounting related to (1) the classification and measurement of investments in equity and securities and (2) the presentation of certain fair value changes for financial liabilities measured at fair value. It also amends certain disclosure requirements associated with the fair value of financial instruments. This guidance is effective for the year ending June 30, 2020. The Center has determined that this guidance did not require a change in the Center's consolidated financial statements.

In November 2016, FASB issued ASU 2016-18, *Statement of Cash Flows: Restricted Cash (Topic 230),* which requires that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. As a result, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statements of cash flows. The new standard is effective for the Center for the year ending June 30, 2020. The Center has determined that this standard did not require a change in the Center's consolidated financial statements and related disclosures.

In June 2018, FASB issued ASU 2018-08, *Not for Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* This should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The new standard is effective for the year ending June 30, 2020. The Center determined the accounting standard did not require a change to the Center's practice for recording contributions.

Forthcoming Accounting Pronouncements – In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 clarifies the principles for recognizing revenue and develops a common revenue standard under U.S. GAAP under which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 is effective for the Center for the year ending June 30, 2021. The Center is currently evaluating the effect of the implementation of this new standard.

Note 1—Nature of organization and significant accounting policies (continued)

In February 2016, FASB issued ASU 2016-02, *Leases*. This guidance introduces a lessee model that brings substantially all leases on the consolidated statements of financial position. This guidance is effective for the year ending June 30, 2023. The Center is evaluating the impact this guidance may have on its consolidated financial statements.

Note 2—Liquidity and availability of resources

The Center regularly monitors liquidity required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Center considers all expenditures related to its ongoing program service activities as well as the conduct of services undertaken to support those activities to be general expenditures. Financial assets available for general expenditure, that is, without donor restriction or other restrictions limiting their use within one year of the consolidated statement of financial position comprise the following at June 30:

	2020	2019
Financial assets at year-end:		
Cash and cash equivalents	$ 6,971,172	$ 2,978,558
Accounts receivable	145,044	174,852
Grants receivable	656,448	730,798
Investments	793,631	778,893
Total financial assets	8,566,295	4,663,101
Less amounts not available to be used for general expenditures within one year:		
Net assets subject to designations	1,172,864	1,158,131
Net assets subject to restrictions	176,426	104,878
Total amounts not available to be used for general expenditures within one year	1,349,290	1,263,009
Financial assets available to meet cash needs for general expenditures within one year	$ 7,217,005	$ 3,400,092

Although the Organization has designated net assets for certain purposes (as described in Note 11), these amounts could be made available if necessary. As described in Note 8, the Organization also has a line of credit that is available for general operating needs.

Note 3—Investments

Investments are stated at fair value with fair value determined based on active markets (Level 1) and consist of the following at June 30:

	2020	2019
Short-term investments	$ 196,424	$ 196,696
Mutual funds:		
Intermediate-term bond funds	164,472	151,915
Large growth funds	73,060	62,613
Large value funds	61,420	62,472
Short-term bond funds	61,696	59,854
Multi-sector bond funds	60,067	59,727
Foreign large blend funds	48,612	50,036
Mid-cap blend funds	41,182	44,221
Small blend funds	29,655	31,413
Real estate funds	27,268	30,113
Alternative strategies funds	29,775	29,833
	$ 793,631	$ 778,893

The following schedule summarizes investment income in the consolidated statements of activities for the years ended June 30:

	2020	2019
Interest and dividend income (including interest on cash and cash equivalents)	$ 13,978	$ 15,858
Net unrealized and realized gain on investments	17,334	13,586
	$ 31,312	$ 29,444

Note 4—Property and equipment

Property and equipment are recorded at cost at the date of purchase or fair value at date of gift. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets (ranging from three to forty years) on a straight-line basis. The Center generally capitalizes an asset if its life is estimated to be one year or greater and the cost is $1,000 or greater.

Depreciation expense amounted to $310,828 and $325,895, respectively, for the years ended June 30, 2020 and 2019.

Note 4—Property and equipment (continued)

The balances of the major classes of property and equipment are as follows at June 30:

	2020	2019
Land and land improvements	$ 3,647,258	$ 3,681,827
Buildings and building improvements	11,017,490	12,079,708
Equipment and furniture	196,797	149,961
Vehicles	139,673	139,673
	15,001,218	16,051,169
Less accumulated depreciation	(3,430,261)	(3,865,244)
	$ 11,570,957	$ 12,185,925

In January 1989, the Center entered into an agreement with the Metropolitan Development and Housing Agency, the Tennessee Department of Mental Health and Substance Abuse Services, the Tennessee Department of Human Services, and HUD, whereby funds were made available to the Center by those governmental agencies to purchase and renovate four houses to be used by the Center to provide housing for the homeless mentally ill. Under the agreement, the Center is committed to operate the housing program for 20 to 30 years or be liable for repaying the prorated amounts of the original funds to the governmental agencies which provided them. Management currently plans to operate the program for the specified terms of the agreement.

