

THE ATLANTA POLICE FOUNDATION, INC.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

THE ATLANTA POLICE FOUNDATION, INC.

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	3
CONSOLIDATED FINANCIAL STATEMENTS:	
Consolidated Statements of Financial Position	4-5
Consolidated Statements of Activities	6-7
Consolidated Statements of Functional Expenses	8-9
Consolidated Statements of Cash Flows	10
Summary of Accounting Policies	11-15
Notes to Consolidated Financial Statements	16-20



BLAD & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

1832 INDEPENDENCE SQ., STE. A DUNWOODY, GA 30338
770-512-7600 WWW.BLADCPA.COM

To the Board of Trustees of
The Atlanta Police Foundation, Inc.
Atlanta, Georgia

We have audited the accompanying consolidated financial statements of The Atlanta Police Foundation, Inc. (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, 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 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 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 audit. We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 The Atlanta Police Foundation, Inc. as of December 31, 2019 and 2018, its changes in net assets, functional expenses and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Blad & Associates, P.C.

Dunwoody, Georgia
July 16, 2020

THE ATLANTA POLICE FOUNDATION, INC.
Consolidated Statements of Financial Position

	As of December 31,	
	2019	2018
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 5,200,910	\$ 1,170,524
Certificates of deposit with original maturities over 90 days	1,778,810	1,770,679
Contributions and other receivables, less reserve for bad debts of \$7,400 and \$7,400, respectively (Note 6)	5,375,983	3,215,422
Prepaid expenses	88,960	88,251
Home inventory (Note 9)	631,284	1,033,781
	13,075,947	7,278,657
CASH RESTRICTED FOR NEW MARKET TAX CREDIT (Note 11)	11,216,869	-
NON-CURRENT CERTIFICATES OF DEPOSIT	256,248	-
CASH AND CONTRIBUTIONS RECEIVABLE RESTRICTED FOR LONG-TERM PURPOSES (Note 1)	4,680,007	10,283
CONTRIBUTIONS RECEIVABLE (Note 6)	2,160,690	1,681,525
NET PROPERTY AND EQUIPMENT	4,275,086	3,275,359
CAPITALIZED WEBSITE AND SOFTWARE COSTS, less accumulated amortization of \$36,287 and \$32,672, respectively	29,452	1,818
OTHER ASSETS	21,446	13,972
TOTAL ASSETS	\$ 35,715,745	\$ 12,261,614

See accompanying summary of accounting policies and notes to financial statements.

THE ATLANTA POLICE FOUNDATION, INC.
Consolidated Statements of Financial Position
(CONTINUED)

	As of December 31,	
	2019	2018
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accruals	\$ 2,141,818	\$ 253,965
Deferred revenue	141,000	76,560
Current portion of long-term debt (Note 5)	7,849,200	-
	10,132,018	330,525
LONG-TERM DEBT:		
Notes payable, less capitalized loan fee-net (Note 5)	3,357,669	-
	13,489,687	330,525
CONTINGENCY AND COMMITMENTS (Notes 3 and 7)		
NET ASSETS:		
Without donor restrictions		
Unrestricted	6,406,872	5,215,540
With donor restrictions		
Purpose restrictions (Note 1)	12,622,020	3,384,549
Time restrictions (Note 1)	3,197,166	3,331,000
	15,819,186	6,715,549
	22,226,058	11,931,089
TOTAL LIABILITIES AND NET ASSETS	\$ 35,715,745	\$ 12,261,614

See accompanying summary of accounting policies and notes to financial statements.

