PARK CENTER, INC. AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2022 and 2021

And Report of Independent Auditor

Cherry Bekaert LLP
CPAs & Advisors

PARK CENTER, INC. AND AFFILIATE

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Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor

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

Opinion

We have audited the accompanying consolidated financial statements of Park Center, Inc. and Affiliate (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, 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.

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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Park Center, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Park Center, Inc. and Affiliate's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Park Center, Inc. and Affiliate's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Park Center, Inc. and Affiliate's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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
December 12, 2022

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

JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 1,084,605	$ 6,213,522
Accounts receivable	346,737	314,115
Grants and fees receivable	1,083,699	584,860
Prepaid expenses	63,109	121,642
Total Current Assets	2,578,150	7,234,139
Investments	18,490,782	954,663
Property and equipment, net	11,934,752	11,338,311
Total Assets	$ 33,003,684	$ 19,527,113
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	$ 530,796	$ 528,590
Current portion of long-term debt	69,225	11,870
Total Current Liabilities	600,021	540,460
Long-term debt, net of current portion	-	69,258
Total Liabilities	600,021	609,718
Net Assets:		
Without Donor Restrictions:		
Undesignated	11,208,867	14,811,909
Board designated	18,490,782	1,333,891
Total Without Donor Restrictions	29,699,649	16,145,800
With donor restrictions	2,704,014	2,771,595
Total Net Assets	32,403,663	18,917,395
Total Liabilities and Net Assets	$ 33,003,684	$ 19,527,113

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

PARK CENTER, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue:			
Public Support:			
Grants and contracts	$ 6,484,130	$ -	$ 6,484,130
Contributions	426,741	47,500	474,241
Total Public Support	6,910,871	47,500	6,958,371
Revenue:			
Rental income	827,204	-	827,204
Other	22,671	-	22,671
Investment return, net	(124,544)	-	(124,544)
Total Revenue	725,331	-	725,331
Net assets released from restrictions	115,081	(115,081)	-
Gain on property transaction (Note 6)	14,039,881	-	14,039,881
Total Public Support, Revenue, and Gain	21,791,164	(67,581)	21,723,583
Expenses:			
Program services	6,731,543	-	6,731,543
Supporting Services:			
Management and general	1,259,542	-	1,259,542
Fundraising	246,230	-	246,230
Total Supporting Services	1,505,772	-	1,505,772
Total Expenses	8,237,315	-	8,237,315
Change in net assets	13,553,849	(67,581)	13,486,268
Net assets, beginning of year	16,145,800	2,771,595	18,917,395
Net assets, end of year	$ 29,699,649	$ 2,704,014	$ 32,403,663

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

PARK CENTER, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue:			
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
Revenue:			
Rental income	625,139	-	625,139
Food service fees	305	-	305
Investment return, net	190,188	-	190,188
Other	330	-	330
Total Revenue	815,962	-	815,962
Net assets released from restrictions	82,425	(82,425)	-
Total Public Support, Revenue, and Gain	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

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

YEAR ENDED JUNE 30, 2022

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Total Expenses
Personnel services	$ 3,644,214	$ 441,228	$ 127,143	$ 4,212,585
Fringe benefits	415,816	35,427	17,830	469,073
Payroll taxes	269,303	32,628	9,571	311,502
Total Personnel Costs	4,329,333	509,283	154,544	4,993,160
Professional fees	402,989	142,943	27,681	573,613
Rental and maintenance	337,103	34,650	3,934	375,687
Utilities	251,616	69,878	1,238	322,732
Member expenses	237,650	781	-	238,431
Certifications and accreditations	154,355	46,812	7,267	208,434
Insurance	73,359	67,541	693	141,593
Contract services	97,351	36,711	-	134,062
Travel	120,621	8,148	432	129,201
Taxes and licenses	7,046	111,157	-	118,203
Rent	103,776	-	-	103,776
Program services	88,591	8,606	-	97,197
Telephone	78,009	1,941	1,796	81,746
Program supplies	66,113	1,472	354	67,939
Small equipment purchases	43,189	18,059	2,535	63,783
Food and beverage	61,977	211	500	62,688
Special events	-	-	37,197	37,197
Miscellaneous	7,684	10,129	3,311	21,124
Janitorial supplies	15,764	910	76	16,750
Office supplies	12,052	2,632	101	14,785
Vehicle expense	12,956	976	-	13,932
Printing and publications	1,303	407	2,242	3,952
Postage and shipping	160	1,099	2,329	3,588
Interest	2,957	-	-	2,957
Medical supplies	1,151	150	-	1,301
Total Expense Before Depreciation	6,507,105	1,074,496	246,230	7,827,831
Depreciation	224,438	185,046	-	409,484
Total Expenses	$ 6,731,543	$ 1,259,542	$ 246,230	$ 8,237,315

