

THE ATLANTA POLICE FOUNDATION, INC.
AND APF SUPPORT, INC.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

THE ATLANTA POLICE FOUNDATION, INC.

AND APF SUPPORT, INC.

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BLAD & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
1832 INDEPENDENCE SQ., STE. A DUNWOODY, GA 30338
770-512-7600 WWW.BLADCPA.COM

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of The Atlanta Police Foundation, Inc. and APF Support, Inc. (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial positions of The Atlanta Police Foundation, Inc. and APF Support, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 Consolidated Financial Statements section of our report. We are required to be independent of The Atlanta Police Foundation, Inc. and APF Support, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 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 The Atlanta Police Foundation, Inc. and APF Support, Inc.'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, including omissions, 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.

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

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 The Atlanta Police Foundation, Inc. and APF Support, Inc.'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 The Atlanta Police Foundation, Inc. and APF Support, Inc.'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.

Blad & Associates, P.C.

Dunwoody, Georgia
September 2, 2022

**THE ATLANTA POLICE FOUNDATION, INC.
AND APF SUPPORT, INC.
Consolidated Statements of Financial Position**

	<u>As of December 31,</u>	
	<u>2021</u>	<u>2020</u>
		(restated)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,487,324	\$ 4,327,956
Certificates of deposit with original maturities over 90 days	3,359,116	2,066,896
Contributions and other receivables, less reserve for bad debts of \$150,269 and \$7,400, respectively (Note 7)	5,654,258	4,222,720
Prepaid expenses	98,728	188,039
Home inventory (Note 10)	1,436,691	838,457
	<hr/>	<hr/>
Total Current Assets	12,036,117	11,644,068
RESTRICTED FOR NEW MARKET TAX CREDIT (Note 12):		
CASH	758,914	7,379,567
RECEIVABLES	7,837,200	7,837,200
NON-CURRENT CERTIFICATES OF DEPOSIT	-	256,877
CASH AND CONTRIBUTIONS RECEIVABLE RESTRICTED FOR LONG-TERM PURPOSES (Note 2)	10,470,576	2,038,589
CONTRIBUTIONS RECEIVABLE (Note 7)	2,542,849	633,333
NET PROPERTY AND EQUIPMENT	20,029,688	11,685,484
CAPITALIZED WEBSITE AND SOFTWARE COSTS, less accumulated amortization of \$62,191 and \$48,422, respectively	12,003	25,773
OTHER ASSETS	21,446	21,446
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 53,708,793</u>	<u>\$ 41,522,337</u>

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

**THE ATLANTA POLICE FOUNDATION, INC.
AND APF SUPPORT, INC.
Consolidated Statements of Financial Position
(CONTINUED)**

	<u>As of December 31,</u>	
	<u>2021</u>	<u>2020</u>
		(restated)
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accruals	\$ 1,399,807	\$ 2,753,951
Deferred revenue	671,689	741,740
Current portion of notes payable (Note 6)	-	3,850,440
Paycheck Protection Program loan (Note 1)	214,053	256,395
	<u>2,285,549</u>	<u>7,602,526</u>
Total Current Liabilities		
LONG-TERM DEBT:		
Notes payable, less capitalized loan fee-net (Note 6)	11,355,457	11,274,724
	<u>11,355,457</u>	<u>11,274,724</u>
Total Liabilities		
	<u>13,641,006</u>	<u>18,877,250</u>
NET ASSETS:		
Without donor restrictions		
Unrestricted	20,694,679	9,214,729
	<u>20,694,679</u>	<u>9,214,729</u>
With donor restrictions		
Purpose restrictions (Note 2)	19,339,108	10,734,952
Time restrictions (Note 2)	34,000	2,695,406
	<u>19,373,108</u>	<u>13,430,358</u>
Total Donor Restricted Net Assets		
	<u>19,373,108</u>	<u>13,430,358</u>
Total Net Assets		
	<u>40,067,787</u>	<u>22,645,087</u>
TOTAL LIABILITIES AND NET ASSETS		
	<u>\$ 53,708,793</u>	<u>\$ 41,522,337</u>

