PARK CENTER, INC. AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2021 and 2020

And Report of Independent Auditor

Cherry Bekaert LLP
CPAs & Advisors

PARK CENTER, INC. AND AFFILIATE

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Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

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

We have audited the accompanying consolidated financial statements of Park Center, Inc. (a nonprofit organization) and Affiliate, which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, 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 audit 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, Inc. and Affiliate as of June 30, 2021 and 2020, 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.

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
February 4, 2022

PARK CENTER, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 6,213,522	$ 6,971,172
Accounts receivable	314,115	145,044
Grants and fees receivable	584,860	656,448
Prepaid expenses	121,642	73,410
Total Current Assets	7,234,139	7,846,074
Investments	954,663	793,631
Property and equipment, net	11,338,311	11,570,957
Total Assets	$ 19,527,113	$ 20,210,662
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	$ 528,590	$ 764,243
Current portion of long-term debt	11,870	11,406
Deferred revenue	-	732,590
Total Current Liabilities	540,460	1,508,239
Long-term debt, net of current portion	69,258	81,088
Total Liabilities	609,718	1,589,327
Net Assets:		
Without Donor Restrictions:		
Undesignated	14,811,909	15,123,147
Board designated	1,333,891	1,172,864
Total Without Donor Restrictions	16,145,800	16,296,011
With donor restrictions	2,771,595	2,325,324
Total Net Assets	18,917,395	18,621,335
Total Liabilities and Net Assets	$ 19,527,113	$ 20,210,662

PARK CENTER, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues:			
Public Support:			
Grants and contracts	$ 4,972,253	$ -	$ 4,972,253
Contributions	481,018	528,696	1,009,714
In-kind donations	380	-	380
Total Public Support	5,453,651	528,696	5,982,347
Revenues:			
Rental income	625,139	-	625,139
Food service fees	305	-	305
Investment return, net	190,188	-	190,188
Other	330	-	330
Total Revenues	815,962	-	815,962
Net assets released from restrictions	82,425	(82,425)	-
Total Public Support, Revenues	6,352,038	446,271	6,798,309
Expenses:			
Program services	5,171,744	-	5,171,744
Supporting Services:			
Management and general	1,132,246	-	1,132,246
Fundraising	198,259	-	198,259
Total Supporting Services	1,330,505	-	1,330,505
Total Expenses	6,502,249	-	6,502,249
Change in net assets	(150,211)	446,271	296,060
Net assets, beginning of year	16,296,011	2,325,324	18,621,335
Net assets, end of year	$ 16,145,800	$ 2,771,595	$ 18,917,395

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

PARK CENTER, INC. 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 6)	10,047,646	-	10,047,646
Total Public Support and 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, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

		Supporting Services		
	Program Services	Management and General	Fundraising	Total Expenses
Personnel services	$ 2,931,430	$ 639,050	$ 120,338	$ 3,690,818
Fringe benefits	365,739	64,779	11,846	442,364
Payroll taxes	211,020	47,490	8,564	267,074
Total Personnel Costs	3,508,189	751,319	140,748	4,400,256
Rental and maintenance	259,333	20,946	5,025	285,304
Utilities	188,049	13,896	1,300	203,245
Professional fees	47,503	133,301	133	180,937
Small equipment purchases	149,552	9,787	48	159,387
Member expenses	151,550	-	-	151,550
Program services	88,613	38,358	5,925	132,896
Insurance	51,721	58,681	363	110,765
Telephone	69,748	5,810	2,437	77,995
Travel	55,845	13,740	61	69,646
Rent	53,495	-	-	53,495
Program supplies	47,527	616	120	48,263
Contract services	45,046	1,311	-	46,357
Taxes and licenses	33,427	11,214	1,692	46,333
Food and beverage	37,281	309	448	38,038
Special events	-	-	23,694	23,694
Certifications and accreditations	3,974	17,431	1,775	23,180
Janitorial supplies	18,508	2,792	263	21,563
Miscellaneous	8,581	6,649	2,958	18,188
Office supplies	11,278	1,769	748	13,795
Vehicle expense	10,785	-	-	10,785
Printing and publications	3,612	890	4,517	9,019
Interest	3,493	-	-	3,493
Postage and shipping	870	1,732	399	3,001
Medical supplies	1,283	-	-	1,283
Total Expense Before Depreciation	4,849,263	1,090,551	192,654	6,132,468
Depreciation	322,481	41,695	5,605	369,781
Total Expenses	$ 5,171,744	$ 1,132,246	$ 198,259	$ 6,502,249