THE ATLANTA POLICE FOUNDATION, INC.
Consolidated Statement of Activities
For the Year Ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets</u>
PUBLIC SUPPORT AND REVENUE:			
Contributions	\$ 1,679,095	\$ 14,739,239	\$ 16,418,334
Donated services and goods	1,085,832	-	1,085,832
Contracts	27,984	-	27,984
Fundraising and special events:			
Gross	997,296	170,709	1,168,005
Less direct benefits to donors	(447,679)	-	(447,679)
Operation Shield fees	188,898	-	188,898
Home sales	2,342,030	-	2,342,030
Interest Income	65,226	-	65,226
Other income	11,337	-	11,337
	<hr/>	<hr/>	<hr/>
Total Public Support and Revenue before Transfers	5,950,019	14,909,948	20,859,967
Net Assets Released from restrictions due to satisfaction of donor-imposed requirements	5,806,311	(5,806,311)	-
	<hr/>	<hr/>	<hr/>
Total Public Support and Revenue	11,756,330	9,103,637	20,859,967
	<hr/>	<hr/>	<hr/>
EXPENSES:			
Management and general	333,725	-	333,725
Program	10,023,358	-	10,023,358
Fundraising	207,915	-	207,915
	<hr/>	<hr/>	<hr/>
Total Expenses	10,564,998	-	10,564,998
	<hr/>	<hr/>	<hr/>
CHANGES IN NET ASSETS	1,191,332	9,103,637	10,294,969
NET ASSETS:			
Beginning of year	5,215,540	6,715,549	11,931,089
	<hr/>	<hr/>	<hr/>
End of year	\$ 6,406,872	\$ 15,819,186	\$ 22,226,058
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See accompanying summary of accounting policies and notes to financial statements.

THE ATLANTA POLICE FOUNDATION, INC.
Consolidated Statement of Activities
For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
PUBLIC SUPPORT AND REVENUE:			
Contributions	\$ 1,443,359	\$ 5,105,865	\$ 6,549,224
Donated services and goods	506,613	49,953	556,566
Contracts	15,512	-	15,512
Fundraising and special events:			
Gross	822,044	40,275	862,319
Less direct benefits to donors	(268,684)	-	(268,684)
Atlanta Security Council dues	3,000	-	3,000
Operation Shield fees	111,870	-	111,870
Home sales	78,910	-	78,910
Interest Income	18,445	-	18,445
Other income	5,223	-	5,223
	2,736,292	5,196,093	7,932,385
Total Public Support and Revenue before Transfers			
	2,736,292	5,196,093	7,932,385
Net Assets Released from restrictions due to satisfaction of donor-imposed requirements	3,495,809	(3,495,809)	-
Total Public Support and Revenue	6,232,101	1,700,284	7,932,385
EXPENSES:			
Management and general	302,443	-	302,443
Program	5,074,233	-	5,074,233
Fundraising	264,488	-	264,488
	5,641,164	-	5,641,164
Total Expenses			
	5,641,164	-	5,641,164
CHANGES IN NET ASSETS	590,937	1,700,284	2,291,221
NET ASSETS:			
Beginning of year	4,624,603	5,015,265	9,639,868
End of year	\$ 5,215,540	\$ 6,715,549	\$ 11,931,089

See accompanying summary of accounting policies and notes to financial statements.

THE ATLANTA POLICE FOUNDATION, INC.
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2019

	<u>Management and General</u>	<u>Program</u>	<u>Fundraising</u>	<u>Total</u>
Atlanta Police Department Support:				
Operation Shield	\$ -	\$ 1,087,548	\$ -	\$ 1,087,548
At-Promise Youth Center Operations	-	878,795	-	878,795
Crime Stoppers	-	412,079	-	412,079
Strategic Initiatives	-	913,082	-	913,082
Leadership Institute	-	99,394	-	99,394
Secure Neighborhoods Project	-	4,021,668	-	4,021,668
Westside Blue Patrol Compensation	-	200,761	-	200,761
Officer Scholarships	-	103,909	-	103,909
Youth Crime Prevention	-	70,441	-	70,441
Advanced Crime Fighting Training	-	23,769	-	23,769
Atlanta Crime Research Center	-	216,770	-	216,770
Mounted Patrol	-	22,450	-	22,450
Life Insurance	-	40,008	-	40,008
APD Planning	-	20,965	-	20,965
APD Communications	-	173,972	-	173,972
APD Mini Grants	-	43,575	-	43,575
Recruitment	-	63,392	-	63,392
	-	<u>8,392,578</u>	-	<u>8,392,578</u>
Compensation and Related Costs	189,024	1,193,319	126,743	1,509,086
Outside Services	44,853	771	43,689	89,313
Occupancy	8,060	72,028	6,012	86,100
Supplies	3,081	23,423	2,066	28,570
Telecommunications	1,782	13,545	1,195	16,522
Printing and Copying	2,257	17,156	1,513	20,926
Depreciation and Amortization	24,176	179,350	16,210	219,736
Meetings	9,976	9,231	6,067	25,274
Postage	1,012	7,697	679	9,388
Travel	11,992	30,279	-	42,271
Other	37,512	83,981	3,741	125,234
	<u>333,725</u>	<u>\$10,023,358</u>	<u>\$ 207,915</u>	<u>\$10,564,998</u>
Total expenses	<u>\$ 333,725</u>	<u>\$10,023,358</u>	<u>\$ 207,915</u>	<u>\$10,564,998</u>

See accompanying summary of accounting policies and notes to financial statements.