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

**THE ATLANTA POLICE FOUNDATION, INC.
AND APF SUPPORT, INC.
Consolidated Statement of Activities
For the Year Ended December 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
PUBLIC SUPPORT AND REVENUE:			
Contributions	\$ 4,970,014	\$ 20,956,064	\$ 25,926,078
Donated goods, services and facilities	411,229	-	411,229
Contracts	107,600	-	107,600
Fundraising and special events:			
Gross	1,441,437	-	1,441,437
Less direct benefits to donors	(635,176)	-	(635,176)
Operation Shield fees	383,792	-	383,792
Home sales	519,982	-	519,982
Paycheck Protection Program forgiveness	259,814	-	259,814
Interest Income	10,575	-	10,575
Other income	9,398	-	9,398
Total Public Support and Revenue before Transfers	7,478,665	20,956,064	28,434,729
Net Assets Released from restrictions due to satisfaction of donor-imposed requirements	15,013,314	(15,013,314)	-
Total Public Support and Revenue	22,491,979	5,942,750	28,434,729
EXPENSES:			
Management and general	1,018,059	-	1,018,059
Program	9,727,735	-	9,727,735
Fundraising	266,235	-	266,235
Total Expenses	11,012,029	-	11,012,029
CHANGES IN NET ASSETS	11,479,950	5,942,750	17,422,700
NET ASSETS:			
Beginning of year	9,214,729	13,430,358	22,645,087
End of year	\$ 20,694,679	\$ 19,373,108	\$ 40,067,787

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

**THE ATLANTA POLICE FOUNDATION, INC.
AND APF SUPPORT, INC.
Consolidated Statement of Activities
For the Year Ended December 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
PUBLIC SUPPORT AND REVENUE:			
Contributions	\$ 337,630	\$ 7,420,125	\$ 7,757,755
Donated goods, services and facilities	1,150,973	-	1,150,973
Contracts	29,067	-	29,067
Operation Shield fees	89,422	-	89,422
Home sales	432,213	-	432,213
Interest Income	54,242	-	54,242
Other income	90	-	90
Total Public Support and Revenue before Transfers	2,093,637	7,420,125	9,513,762
Net Assets Released from restrictions due to satisfaction of donor-imposed requirements	9,808,953	(9,808,953)	-
Total Public Support and Revenue	11,902,590	(2,388,828)	9,513,762
EXPENSES:			
Management and general	496,608	-	496,608
Program	8,330,124	-	8,330,124
Fundraising	268,001	-	268,001
Total Expenses	9,094,733	-	9,094,733
CHANGES IN NET ASSETS	2,807,857	(2,388,828)	419,029
NET ASSETS:			
Beginning of year	6,406,872	15,819,186	22,226,058
End of year	\$ 9,214,729	\$ 13,430,358	\$ 22,645,087

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

**THE ATLANTA POLICE FOUNDATION, INC.
AND APF SUPPORT, INC.
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2021**

	<u>Management and General</u>	<u>Program</u>	<u>Fundraising</u>	<u>Total</u>
Atlanta Police Department Support:				
Operation Shield	\$ -	\$ 1,471,346	\$ -	\$ 1,471,346
At-Promise Youth Center Operations	-	1,901,998	-	1,901,998
Crime Stoppers	-	379,393	-	379,393
Strategic Initiatives	-	859,534	-	859,534
Leadership Institute	-	294,241	-	294,241
Secure Neighborhoods Project	-	978,327	-	978,327
Officer Scholarships	-	54,530	-	54,530
Youth Crime Prevention	-	141,943	-	141,943
Advanced Crime Fighting Training	-	707,686	-	707,686
Atlanta Crime Research Center	-	211,661	-	211,661
Mounted Patrol	-	12,500	-	12,500
Life Insurance	-	40,008	-	40,008
APD Planning	-	4,504	-	4,504
APD Communications	-	132,227	-	132,227
APD Mini Grants	-	4,927	-	4,927
APD Officer Support	-	97,395	-	97,395
Unity Recruit Housing	-	9,623	-	9,623
Recruitment	-	30,227	-	30,227
Edgewood Operations Center	-	9,483	-	9,483
	-	<u>7,341,553</u>	-	<u>7,341,553</u>
Compensation and Related Costs	74,629	1,910,739	229,859	2,215,227
Outside Services	93,718	-	-	93,718
Occupancy	29,260	76,050	5,491	110,801
Supplies	15,113	512	386	16,011
Telecommunications	16,656	-	-	16,656
Printing and Copying	2,291	-	-	2,291
Marketing	10,825	44	3,545	14,414
Depreciation and Amortization	20,666	379,869	8,830	409,365
Interest	32,997	-	-	32,997
Meetings	19,271	1,812	329	21,412
Postage	5,654	-	5,916	11,570
Travel	14,839	2,649	-	17,488
Bad Debt	515,231	-	-	515,231
Other	166,909	14,507	11,879	193,295
	<u>1,018,059</u>	<u>9,727,735</u>	<u>266,235</u>	<u>\$11,012,029</u>
Total expenses	<u>\$ 1,018,059</u>	<u>\$ 9,727,735</u>	<u>\$ 266,235</u>	<u>\$11,012,029</u>