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

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

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

PARK CENTER, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	$ 13,486,268	$ 296,060
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	409,484	369,781
Net realized and unrealized loss (gain) on investments	186,787	(159,992)
Gain on property transaction	(14,039,881)	-
Changes in operating assets and liabilities:		
Accounts receivable	(32,622)	(169,071)
Grants and fees receivable	(498,839)	71,588
Prepaid expenses	58,533	(48,232)
Accounts payable and accrued expenses	2,206	(235,653)
Deferred revenue	-	(732,590)
Net cash flows from operating activities	(428,064)	(608,109)
Cash flows from investing activities:		
Proceeds from sale of investments	1,908,291	290,648
Purchases of investments	(19,631,197)	(291,688)
Proceeds from property transactions, net	20,808,328	-
Purchases of property and equipment	(7,774,372)	(137,135)
Net cash flows from investing activities	(4,688,950)	(138,175)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	7,000,000	-
Payments on long-term debt	(7,011,903)	(11,366)
Net cash flows from financing activities	(11,903)	(11,366)
Change in cash and cash equivalents	(5,128,917)	(757,650)
Cash and cash equivalents, beginning of year	6,213,522	6,971,172
Cash and cash equivalents, end of year	$ 1,084,605	$ 6,213,522
Supplemental disclosure:		
Interest paid	$ 2,957	$ 3,493

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

Note 1—Nature of organization and significant accounting policies

General – Park Center, Inc. (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 operating reserves, capital reserves and long-term investment.
>
> *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, the allowance for doubtful accounts was $40,759 and $-0- at June 30, 2022 and 2021, respectively.

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 revenue 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.

Grand and Contracts – See Note 2 for discussion of revenue recognition.

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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes – Park Center, Inc. and Haley's Park, Inc. 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 Park Center, Inc. and Haley's Park, Inc. continue to satisfy the requirements of a tax-exempt organization as of June 30, 2022.

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 September 2020, FASB issued Accounting Standards Update ("ASU") 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU requires not-for-profit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. In addition, for each category of contributed nonfinancial assets recognized, certain additional disclosures are required. This standard is effective for the year ending June 30, 2022 and had an immaterial effect on the Center's financial statements upon adoption. Generally, the Center has recognized the contribution of supplies at market value. Such items have been maintained for use in the Center. There have been no donor restrictions placed on such contributions.

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

The Center follows Financial Accounting Standards Board Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)* which stipulates that 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 Topic 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)

Grants and Contracts – A portion of the Center's revenue is derived by providing treatment 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:

	2022	2021
Financial assets at year-end:		
Cash and cash equivalents	$ 1,084,605	$ 6,213,522
Accounts receivable	346,737	314,115
Grants receivable	1,083,699	584,860
Investments	18,490,782	954,663
Total financial assets	21,005,823	8,067,160
Less amounts not available to be used for general expenditures within one year:		
Net assets subject to Board designations	18,490,782	1,333,891
Net assets subject to donor restrictions	568,736	629,507
Total amounts not available to be used for general expenditures within one year	19,059,518	1,963,398
Financial assets available to meet cash needs for general expenditures within one year	$ 1,946,305	$ 6,103,762

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 Center 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:

	2022	2021
Short-term investments	$ 13,433,510	$ 189,310
Exchange traded funds	-	34,721
Mutual funds:		
Alternative strategies funds	336,655	-
Commodities broad basket	92,428	-
Foreign large blend funds	259,080	80,994
Foreign large growth funds	178,328	-
Intermediate-term bond funds	2,260,024	161,337
Large blend funds	410,999	-
Large growth funds	428,753	141,365
Large value funds	664,097	127,282
Long-short equity funds	143,933	-
Mid-cap growth funds	94,523	-
Mid-cap blend funds	-	60,643
Mid-cap value funds	94,938	-
Multi-sector bond funds	-	36,318
Short-term bond funds	-	35,696
Small blend funds	93,514	-
Small cap blend funds	-	86,997
	$ 18,490,782	$ 954,663

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

	2022	2021
Interest and dividend income (including interest on cash and cash equivalents)	$ 62,243	$ 30,196
Net unrealized and realized (loss) gain on investments	(186,787)	159,992
	$ (124,544)	$ 190,188

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 $409,484 and $369,781, respectively, for the years ended June 30, 2022 and 2021.

Note 5—Property and equipment (continued)

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

	2022	2021
Land and land improvements	$ 2,407,691	$ 3,647,258
Buildings and building improvements	12,491,444	11,006,120
Equipment and furniture	457,508	285,063
Vehicles	221,368	146,164
	15,578,011	15,084,605
Less accumulated depreciation	(3,643,259)	(3,746,294)
	$ 11,934,752	$ 11,338,311

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 $567,078 and $573,888 at June 30, 2022 and 2021, 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 October 22, 2021, the Center entered into an agreement to purchase the property located at 1935 21st Avenue South, Nashville, Tennessee for $7,000,000. The Center obtained a bridge loan to fund the purchase of the property in the amount of $7,000,000 which was repaid on June 22, 2022.

Effective March 22, 2022, the Center entered into an agreement to sell the property located at 186 North 1st Street, Nashville, Tennessee. The property was sold for $21,500,000, net of related expenses. The Center used the proceeds to repay the debt incurred to purchase the land and building located at 1935 21st Avenue South (approximately $7,000,000). The Center used the remaining proceeds to establish certain investment accounts for board designated amounts. Net proceeds from the sale after repayment of the debt and payment of closing costs, was approximately $14,000,000.

Note 6—Property transactions (continued)

The impact of these transactions is included in the gain on property transaction reflected in the consolidated statement of activities for the year ended June 30, 2022 as summarized below:

Proceeds from sale of 186 North 1st Street received in cash	$ 21,425,000
Proceeds reflected as receivable due from escrow	75,000
Less book value of property	(6,768,447)
Less brokerage fees and closing costs	(691,672)
Gain on property transaction	$ 14,039,881

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 $167,945 and $182,101 at June 30, 2022 and 2021, 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 was 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 received notification of forgiveness from the SBA during the year ended June 30, 2021 and recognized the loan amount of $732,590 in grants and contracts revenue within the consolidated statement of activities for the year ended June 30, 2021.

Note 9—Short-term financing arrangement

The Organization maintains a revolving line of credit in the amount of $500,000 from a financial institution. The note stipulates interest at the financial institution’s Base Rate (4.00% at June 30, 2022), payable monthly. The note is secured by all deposits and investments of the Organization and matures June 2024. There were no borrowings outstanding under this arrangement at June 30, 2022 and 2021.

Note 10—Long-term debt

Long-term debt is as follows at June 30:

	2022	2021
Mortgage note payable to an organization in monthly principal and interest installments of $992, secured by land, interest at 4.0%, maturing September 2022.	$ 69,225	$ 81,128
	69,225	81,128
Less amount shown as current portion	(69,225)	(11,870)
Long-term debt, noncurrent portion	$ -	$ 69,258

Annual principal maturities of the above obligations are as follows:

Year Ending June 30,	
2023	$ 69,225

As discussed in Note 6, the Center issued a $7,000,000 note payable to a financial institution in order to purchase certain property on 21st Avenue. This arrangement, issued in October 2021, bears interest at a variable rate based on the Wall Street Journal Prime rate (3.25% at June 30, 2022). This note was paid in full in June 2022, in advance of the maturity date in October 2022.