In April 2010, the Center entered into an agreement with the Metropolitan Development and Housing Agency to purchase two properties for the Center to use to house mentally ill individuals. Under the agreement, the Center is committed to operate the housing program for 20 years. A similar arrangement was entered into during 2011 under which the Center is committed to operate the housing program for ten years. Management currently plans to operate the programs for the specified terms of the agreements.

The net asset value of the buildings, building improvements, and land acquired under these agreements in the amount of $580,698 and $587,507 at June 30, 2020 and 2019, respectively, is included as net assets with donor restrictions.

The Haley's Park buildings and improvements are located on five acres of land leased by the Center from the state of Tennessee through the year 2078 for a minimal fee. The Center does not charge rent to Haley's Park.

Note 5—Property transactions

Effective June 21, 2018, the Center entered into an agreement to sell the property located at 801 12th Avenue South, Nashville, Tennessee. Effective January 15, 2020, the property was sold for $13,500,000, net of related expenses. The Center used the proceeds to repay the debt incurred to purchase the land and building located at 186 North 1st Street (approximately $7,009,000), as well as to satisfy the deed stipulations on the 12th Avenue property. To satisfy the deed stipulations on the 12th Avenue property, the Center entered into a contract to remit to the previous owner $2,700,000, payable in cash at the closing of the sale. Net proceeds from the sale after repayment of the debt, satisfaction of deed restrictions and payment of closing costs, was approximately $3,300,000.

In March 2020, several of the Center's buildings were damaged by a tornado in the area. As a result, certain repairs to the facilities were made with insurance proceeds. The amounts received from insurance exceeded the costs by approximately $200,000.

Note 5—Property transactions (continued)

The impact of these transactions is included in the gain on property transactions reflected in the statement of activities for the year ended June 30, 2020 as summarized below:

Proceeds from sale of 801 12th Avenue South	$ 13,500,000
Less quit claim deed fees	(2,700,000)
Less book value of property and closing costs	(952,150)
	9,847,850
Insurance proceeds in excess of costs of tornado repairs	199,796
Gain on property transactions	$ 10,047,646

Note 6—Accrued expenses

Employees of the Center are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation, but not for accumulated sick leave. Accordingly, vacation pay is accrued and recognized as an expense in the period earned by employees. Accrued vacation pay included in accounts payable and accrued expenses was $180,327 and $131,910 at June 30, 2020 and 2019, respectively.

Note 7—Deferred grant revenue

During the year ended June 30, 2020, the Center received a Paycheck Protection Program loan ("PPP") in the amount of $732,590. The PPP loan is granted by the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). PPP loans are considered conditional contributions under ASC 958-605, *Not for Profit Entities - Revenue Recognition.* The loan must be repaid if the Center does not overcome certain barriers within the CARES Act. The barriers under the program include the requirement to maintain employee headcount, spend up to 60% of the loan proceeds on certain payroll and employee benefits, and restricts other loan proceeds to be used for other qualifying expenses such as mortgage interest, rent, and utilities. The Center has deferred recognition of grant revenue for the year ended June 30, 2020, because the conditions for forgiveness have not yet been substantially met; however, the Center believes it will substantially meet the conditions required for forgiveness in the following year.

Note 8—Short-term financing arrangement

During the year ended June 30, 2019, the Organization obtained a revolving line of credit in the amount of $500,000 from a financial institution. The note stipulated interest at the financial institution’s Base Rate (4.75% at June 30,2019), payable monthly. The note was secured by all deposits and investments of the Organization. The note matured in May 2020, at which time all amounts outstanding and all accrued interest were due. During the year ended June 30, 2020, the revolving line of credit was modified to extend through June 2022 under substantially the same terms. There were no borrowings outstanding under this arrangement at June 30, 2020 and 2019.

Note 9—Long-term debt

Long-term debt is as follows at June 30:

	2020	2019
Mortgage note payable to a financial institution in monthly principal and interest installments commencing March 1, 2021, with interest only payable through February 1, 2021, secured by land and building, with interest at 3.50%, maturing January 31, 2026. This note was paid in full in January 2020. (see Note 5.)	$ -	$ 3,499,541
Mortgage note payable to a financial institution with interest only payable through January 1, 2021, secured by land and building, with interest at 3.50%, maturing January 31, 2021. This note was paid in full in January 2020. (see Note 5.)	-	3,499,540
installments of $1,137, secured by building and land on Woodland Street, interest at 1%, maturing March 2020, at which time the loan was paid in full.	-	80,006
Mortgage note payable to an organization in monthly principal and interest installments of $1,238, secured by land, interest at 4.0%, maturing September 2022.	92,494	103,415
	92,494	7,182,502
Less amount shown as current portion	(11,406)	(90,965)
Long-term debt, noncurrent portion	$ 81,088	$ 7,091,537