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

**THE ATLANTA POLICE FOUNDATION, INC.
AND APF SUPPORT, INC.
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2020**

	<u>Management and General</u>	<u>Program</u>	<u>Fundraising</u>	<u>Total</u>
Atlanta Police Department Support:				
Operation Shield	\$ -	\$ 789,245	\$ -	\$ 789,245
At-Promise Youth Center Operations	-	882,132	-	882,132
Crime Stoppers	-	383,490	-	383,490
Strategic Initiatives	-	1,431,971	-	1,431,971
Leadership Institute	-	135,074	-	135,074
Secure Neighborhoods Project	-	506,150	-	506,150
Westside Blue Patrol Compensation	-	267,905	-	267,905
Officer Scholarships	-	42,024	-	42,024
Youth Crime Prevention	-	174,630	-	174,630
Advanced Crime Fighting Training	-	82,141	-	82,141
Atlanta Crime Research Center	-	185,130	-	185,130
Mounted Patrol	-	15,000	-	15,000
Life Insurance	-	40,008	-	40,008
APD Planning	-	15,972	-	15,972
APD Communications	-	204,088	-	204,088
APD Mini Grants	-	21,727	-	21,727
Recruitment	-	36,346	-	36,346
COVID-19 Support	-	1,120,626	-	1,120,626
Edgewood Operations Center	-	5,701	-	5,701
	-	<u>6,339,360</u>	-	<u>6,339,360</u>
Compensation and Related Costs	104,656	1,487,076	191,309	1,783,041
Outside Services	39,279	59,123	791	99,193
Occupancy	26,334	50,278	5,195	81,807
Supplies	10,025	1,006	924	11,955
Telecommunications	16,855	140	-	16,995
Printing and Copying	2,142	-	473	2,615
Marketing	8,129	894	2,904	11,927
Depreciation and Amortization	15,607	273,669	6,669	295,945
Fundraising	-	-	46,900	46,900
Interest	140,905	71,758	-	212,663
Meetings	8,391	3,905	183	12,479
Postage	2,968	-	9,493	12,461
Travel	11,496	6,367	-	17,863
Other	109,821	36,548	3,160	149,529
	<u>496,608</u>	<u>8,330,124</u>	<u>268,001</u>	<u>9,094,733</u>
Total expenses	<u>\$ 496,608</u>	<u>\$ 8,330,124</u>	<u>\$ 268,001</u>	<u>\$ 9,094,733</u>