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:

	2022	2021
Housing for individuals with disabilities – Haley's Park	$ 1,568,200	$ 1,568,200
Property for housing program	567,078	573,888
Contributions restricted for programs	568,736	629,507
	$ 2,704,014	$ 2,771,595

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:

	2022	2021
Satisfaction of equipment acquisition restrictions	$ 6,810	$ 6,810
Satisfaction of program restrictions	108,271	75,615
	$ 115,081	$ 82,425

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

	2022	2021
Operating reserve	$ 3,790,782	$ 946,312
Capital reserve	6,700,000	-
Long term investment	8,000,000	-
Housing	-	232,366
Clubhouse	-	155,213
	$ 18,490,782	$ 1,333,891

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, 2022 and 2021 was $112,977 and $119,485, respectively, and is included in fringe benefits in the consolidated statements of functional expenses.

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, 2022 and 2021, the Center had approximately $781,000 and $5,500,000, 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.

The Center maintains investments in mutual funds and short term investments. Investment securities are exposed to various risks, such as interest rates, market, and credit risks. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could adversely affect the Center's financial results.

Note 15—Subsequent events

The Center evaluated subsequent events through December 12, 2022, when these consolidated financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

PARK CENTER, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022

	Park Center	Haley's Park	Consolidating Entries	Consolidated
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 979,347	$ 105,258	$ -	$ 1,084,605
Accounts receivable	336,991	11,062	(1,316)	346,737
Grants receivable	1,083,699	-	-	1,083,699
Prepaid expenses	63,109	-	-	63,109
Total Current Assets	2,463,146	116,320	(1,316)	2,578,150
Investments	18,490,782	-	-	18,490,782
Property and equipment, net	10,857,607	1,077,145	-	11,934,752
Total Assets	$ 31,811,535	$ 1,193,465	$ (1,316)	$ 33,003,684
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable and accrued expenses	$ 455,311	$ 76,801	$ (1,316)	$ 530,796
Current portion of long-term debt	69,225	-	-	69,225
Total Current Liabilities	524,536	76,801	(1,316)	600,021
Long-term debt, net of current portion	-	-	-	-
Total Liabilities	524,536	76,801	(1,316)	600,021
Net Assets:				
Without Donor Restrictions:				
Undesignated	11,660,403	(451,536)	-	11,208,867
Board designated	18,490,782	-	-	18,490,782
Total Without Donor Restrictions	30,151,185	(451,536)	-	29,699,649
With donor restrictions	1,135,814	1,568,200	-	2,704,014
Total Net Assets	31,286,999	1,116,664	-	32,403,663
Total Liabilities and Net Assets	$ 31,811,535	$ 1,193,465	$ (1,316)	$ 33,003,684

PARK CENTER, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF ACTIVITIES (NON-GAAP)

YEAR ENDED JUNE 30, 2022

	Park Center	Haley's Park	Consolidating Entries	Consolidated
Public Support and Revenues:				
Public Support:				
Grants and contracts	$ 6,418,047	$ 66,083	$ -	$ 6,484,130
Contributions	474,241	-	-	474,241
Total Public Support	6,892,288	66,083	-	6,958,371
Revenues:				
Rental income	803,613	23,591	-	827,204
Other	22,671	-	-	22,671
Investment and interest income, net	(124,554)	10	-	(124,544)
Total Revenues	701,730	23,601	-	725,331
Gain on property transactions (Note 6)	14,039,881	-	-	14,039,881
Total Public Support, Revenues, and Gains	21,633,899	89,684	-	21,723,583
Expenses:				
Program services	6,614,415	117,128	-	6,731,543
Supporting Services:				
Management and general	1,232,036	27,506	-	1,259,542
Fundraising	246,230	-	-	246,230
Total Supporting Services	1,478,266	27,506	-	1,505,772
Total Expenses	8,092,681	144,634	-	8,237,315
Change in net assets	13,541,218	(54,950)	-	13,486,268
Net assets, beginning of year	17,745,781	1,171,614	-	18,917,395
Net assets, end of year	$ 31,286,999	$ 1,116,664	$ -	$ 32,403,663

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 Restriction:				
Undesignated	15,208,495	(396,586)	-	14,811,909
Board designated	1,333,891	-	-	1,333,891
Total Without Donor Restriction	16,542,386	(396,586)	-	16,145,800
With donor restriction	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