THE ATLANTA POLICE FOUNDATION, INC.
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2018

	<u>Management and General</u>	<u>Program</u>	<u>Fundraising</u>	<u>Total</u>
Atlanta Police Department Support:				
Operation Shield	\$ -	\$ 966,595	\$ -	\$ 966,595
Home Construction Costs	-	44,551	-	44,551
At-Promise Youth Center Operations	-	822,487	-	822,487
Crime Stoppers	-	412,736	-	412,736
Strategic Initiatives	-	198,699	-	198,699
Leadership Institute	-	112,719	-	112,719
Secure Neighborhoods Project	-	84,344	-	84,344
Westside Blue Patrol Compensation	-	121,384	-	121,384
Officer Scholarships	-	74,214	-	74,214
Youth Crime Prevention	-	7,285	-	7,285
Advanced Crime Fighting Training	-	55,613	-	55,613
Integrated Predictive Policing	-	307,896	-	307,896
Mounted Patrol	-	7,974	-	7,974
Life Insurance	-	43,668	-	43,668
APD Planning	-	11,413	-	11,413
APD Communications	-	224,921	-	224,921
APD Mini Grants	-	21,876	-	21,876
ADP Innovation Center	-	32,290	-	32,290
Repeat Offender	-	10,684	-	10,684
Recruitment	-	168,938	-	168,938
	<u>-</u>	<u>3,730,287</u>	<u>-</u>	<u>3,730,287</u>
Compensation and Related Costs	159,944	1,033,633	182,724	1,376,301
Outside Services	41,403	1,234	34,916	77,553
Occupancy	6,559	64,386	8,820	79,765
Supplies	2,727	17,624	3,116	23,467
Telecommunications	1,854	11,980	2,118	15,952
Printing and Copying	1,127	7,283	1,288	9,698
Depreciation and Amortization	21,842	141,152	24,952	187,946
Meetings	14,187	7,247	697	22,131
Postage	658	4,253	752	5,663
Travel	11,519	9,728	-	21,247
Loss on Disposal of Fixed Asset	659	-	-	659
Other	39,964	45,426	5,105	90,495
	<u>39,964</u>	<u>45,426</u>	<u>5,105</u>	<u>90,495</u>
Total expenses	<u>\$ 302,443</u>	<u>\$ 5,074,233</u>	<u>\$ 264,488</u>	<u>\$ 5,641,164</u>

See accompanying summary of accounting policies and notes to financial statements.

THE ATLANTA POLICE FOUNDATION, INC.
Consolidated Statements of Cash Flows

	For the Year Ended December 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 10,294,969	\$ 2,291,221
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	219,736	187,946
(Gain) loss on disposal of property and equipment	-	659
Contributions restricted for long term purpose	(4,680,007)	-
Donated construction costs for youth center	(480,000)	-
Bad debt provision	39,904	22,975
(Increase) decrease in receivables	(2,679,630)	(1,786,200)
(Increase) decrease in prepaid expenses	(709)	23,594
(Increase) decrease in other current assets	-	453,800
(Increase) decrease in home inventory	402,497	(32,129)
(Increase) decrease in capitalized loan fees	(565,131)	-
(Increase) decrease in other assets	(7,474)	(578)
Increase (decrease) in accounts payable and accruals	1,887,853	(469,970)
Increase (decrease) in deferred revenue	64,440	(23,906)
	4,496,448	667,412
Net Cash Provided by (Used in) Operating Activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(735,848)	(165,937)
Capitalized website costs	(31,249)	(356)
(Increase) decrease in certificate of deposits	(264,379)	(765,146)
	(1,031,476)	(931,439)
Net Cash Provided by (Used in) Investing Activities		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions collected restricted for long-term purposes	3,150,997	-
Proceeds from NMTC loan	11,772,000	-
	14,922,997	-
Net Cash Provided by (Used in) Financing Activities		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	18,387,969	(264,027)
Beginning of year	1,180,807	1,444,834
End of year	\$ 19,568,776	\$ 1,180,807
RECONCILIATION OF CASH BALANCE:		
Cash and cash equivalents	\$ 5,200,910	\$ 1,170,524
Cash restricted for New Market Tax Credit	11,216,869	-
Cash restricted for long-term purposes	3,150,997	10,283
	\$ 19,568,776	\$ 1,180,807

See accompanying summary of accounting policies and notes to financial statements.