PARK CENTER, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	Program Services	Supporting Services: Management and General	Supporting Services: 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

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

PARK CENTER, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	$ 296,060	$ 9,441,096
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	369,781	310,828
Net realized and unrealized gain on investments	(159,992)	(17,334)
(Gain) loss on property transactions	-	(10,047,646)
Changes in operating assets and liabilities:		
Accounts receivable	(169,071)	29,808
Grants receivable	71,588	74,350
Prepaid expenses	(48,232)	4,395
Accounts payable and accrued expenses	(235,653)	214,663
Deferred revenue	(732,590)	718,080
Net cash flows from operating activities	(608,109)	728,240
Cash flows from investing activities:		
Proceeds from sale of investments	290,648	104,002
Purchases of investments	(291,688)	(101,406)
Proceeds from property transactions	-	10,483,421
Purchases of property and equipment	(137,135)	(131,635)
Net cash flows from investing activities	(138,175)	10,354,382
Cash flows from financing activities:		
Payments on long-term debt	(11,366)	(7,090,008)
Net cash flows from financing activities	(11,366)	(7,090,008)
Change in cash and cash equivalents	(757,650)	3,992,614
Cash and cash equivalents, beginning of year	6,971,172	2,978,558
Cash and cash equivalents, end of year	$ 6,213,522	$ 6,971,172
Supplemental disclosure:		
Interest paid	$ 3,493	$ 150,144

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, 2021 and 2020.

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 is 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, 2021.

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 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 adopted the provisions of ASU 2014-09 as of July 1, 2020 using a modified retrospective approach, which resulted in no cumulative effect adjustment to net assets as of July 1, 2020. There was no change in the timing and amount of revenue recognition as a result of the adoption of the ASU. (See Note 2.)

Forthcoming Accounting Pronouncements – 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—Revenue recognition

As discussed in Note 1, on July 1, 2020, the Center adopted Accounting Standards Codification (“ASC”) 606 using the modified retrospective approach. The Center determined that there was no cumulative effect adjustment to net assets upon adoption of the new revenue standard as of July 1, 2020. Under ASC 606, revenue is recognized when the Center performs services for a customer in an amount that reflects consideration that is expected to be received for those services.

Performance Obligations and Revenue Recognition – A performance obligation is a contract to transfer a distinct good or service to the customer and is the unit of account under ASC 606. The transaction price is allocated to each distinct performance obligation and recognized as revenue, when or as, the performance obligation is satisfied. The contract obligation for treatment services reimbursed through certain fee for service grants and managed care income is recognized at the time these services are provided to the customer.

Note 2—Revenue recognition (continued)

Treatment services – A portion of the Center's revenue is derived by providing services to eligible individuals under grant agreements and insurance fee agreements. Due to the nature of these transactions, there is no variable consideration and only one performance obligation. Such revenue is conditioned upon meeting a certain performance obligation, and amounts received are recognized once the requirement has been met. Once the service is performed, the performance obligation is considered to have been met. Those transactions are considered contracts with customers as they have commercial substance through the transaction of cash payment in return for the service purchased.

Disaggregation of Revenue – See the accompanying consolidated statements of activities.