Annual principal maturities of the above obligations are as follows:

Years Ending June 30,	
2021	$ 11,406
2022	11,870
2023	69,218
	$ 92,494

Note 10—Capital advance

During the year ended June 20, 2008, Haley's Park received a capital advance from HUD in order to fund the construction of the multifamily housing apartments in the amount of $1,568,200. Haley's Park is not required to make repayments of this capital advance so long as the housing remains available for very low-income persons with disabilities. The capital advance bears no interest. However, failure of Haley's Park to keep the facility available for disabled persons would result in HUD's billing Haley's Park for the entire capital advance outstanding plus interest since the date of the first advance. Haley's Park recorded the advance as a contribution with donor restrictions. The restriction will not be released prior to the maturity in September 2047 of the capital advance mortgage note agreement.

Note 11—Net assets

Net assets with donor restrictions are available for the following purposes or periods at June 30:

	2020	2019
Housing for individuals with disabilities – Haley's Park	$ 1,568,200	$ 1,568,200
Property for housing program	580,698	587,507
Contributions restricted for programs	176,426	93,428
Contributions restricted for Center renovation	-	11,450
	$ 2,325,324	$ 2,260,585

Designated net assets of the Center are available for the following purposes at June 30:

	2020	2019
Future needs	$ 785,285	$ 770,552
Housing	232,366	232,366
Clubhouse	155,213	155,213
	$ 1,172,864	$ 1,158,131

Note 12—Pension plan

The Center has a non-contributory pension and retirement plan covering substantially all of its employees. The plan is a tax-deferred annuity plan with its participants owning all amounts held in their individual accounts. Pension expense for the years ended June 30, 2020 and 2019 was $105,605 and $92,962, respectively, and is included in fringe benefits in the functional expense statements.

Note 13—Concentrations of credit risk

The Center receives a substantial amount of its support from government grants and contracts. In the event of a significant reduction in the level of this support, the Center's programs and activities could be adversely affected.

The Center maintains its cash and cash equivalents in financial institutions at balances, which, at times, may exceed federally insured limits. At June 30, 2020 and 2019, the Center had approximately $5,900,000 and $2,200,000, respectively, in excess of federally insured limits. The Center has not experienced any losses in such accounts. In management's opinion, risk relating to these deposits is minimal based on the credit ratings of its depositories.

Note 14—Subsequent events

The Center evaluated subsequent events through January 26, 2021 when these consolidated financial statements were available to be issued. Subsequent to June 30, 2020, the Center was notified that it was selected to receive funding of approximately $1,700,000 to renovate certain properties in order to expand the capacity of such facilities to serve those with barriers to housing. Additionally, the Center received notification that it was selected to receive a total of approximately $349,000 under CARES Act programs in response to the COVID-19 pandemic. (see Note 15.) Further, the Center received a bequest of $500,000 with donor restrictions that the funds be spent to assist members.

Effective October 2020, the Organization changed its name to Park Center, Inc.

Note 15—Contingency

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in the financial markets. The coronavirus outbreak and government responses are creating disruption to global supply chains and adversely impacting many industries. The outbreak has caused a material, adverse impact on the economic and market conditions. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material, adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Center, its performance, and its financial results.

SUPPLEMENTARY INFORMATION

PARK CENTER AND AFFILIATE

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

	Park Center	Haley's Park	Consolidating Entries	Consolidated
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 6,900,471	$ 70,701	$ -	$ 6,971,172
Accounts receivable	144,617	2,548	(2,121)	145,044
Grants receivable	656,448	-	-	656,448
Prepaid expenses	73,410	-	-	73,410
Total Current Assets	7,774,946	73,249	(2,121)	7,846,074
Investments	785,286	8,345	-	793,631
Property and equipment, net	10,403,074	1,167,883	-	11,570,957
Total Assets	$ 18,963,306	$ 1,249,477	$ (2,121)	$ 20,210,662
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable and accrued expenses	$ 726,430	$ 39,934	$ (2,121)	$ 764,243
Current portion of long-term debt	11,406	-	-	11,406
Deferred revenue	732,590	-	-	732,590
Total Current Liabilities	1,470,426	39,934	(2,121)	1,508,239
Long-term debt, net of current portion	81,088	-	-	81,088
Total Liabilities	1,551,514	39,934	(2,121)	1,589,327
Net Assets:				
Without Donor Restrictions:				
Undesignated	15,481,804	(358,657)	-	15,123,147
Board designated	1,172,864	-	-	1,172,864
Total Without Donor Restrictions	16,654,668	(358,657)	-	16,296,011
With donor restrictions	757,124	1,568,200	-	2,325,324
Total Net Assets	17,411,792	1,209,543	-	18,621,335
Total Liabilities and Net Assets	$ 18,963,306	$ 1,249,477	$ (2,121)	$ 20,210,662