THE ATLANTA POLICE FOUNDATION, INC.

Summary of Accounting Policies

ORGANIZATION

The Atlanta Police Foundation, Inc. (the "Foundation"), was established in 2003 to provide vital support to the Mayor, the Chief of Police and the Atlanta Police Department. The organization is based on a public-private partnership model that has proven to be highly effective in the prevention and reduction of crime in other major cities. Since its inception, the APF has worked to secure and leverage private resources to fund high priority projects designed to enhance the City of Atlanta's ability to fight and prevent crime.

During the year ended December 31, 2019, board members of the Organization created APF Support, Inc., ("APF Support"), a 501(c)(3) organization. This is a supporting organization whose mission is to raise and distribute funds for the Organization.

The assets, liabilities, and income and expenses of APF Support and Foundation (the "Organization") have been consolidated in these financial statements, as required by generally accepted accounting principles. All intercompany transactions between these entities have been eliminated for purposes of these consolidated financial statements.

BASIS OF ACCOUNTING

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The net assets, revenue, support, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions into two classes:

Net assets without donor restrictions are currently available for purposes under the direction of the board, designated by the board for specific use (Note 1), or resources invested in furniture and equipment.

Net assets with donor restrictions are contributed with donor stipulations for specific operating purposes or programs, with time restrictions, or not currently available for use until commitments regarding their use have been fulfilled.

PUBLIC SUPPORT AND REVENUE

Support is recognized in the year received at its fair market value. Contributions with donor-imposed restrictions are reported as restricted support. The satisfaction or expiration of donor-imposed restrictions is recorded as a transfer from restricted to unrestricted net assets in the year the satisfaction or expiration occur.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents of the Organization consist of cash in bank and shares of a money market fund. The Organization maintains its cash and cash equivalents with high credit, quality financial institutions, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

THE ATLANTA POLICE FOUNDATION, INC.

Summary of Accounting Policies (Continued)

EXPENSE RECOGNITION

All expenses are recognized in the statement of activities as decreases in net assets without donor restrictions.

USE OF ESTIMATES

The preparation of consolidated financial statements in accordance with GAAP requires reliance on accounting information based on estimates which may or may not come true in the near term. Significant estimates include the functional allocation of expense and recognition of contract revenue.

INCOME TAXES

The Foundation and APF Support are exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. Accordingly, no income taxes are reflected in the accompanying consolidated financial statements.

The Foundation has been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

APF Support has been classified as a supporting organization within the meaning of Section 509(a)(3) of the Internal Revenue Code.

PROPERTY AND EQUIPMENT

Property and equipment in excess of \$1,000 are capitalized at cost or, if donated, at the fair market value on the date of donation. Repairs and maintenance that neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets ranging from three to thirty years.

Construction in progress represents construction costs of the two youth centers currently under construction. Amounts are stated at cost and not depreciated. Once the centers are completed, these costs will be reclassified to buildings and depreciation of the asset will begin.

	As of December 31,	
	2019	2018
Building and improvements	\$3,981,673	\$3,492,818
Land	100,000	-
Construction in progress	608,129	-
Furniture and equipment	93,362	74,498
Less accumulated depreciation	(508,078)	(291,957)
	<u>\$4,275,086</u>	<u>\$3,275,359</u>

THE ATLANTA POLICE FOUNDATION, INC.

Summary of Accounting Policies (Continued)

DONATED GOODS, SERVICES AND FACILITIES

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the long-lived assets are placed into service.