Note 3—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 restrictions or other restrictions limiting their use within one year of the consolidated statements of financial position comprise the following at June 30:

	2021	2020
Financial assets at year-end:		
Cash and cash equivalents	$ 6,213,522	$ 6,971,172
Accounts receivable	314,115	145,044
Grants receivable	584,860	656,448
Investments	954,663	793,631
Total financial assets	8,067,160	8,566,295
Less amounts not available to be used for general expenditures within one year:		
Net assets subject to Board designations	1,333,891	1,172,864
Net assets subject to donor restrictions	629,507	176,426
Total amounts not available to be used for general expenditures within one year	1,963,398	1,349,290
Financial assets available to meet cash needs for general expenditures within one year	$ 6,103,762	$ 7,217,005

Although the Organization has designated net assets for certain purposes (as described in Note 12), these amounts could be made available if necessary. As described in Note 9, the Organization also has a line of credit that is available for general operating needs.

Note 4—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:

	2021	2020
Short-term investments	$ 189,310	$ 196,424
Exchange traded funds	34,721	-
Mutual funds:		
Intermediate-term bond funds	161,337	164,472
Large growth funds	141,365	73,060
Large value funds	127,282	61,420
Small cap blend funds	86,997	-
Foreign large blend funds	80,994	48,612
Mid-cap blend funds	60,643	41,182
Multi-sector bond funds	36,318	60,067
Short-term bond funds	35,696	61,696
Small blend funds	-	29,655
Real estate funds	-	27,268
Alternative strategies funds	-	29,775
	$ 954,663	$ 793,631

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

	2021	2020
Interest and dividend income (including interest on cash and cash equivalents)	$ 30,196	$ 13,978
Net unrealized and realized gain on investments	159,992	17,334
	$ 190,188	$ 31,312

Note 5—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 $369,781 and $310,828, respectively, for the years ended June 30, 2021 and 2020.

Note 5—Property and equipment (continued)

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

	2021	2020
Land and land improvements	$ 3,647,258	$ 3,647,258
Buildings and building improvements	11,006,120	11,017,490
Equipment and furniture	285,063	196,797
Vehicles	146,164	139,673
	15,084,605	15,001,218
Less accumulated depreciation	(3,746,294)	(3,430,261)
	$ 11,338,311	$ 11,570,957

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 $573,888 and $580,698 at June 30, 2021 and 2020, 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 Organization from the state of Tennessee through the year 2078 for a minimal fee. The Organization does not charge rent to Haley's Park.

Note 6—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.

Note 6—Property transactions (continued)

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.

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 7—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 $182,101 and $180,327 at June 30, 2021 and 2020, respectively.

Note 8—Paycheck Protection Program funding

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 received notification of forgiveness from the SBA during the year ended June 30, 2021 and was recognized in grants and contracts revenue within the statement of activities for the year ended June 30, 2021.

Note 9—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, 2021 and 2020.

Note 10—Long-term debt

Long-term debt is as follows at June 30:

	2021	2020
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.	$ 81,128	$ 92,494
	81,128	92,494
Less amount shown as current portion	(11,870)	(11,406)
Long-term debt, noncurrent portion	$ 69,258	$ 81,088

Annual principal maturities of the above obligations are as follows:

Years Ending June 30,	
2022	$ 11,870
2023	69,258
	$ 81,128

Note 11—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 multi-family 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 12—Net assets

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

	2021	2020
Housing for individuals with disabilities – Haley's Park	$ 1,568,200	$ 1,568,200
Property for housing program	573,888	580,698
Contributions restricted for programs	629,507	176,426
	$ 2,771,595	$ 2,325,324

Note 12—Net assets (continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors, as follows, during the years ended June 30:

	2021	2020
Satisfaction of equipment acquisition restrictions	$ 6,810	$ 6,810
Satisfaction of program restrictions	75,615	43,098
	$ 82,425	$ 49,908

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

	2021	2020
Future needs	$ 946,312	$ 785,285
Housing	232,366	232,366
Clubhouse	155,213	155,213
	$ 1,333,891	$ 1,172,864

Note 13—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, 2021 and 2020 was $119,485 and $105,605, respectively, and is included in fringe benefits in the functional expense statements.