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

**THE ATLANTA POLICE FOUNDATION, INC.
AND APF SUPPORT, INC.
Consolidated Statements of Cash Flows**

	For the Year Ended December 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 17,422,700	\$ 419,029
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	409,365	295,945
Contributions restricted for long term purpose	(14,787,650)	(255,000)
Donated construction costs for youth center	-	(187,571)
Donated land for recruit housing	-	(460,600)
Bad debt provision	515,231	30,500
Paycheck Protection Program loan forgiveness	(256,395)	-
(Increase) decrease in receivables	(3,856,285)	2,650,120
(Increase) decrease in prepaid expenses	89,311	(99,079)
(Increase) decrease in home inventory	(598,234)	(207,173)
(Increase) decrease in capitalized loan fees	-	(877)
Increase (decrease) in accounts payable and accruals	(361,159)	(1,604,578)
Increase (decrease) in deferred revenue	(70,051)	600,740
	(1,493,167)	1,181,456
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(9,652,051)	(4,748,595)
Capitalized website costs	-	(8,455)
(Increase) decrease in certificate of deposits	(1,035,343)	(288,715)
	(10,687,394)	(5,045,765)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions collected restricted for long-term purposes	8,613,483	1,284,010
Repayment on NMTC loan	(3,850,440)	(3,998,760)
Paycheck Protection Program proceeds	214,053	256,395
	4,977,096	(2,458,355)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(7,203,465)	(6,322,664)
Beginning of year	13,246,112	19,568,776
End of year	\$ 6,042,647	\$ 13,246,112
RECONCILIATION OF CASH BALANCE:		
Cash and cash equivalents	\$ 1,487,324	\$ 4,327,956
Cash restricted for New Market Tax Credit	758,914	7,379,567
Cash restricted for long-term purposes	3,796,409	1,538,589
	\$ 6,042,647	\$ 13,246,112
SUPPLEMENTAL INFORMATION:		
Purchases of property and equipment with payables	\$ 611,863	\$ 2,216,711
Interest paid	\$ 32,997	\$ 212,663

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

THE ATLANTA POLICE FOUNDATION, INC. AND APF SUPPORT, 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.

APF Support, Inc. ("APF Support"), a 501(c)(3) organization, was created by board members of the Foundation in order 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, 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.

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.

THE ATLANTA POLICE FOUNDATION, INC. AND APF SUPPORT, INC.

Summary of Accounting Policies

INCOME TAXES

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, 2021 and 2020, 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.

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.

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.

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.

**THE ATLANTA POLICE FOUNDATION, INC.
AND APF SUPPORT, INC.**

Summary of Accounting Policies

PROPERTY AND EQUIPMENT, continued

Construction in progress represents construction costs of a youth center, recruit housing, and a training center 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,	
	2021	2020
Building and improvements	\$ 8,752,279	\$ 4,095,200
Land	560,600	560,600
Construction in progress	10,877,629	7,636,562
Furniture and equipment	852,468	91,548
Less accumulated depreciation	(1,013,288)	(698,426)
	<u>\$20,029,688</u>	<u>\$11,685,484</u>

RECEIVABLES

Receivables are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions and grants with payment dates in future periods, restricted by the donor for specific purposes or designated for future periods are reported as revenue with donor restrictions that increases that net asset class. Management reviews amounts past due and provides an allowance for those amounts deemed uncollectible. As of December 31, 2021 and 2020, management has deemed an allowance of \$150,269 and \$7,400, respectively, is appropriate. Management has determined the remainder of receivables are collectible.

SUPPORT AND REVENUE RECOGNITION

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to the Organization.

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as reclassifications.

THE ATLANTA POLICE FOUNDATION, INC. AND APF SUPPORT, INC.

Summary of Accounting Policies

SUPPORT AND REVENUE RECOGNITION, continued

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.

Gifts-in-kind include contributions of noncash items. Gifts-in-kind that can be used or sold are measured at fair value.

The Organization recognizes revenue from contracts in accordance with Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)* using the five-step approach. Revenues are recognized at a point in time.

EXPENSE RECOGNITION

All expenses are recognized in the statement of activities as decreases in net assets without donor restrictions. The Organization allocates its expenses on a functional basis among its 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.

ADVERTISING

In 2021 and 2020, the Organization charged advertising totaling approximately \$57,000 and \$19,000 respectively, to expense. For non-direct-response advertising, the Organization's policy is to expense costs as incurred.

**THE ATLANTA POLICE FOUNDATION, INC.
AND APF SUPPORT, INC.**

Summary of Accounting Policies

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 2021 and 2020, the Organization received the following donated services and goods:

	As of December 31,	
	2021	2020
Police service	\$ 215,000	\$ 215,000
Crime Lab	54,811	74,852
Meals and snacks	29,150	125,473
Rent	26,576	-
At-Promise services	25,750	-
Other	24,200	20,768
Equipment and furnishings	16,130	12,938
Event	10,325	900
Facilities	7,653	18,682
Surveillance camera system	1,634	12,329
Land	-	460,600
Construction costs	-	187,571
COVID-19	-	13,160
Consulting	-	4,500
Film project	-	4,200
	\$ 411,229	\$ 1,150,973

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.
AND APF SUPPORT, INC.**

Summary of Accounting Policies

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENT

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, 2021. 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.