For 2019 and 2018, the Organization received the following donated services and goods:

	As of December 31,	
	2019	2018
Advertising	\$ 9,800	\$ 59,233
Construction costs	480,000	-
Crime Lab	106,130	-
Super Bowl goods	84,073	-
Police service	215,000	215,000
Consulting	20,357	44,320
Equipment and furnishings	18,291	11,580
Training	500	31,500
Facilities	25,732	95,967
Surveillance camera system	6,540	5,995
Repairs/maintenance	-	49,953
Other	33,602	30,460
Hotel rooms	11,562	-
Event tickets	3,461	12,558
Printing services	16,084	-
Film project	28,700	-
Realtor commissions	26,000	-
	<u>\$ 1,085,832</u>	<u>\$ 556,566</u>

FUNCTIONAL ALLOCATION OF EXPENSES

The Organization allocates its expenses on a functional basis among their various programs and support services. Expenses that can be identified with a specific program and support services are allocated directly according to their natural expenditure classification. Indirect expenses have been allocated based on salary expenditures and other criteria.

THE ATLANTA POLICE FOUNDATION, INC.

Summary of Accounting Policies (Continued)

ADVERTISING

In 2019 and 2018, the Organization charged advertising totaling approximately \$44,000 and \$81,000 respectively, to expense. Primarily all of the advertising was donated to the Organization. For non-direct-response advertising, the Organization's policy is to expense costs as incurred.

UNCERTAIN TAX POSITIONS

The Organization recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authority, based on the technical merits of the position. As of December 31, 2019 and 2018, there are no known items which would result in a material accrual related to where the Organization has federal or state attributable tax positions. Generally, taxing authorities have from the later of the taxing filing or extended due date to examine a tax filing.

RECLASSIFICATIONS

Certain amounts in the 2018 financial statements have been reclassified for comparative purposes to conform with presentation in the 2019 financial statements.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In February 2016, the Financial Accounting Standards Board (FASB) issued a new accounting standard, ASU No. 2016-02, Leases (Topic 842), which provides guidance for accounting for leases. The new guidance requires companies to recognize the assets and liabilities for the rights and obligations created by leased assets, initially measured at the present value of the lease payments. The accounting guidance for lessors is largely unchanged. The ASU is effective for fiscal years beginning after December 15, 2020. It is to be adopted using a modified retrospective approach or through a cumulative effect adjustment to the opening balance of net assets in the period of adoption. The Organization does not anticipate a material impact on the financial statements upon adoption of this new standard.

SUBSEQUENT EVENTS

Subsequent events have been evaluated through the audit report date, which is the date the consolidated financial statements were available to be issued.

THE ATLANTA POLICE FOUNDATION, INC.

Summary of Accounting Policies (Continued)

RECENTLY ADOPTED ACCOUNTING POLICIES

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. The Organization adopted the provisions of this new standard during the year ended December 31, 2019. Under the new standard, restricted cash is included with cash and cash equivalents in the statements of cash flows.

In May 2014, the FASB issued a new accounting standard, ASU 2014-09 (Topic 606), which impacts revenue recognition for exchange transactions. The Organization adopted the provisions of this new standard during the year ended December 31, 2019. The provisions of the new standard did not have a material impact on the financial statements of the Organization.

In June 2018, the FASB issued a new accounting standard, ASU 2018-08 (Topic 958), to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The Organization adopted the provisions of this new standard during the year ended December 31, 2019. The provisions of the new standard did not have a material impact on the financial statements of the Organization.

THE ATLANTA POLICE FOUNDATION, INC.

Notes to Consolidated Financial Statements

NOTE 1 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets represent contributions in cash, certificate of deposit, inventory, and receivables with the following donor-imposed restrictions:

	As of December 31,	
	2019	2018
General operations:		
2019	\$ -	\$ 1,264,333
2020 - 2021	3,197,166	2,066,667
Operation Shield	-	620,999
Secure Neighborhoods	327,709	1,101,652
Crime Stoppers	-	58,713
Strategic Initiatives	52,214	12,314
Strategic Initiatives PSTC	499,989	-
Life Insurance	40,126	93,604
Field Day	55,795	30,734
At-Promise Operations	6,653,359	1,416,664
At-Promise Southside Building *	1,204,201	-
At-Promise Southwest Building *	2,430,675	-
At-Promise Studio Equipment*	123	10,283
Three Point Conversion	1,036	27,800
CEOPS	5,204	5,204
Recruit Housing *	999,872	-
Centers for Hope	300,000	-
The Red Store *	45,136	-
Other	6,581	6,582
	\$ 15,819,186	\$ 6,715,549