Note 14—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, 2021 and 2020, the Center had approximately $5,500,000 and $5,900,000, 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 15—Subsequent events

The Center evaluated subsequent events through February 4, 2022, when these consolidated financial statements were available to be issued. Subsequent to June 30, 2021, the Center obtained bank financing in the amount of $7,000,000 for the purchase of a new building. This financing arrangement stipulates a variable interest rate based on Prime (3.25% at the time of the loan) with maturity in October 2022. Additionally, the Center entered into a purchase and sale agreement to sell its property on North First Street. The sale of the property is expected to close during the year ended June 30, 2022.

Note 16—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 volatility in the financial markets. The coronavirus outbreak and government responses are creating disruption to global supply chains and adversely impacting many industries. 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, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021

	Park Center	Haley's Park	Consolidating Entries	Consolidated
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 6,143,707	$ 69,815	$ -	$ 6,213,522
Accounts receivable	278,911	38,176	(2,972)	314,115
Grants receivable	584,860	-	-	584,860
Prepaid expenses	120,002	1,640	-	121,642
Total Current Assets	7,127,480	109,631	(2,972)	7,234,139
Investments	946,312	8,351	-	954,663
Property and equipment, net	10,217,709	1,120,602	-	11,338,311
Total Assets	$ 18,291,501	$ 1,238,584	$ (2,972)	$ 19,527,113
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable and accrued expenses	$ 464,592	$ 66,970	$ (2,972)	$ 528,590
Current portion of long-term debt	11,870	-	-	11,870
Total Current Liabilities	476,462	66,970	(2,972)	540,460
Long-term debt, net of current portion	69,258	-	-	69,258
Total Liabilities	545,720	66,970	(2,972)	609,718
Net Assets:				
Without Donor Restrictions:				
Undesignated	15,208,495	(396,586)	-	14,811,909
Board designated	1,333,891	-	-	1,333,891
Total Without Donor Restrictions	16,542,386	(396,586)	-	16,145,800
With donor restrictions	1,203,395	1,568,200	-	2,771,595
Total Net Assets	17,745,781	1,171,614	-	18,917,395
Total Liabilities and Net Assets	$ 18,291,501	$ 1,238,584	$ (2,972)	$ 19,527,113

PARK CENTER, INC. AND AFFILIATE

CONSOLIDATING STATEMENT OF ACTIVITIES (NON-GAAP)

YEAR ENDED JUNE 30, 2021

	Park Center	Haley's Park	Consolidating Entries	Consolidated
Public Support and Revenues:				
Public Support:				
Grants and contracts	$ 4,893,862	$ 78,391	$ -	$ 4,972,253
Contributions	1,009,714	-	-	1,009,714
In-kind donations	380	-	-	380
Total Public Support	5,903,956	78,391	-	5,982,347
Revenues:				
Rental income	595,657	29,482	-	625,139
Food service fees	305	-	-	305
Investment and interest income, net	190,150	38	-	190,188
Other	330	-	-	330
Total Revenues	786,442	29,520	-	815,962
Total Public Support and Revenues	6,690,398	107,911	-	6,798,309
Expenses:				
Program services	5,054,205	117,539	-	5,171,744
Supporting Services:				
Management and general	1,103,945	28,301	-	1,132,246
Fundraising	198,259	-	-	198,259
Total Supporting Services	1,302,204	28,301	-	1,330,505
Total Expenses	6,356,409	145,840	-	6,502,249
Change in net assets	333,989	(37,929)	-	296,060
Net assets, beginning of year	17,411,792	1,209,543	-	18,621,335
Net assets, end of year	$ 17,745,781	$ 1,171,614	$ -	$ 18,917,395

PARK CENTER, INC. 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 Restriction:				
Undesignated	15,481,804	(358,657)	-	15,123,147
Board designated	1,172,864	-	-	1,172,864
Total Without Donor Restriction	16,654,668	(358,657)	-	16,296,011
With donor restriction	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, INC. 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 6)	10,047,646	-	-	10,047,646
Total Public Support and Revenues	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