PARK CENTER AND AFFILIATE

CONSOLIDATING STATEMENT OF ACTIVITIES (NON-GAAP)

YEAR ENDED JUNE 30, 2020

	Park Center	Haley's Park	Consolidating Entries	Consolidated
Public Support and Revenues:				
Public Support:				
Grants and contracts	$ 4,152,969	$ 56,453	$ -	$ 4,209,422
Contributions	499,148	-	-	499,148
In-kind donations	51,900	-	-	51,900
Total Public Support	4,704,017	56,453	-	4,760,470
Revenues:				
Rental income	762,112	40,895	-	803,007
Food service fees	9,211	-	-	9,211
Investment and interest income, net	31,320	(8)	-	31,312
Other	105,556	-	-	105,556
Total Revenues	908,199	40,887	-	949,086
Gain on property transactions (Note 5)	10,047,646	-	-	10,047,646
Total Public Support, Revenues, and Gains	15,659,862	97,340	-	15,757,202
Expenses:				
Program services	5,044,319	96,747	-	5,141,066
Supporting Services:				
Management and general	946,379	27,454	-	973,833
Fundraising	201,207	-	-	201,207
Total Supporting Services	1,147,586	27,454	-	1,175,040
Total Expenses	6,191,905	124,201	-	6,316,106
Change in net assets	9,467,957	(26,861)	-	9,441,096
Net assets, beginning of year	7,943,835	1,236,404	-	9,180,239
Net assets, end of year	$ 17,411,792	$ 1,209,543	$ -	$ 18,621,335

PARK CENTER AND AFFILIATE

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2019

	Park Center	Haley's Park	Consolidating Entries	Consolidated
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 2,908,192	$ 70,366	$ -	$ 2,978,558
Accounts receivable	182,902	-	(8,050)	174,852
Grants receivable	730,798	-	-	730,798
Prepaid expenses	77,805	-	-	77,805
Total Current Assets	3,899,697	70,366	(8,050)	3,962,013
Investments	770,552	8,341	-	778,893
Property and equipment, net	10,983,447	1,202,478	-	12,185,925
Total Assets	$ 15,653,696	$ 1,281,185	$ (8,050)	$ 16,926,831
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable and accrued expenses	$ 512,849	$ 44,781	$ (8,050)	$ 549,580
Current portion of long-term debt	90,965	-	-	90,965
Deferred revenue	14,510	-	-	14,510
Total Current Liabilities	618,324	44,781	(8,050)	655,055
Long-term debt, net of current portion	7,091,537	-	-	7,091,537
Total Liabilities	7,709,861	44,781	(8,050)	7,746,592
Net Assets:				
Without Donor Restriction:				
Undesignated	6,093,319	(331,796)	-	5,761,523
Board designated	1,158,131	-	-	1,158,131
Total Without Donor Restriction	7,251,450	(331,796)	-	6,919,654
With donor restriction	692,385	1,568,200	-	2,260,585
Total Net Assets	7,943,835	1,236,404	-	9,180,239
Total Liabilities and Net Assets	$ 15,653,696	$ 1,281,185	$ (8,050)	$ 16,926,831

PARK CENTER AND AFFILIATE

CONSOLIDATING STATEMENT OF ACTIVITIES (NON-GAAP)

YEAR ENDED JUNE 30, 2019

	Park Center	Haley's Park	Consolidating Entries	Consolidated
Public Support and Revenues:				
Public Support:				
Grants and contracts	$ 4,775,177	$ 47,104	$ -	$ 4,822,281
Contributions	403,237	-	-	403,237
In-kind donations	13,638	-	-	13,638
Total Public Support	5,192,052	47,104	-	5,239,156
Revenues:				
Rental income	839,412	51,678	-	891,090
Food service fees	19,443	-	-	19,443
Investment and interest income, net	29,425	19	-	29,444
Other	20,700	-	-	20,700
Total Revenues	908,980	51,697	-	960,677
Total Public Support and Revenue	6,101,032	98,801	-	6,199,833
Expenses:				
Program services	4,816,421	96,857	-	4,913,278
Supporting Services:				
Management and general	929,539	24,855	-	954,394
Fundraising	200,834	-	-	200,834
Total Supporting Services	1,130,373	24,855	-	1,155,228
Total Expenses	5,946,794	121,712	-	6,068,506
Change in net assets	154,238	(22,911)	-	131,327
Net assets, beginning of year	7,789,597	1,259,315	-	9,048,912
Net assets, end of year	$ 7,943,835	$ 1,236,404	$ -	$ 9,180,239