* Balance represents cash and contributions receivable restricted for long term use:

Cash	3,150,997	10,283
Contributions receivable	1,529,010	-
	\$ 4,680,007	\$ 10,283

In 2019, the Organization launched a major fundraising campaign, Vision Safe Atlanta: 2019-2021 chaired by James Quincey, Chairman & CEO of The Coca-Cola Company. This \$42 million comprehensive public safety strategy addresses citizens' most pressing public safety concerns such as recruiting and maintaining the nation's top police force, piloting innovative technology programs, addressing repeat offenders through the Atlanta Crime Research Center and reducing juvenile crime through the At-Promise Initiative.

THE ATLANTA POLICE FOUNDATION, INC.

Notes to Consolidated Financial Statements (Continued)

NOTE 1 – TEMPORARILY RESTRICTED NET ASSETS- Continued

Since these priorities are an integral part of the Organization's operations and mission, the Organization will consider all contributions received under the Campaign as unrestricted unless the contribution is designated by the donor for a specific program or has an implied time restriction for pledges to be received in future periods.

NOTE 2 – ECONOMIC DEPENDENCY AND CONCENTRATIONS

For the years ended December 31, 2019 and 2018, two donors comprised 25% and 44% of contributions, respectively. During December 31, 2019, three donors comprised 61% of accounts receivable, respectively. During December 31, 2018, two donors comprised 49% of accounts receivable, respectively.

NOTE 3 – COMMITMENTS

In 2013, the Organization entered into a lease agreement for an office space extending through 2023. In addition, the Organization leases certain office equipment under operating lease agreements.

For the years ended December 31, 2019 and 2018, the Organization incurred total annual rent expense of approximately \$65,000 and \$62,000, respectively, for these leases. The following is the minimum rental payments required under the leases:

<u>Year</u>	<u>Amount</u>
2020	\$ 66,570
2021	66,908
2022	63,822
2023	62,173
2024	<u>15,657</u>
Total	<u>\$ 275,130</u>

NOTE 4 – LINE OF CREDIT

In October 2019, the Organization entered into a line of credit agreement with Cadence Bank for up to \$250,000 with a maturity date of October 2021. The agreement requires monthly variable interest only payments based on the Wall Street Journal U.S. Prime Rate (4.75% at December 31, 2019) with all outstanding principal and interest due at maturity. At December 31, 2019, the Organization had no outstanding balance on the line of credit.

THE ATLANTA POLICE FOUNDATION, INC.

Notes to Consolidated Financial Statements (Continued)

NOTE 5 – NOTES PAYABLE

For the year ended December 31, 2019, notes payable includes a \$8,000,000 non-revolving line of credit with a financial institution held by Atlanta Emerging Markets, Inc (AEMI) with a balance of \$7,849,200 at December 31, 2019 and a maturity date of December 30, 2020. Terms include interest only payments of prime plus 1.9% paid quarterly with full balance of principal and accrued interest due at maturity. The note is collateralized by capital campaign funds. Additionally, the Organization will pay AEMI an annual interest payment of 1% on the full original balance for seven years. This interest payment will be refunded each year by December 31. This loan is restricted for construction as stated in Note 11.

For the year ended December 31, 2019, notes payable includes a \$3,922,800 New Market Tax Credit loan held by AEMI. The Organization will pay AEMI an annual interest payment of 1% on the full original balance for seven years. This interest payment will be refunded each year by December 31. The loan will be fully forgiven if all requirements are met for seven years. See Note 11. At December 31, 2019 the balance presented on the Statement of Financial Position includes \$565,131 of capitalized loan costs net of \$0 of accumulated amortization.

NOTE 6 – PROMISES TO GIVE

A summary of promises to give included in receivables consist of the following:

	As of December 31,	
	2019	2018
Receivables in less than one year	\$ 6,912,393	\$ 3,222,822
Less: Reserve for bad debts	(7,400)	(7,400)
	6,904,993	3,215,422
Receivables in one to five years	2,160,690	1,681,525
	<u>\$ 9,065,683</u>	<u>\$ 4,896,947</u>

NOTE 7 – CONTINGENCY

Contributions often require the fulfillment of certain conditions as set forth in the terms of the related instrument. Failure to fulfill the conditions could result in the return of the funds to the grantor. Management represents that the Organization has complied with any such conditions. Although the return of funds is a possibility, management deems the contingency unlikely.