**THE ATLANTA POLICE FOUNDATION, INC.
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Notes to Consolidated Financial Statements

NOTE 1 – ECONOMIC UNCERTAINTY DUE TO COVID-19 PANDEMIC

During the years of December 31, 2021 and 2020, the United States economy was negatively impacted as a result of the COVID-19 pandemic. As the pandemic continues, the Organization continues to evaluate the financial and organizational impact of the economic uncertainty.

In April 2020, the Organization obtained a \$256,395 loan under the Small Business Administration's Paycheck Protection Program (PPP). Under the terms of the loan agreement, the Organization will make equal monthly payments plus 1% interest beginning in November 2020 with a maturity date of April 2022. If certain conditions are met under the program's loan use guidelines, the loan can be forgiven.

In June 2021, the Organization obtained a \$214,053 loan under the second round of the PPP. Under the terms of the loan agreement, the Organization will make equal monthly payments plus 1% interest over a period of time. If certain conditions are met under the programs' loan use guidelines, the loan can be forgiven. Management represents that during the year ended December 31, 2022, the Organization intends to comply with these guidelines and fully expects the entire amount to be forgiven.

Based on non-authoritative technical practice aids and current industry discussions, not-for-profit entities have the option to account for PPP loans under either the debt or grant model. The Organization has chosen to follow the debt model, which records the PPP loan as a financial liability until the SBA has approved the forgiveness. At that point in time, the Organization will recognize income to the extent of the forgiveness. In August 2021, the Organization applied for and received full forgiveness for the original loan amount and accrued interest from its lender for the PPP round 1 and recognized \$259,814 of related revenue in the year ended December 31, 2021.

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Notes to Consolidated Financial Statements

NOTE 2 – 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,	
	2021	2020
At-Promise Operations	\$ 7,271,042	\$ 7,041,241
At-Promise Southwest Building *	-	1,724,135
At-Promise Studio Equipment*	-	123
Buckhead Security Plan	82,445	-
Centers for Hope	114,000	300,000
CEOPS	5,203	5,204
Field Day	218,237	53,682
Life Insurance	66,403	-
Operation Shield	838,961	-
Other	24,222	27,487
Public Safety Training Center *	10,470,576	500,244
Recruit Housing *	-	314,330
Secure Neighborhoods	168,324	180,984
Strategic Initiatives	71,995	567,086
Three Point Conversion	-	12,736
Time Restricted	34,000	2,695,406
Training	7,700	7,700
	\$ 19,373,108	\$ 13,430,358

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

Cash	\$ 3,796,409	\$ 1,538,589
Contributions receivable	6,674,167	500,000
	\$ 10,470,576	\$ 2,038,589

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.

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Notes to Consolidated Financial Statements

NOTE 3 – CONCENTRATIONS

For the year ended December 31, 2021, the Organization received revenue from three sources representing 57% of its total revenues. As of December 31, 2021, receivables from these and other sources represent 45% of total receivables.

For the year ended December 31, 2020, the Organization received revenue from two sources representing 21% of its total revenues. As of December 31, 2020, receivables from these and two other sources represent 59% of total receivables.

NOTE 4 – 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 through 2024.

For the years ended December 31, 2021 and 2020, the Organization incurred total annual rent expense of approximately \$65,000 and \$66,000, respectively, for these leases. The following is the minimum rental payments required under the leases:

<u>Year</u>	<u>Amount</u>
2022	\$ 70,369
2023	23,656
2024	<u>6,840</u>
Total	<u>\$ 100,865</u>

NOTE 5 – 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 (3.25% at December 31, 2020) with all outstanding principal and interest due at maturity. During the year of December 31, 2021, there were no drawdowns and the line of credit matured and was not renewed.