NOTE 8 – RELATED PARTY TRANSACTIONS

For the year ended December 31, 2019, the Organization received donated youth center construction costs of \$450,000 from a company who had an officer that served as board member to the Organization. In addition, another \$20,000 was donated for project design services from a company who had an officer that served as a board member to the Organization. These construction costs are included in property and equipment. There were no significant related party transactions in the year ended December 31, 2018.

THE ATLANTA POLICE FOUNDATION, INC.

Notes to Consolidated Financial Statements (Continued)

NOTE 9 – HOME INVENTORY

During 2015, the Organization, as part of its Secure Neighborhood Initiative, began a program whereby the Organization along with both governmental and private partners collaborated on the development of homes in a targeted neighborhood to sell to police officers meeting certain defined qualifications. As of December 31, 2019 and 2018, home inventory represents costs on rehabilitating or constructing homes by the Organization which will be partially recovered when the homes are sold.

NOTE 10 – EMPLOYEE PENSION PLAN

During 2016, the Organization started a Tax Deferred Annuity plan under Section 403(b) of the Internal Revenue Code (IRC). An eligible employee may make contributions to the plan through a salary reduction agreement with the Organization, subject to certain maximum limitations. The Organization may make discretionary contributions to the plan. The plan is underwritten and maintained by an outside party. For the year ended December 31, 2019 and 2018, the contributions to the plan totaled approximately \$24,000 and \$18,000.

NOTE 11 - NEW MARKET TAX CREDIT

The New Market Tax Credit Program (NMTC Program) was established by Congress in 2000 to attract investment capital to low-income communities by permitting investors to receive tax credit incentives in exchange for making equity investments in certified Community Development Entities (CDE). Under this program, certain commercial banks and other investors are able to subsidize eligible projects that meet the NMTC Program requirements.

In July 2019, a new 501(c)(3), APF Support, Inc., was formed to facilitate the New Market Tax Credit transaction by holding funds and certain properties transferred to it by the Atlanta Police Foundation, Inc. during the seven-year term of the New Market Tax Credit program. Capital campaign funds and NMTC proceeds received under the NMTC Program will be disbursed to create two youth centers in blighted areas of Atlanta.

On December 31, 2019, to benefit under the NMTC Program, the Organization entered into a series of agreements and transactions with the AEMI Fund XXIII, LLC and TNT-APF NMTC Fund, LLC. At December 31, 2019, notes payable related to the NMTC Program total \$7,849,200 and \$3,922,800 (Note 5) and restricted cash received, after closing costs, totals \$11,216,869. The Organization is required to pay the AEMI Fund XXIII, LLC an interest rate of 1% on the full loan amount each year for seven years. Per the agreement, all interest payments will be repaid to the Organization on a yearly basis.

THE ATLANTA POLICE FOUNDATION, INC.

Notes to Consolidated Financial Statements (Concluded)

NOTE 12 – LIQUIDITY AND FUNDS AVAILABLE

APF has \$12,444,663 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash and cash equivalents of \$5,200,910, certificates of deposit of \$1,778,810, accounts receivable of \$5,375,983, and prepaid expenses of \$88,960. Some of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The contributions receivable are subject to implied time restrictions but are expected to be collected within one year.

APF has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 90 days of normal operating expenses. APF has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, APF invests cash in excess of daily requirements in various short-term investments, including certificates of deposits and short-term treasury instruments.

APF also has committed lines of credit in the amount of \$250,000 which it could draw upon in the event of an unanticipated liquidity level.

NOTE 13 – SUBSEQUENT EVENTS

After year end, the United States economy has been negatively impacted as a result of the COVID-19 pandemic. To mitigate the economic impact on the Organization, management applied for and obtained a \$256,395 loan through the Paycheck Protection Program. Although this amount is considered a loan payable, management represents the Organization intends to comply with the program's loan use guidelines and fully expects the entire amount to be forgiven.

Since May 2020, protests supporting social justice and police reform have erupted in cities across America including Atlanta, GA.

The Organization is completing a top-to-bottom review of its programs and fundraising initiatives to ensure that it can continue to meet its strategic objectives amid the economic decline and protests.