**THE ATLANTA POLICE FOUNDATION, INC.
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Notes to Consolidated Financial Statements

NOTE 6 – NOTES PAYABLE

For the years ended December 31, 2021 and 2020, notes payable includes a \$8,000,000 non-revolving line of credit held by Northern Trust with a balance of \$0 and \$3,850,440, respectively, and a maturity date of December 30, 2021. 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. This loan is restricted for construction as stated in Note 12.

For the years ended December 31, 2021 and 2020, notes payable includes two New Market Tax Credit loans held by AEMI Fund XXIII, Inc. (AEMI) of \$7,837,200 and \$3,922,800. The Organization will pay AEMI an annual interest payment of 1% on the full original balance for seven years. This interest payment is will be refunded each year by December 31. The loan is expected to be fully forgiven if all requirements are met for seven years. See Note 12.

As of December 31, 2021, the balance presented on the Statement of Financial Position includes \$404,543 of capitalized loan costs net of \$161,466 of accumulated amortization. As of December 31, 2020, the balance presented on the Statement of Financial Position includes \$485,276 of capitalized loan costs net of \$80,733 of accumulated amortization.

NOTE 7 – PROMISES TO GIVE

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

	As of December 31,	
	2021	2020
Receivables in less than one year:		
- Contributions	\$ 16,982,560	\$ 4,230,120
Less: Reserve for bad debts	(150,269)	(7,400)
	16,832,291	4,222,720
Receivables in less than one year:		
- Restricted for long-term purposes	3,340,833	500,000
Receivables in one to five years:		
- Restricted for NMTC (Note 12, below)	7,837,200	7,837,200
- Restricted for long-term purposes	3,333,334	-
- Contributions	2,542,849	633,333
	\$ 22,708,474	\$ 13,193,253

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Notes to Consolidated Financial Statements

NOTE 8 – 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 9 – RELATED PARTY TRANSACTIONS

For the year ended December 31, 2021, the Organization received recruit housing construction with costs of approximately \$8,400,000 from two separate companies which both had officers that served as board members to the Organization. These construction costs are included in property and equipment.

For the year ended December 31, 2020, the Organization received recruit housing construction with costs of approximately \$200,000 from a company who had an officer that served as board member to the Organization. These construction costs are included in property and equipment. There were also approximately \$20,000 of donated legal services for real estate transactions. These services were donated from a law firm who had an officer that served as a board member to the Organization.

NOTE 10 – 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, 2021 and 2020, home inventory represents costs on rehabilitating or constructing homes by the Organization which will be partially recovered when the homes are sold.

NOTE 11 – 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, 2021 and 2020, the contributions to the plan totaled approximately \$14,000 and \$22,000.

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Notes to Consolidated Financial Statements

NOTE 12 – 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 NMTC 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, 2021, notes payable related to the NMTC Program total \$11,760,000 (Note 6). At December 31, 2020, notes payable related to the NMTC Program total \$11,760,000 (Note 6).

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.

Additionally, as a part of the original agreement and transactions with the AEMI Fund XXIII, LLC and TNT-APF NMTC Fund, LLC on December 31, 2019, the Organization obtained a note receivable from the TNT-APF NMTC Fund, LLC in the amount of \$7,837,200.

If certain conditions are met under the NMTC Program, all notes payable and notes receivable are expected to be forgiven after seven years.

NOTE 13 – PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2021, it was determined the presentation of the NMTC Program agreements as discussed in Note 12 were not properly presented on the statements of financial position as of December 31, 2020 and 2019. A prior period adjustment of \$7,837,200 was made to both notes receivables and notes payable as of December 31, 2019. The adjustment did not impact net assets or the statements of activities for the years ended December 31, 2020 and 2019.

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Notes to Consolidated Financial Statements

NOTE 14 – LIQUIDITY AND FUNDS AVAILABLE

The Organization has \$11,937,389 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 \$1,487,324, certificates of deposit of \$3,359,116, receivables of \$5,654,258, and inventory of \$1,436,691. Included in the above amounts is \$8,892,532 of donor restricted net assets that are available to be used in the next year. The receivables are subject to implied time restrictions but are expected to be collected within one year.

The Organization 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. The Organization 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, the Organization invests cash in excess of daily requirements in various short-term investments, including certificates of deposits and short-term treasury instruments.