OVERTON PARK CONSERVANCY

FINANCIAL STATEMENTS

December 31, 2021
(with summarized comparative information for 2020)

WATKINS UIBERALL
Certified Public Accountants
Independent Member of BKR International

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Overton Park Conservancy

Opinion

We have audited the accompanying financial statements of Overton Park Conservancy (a nonprofit Conservancy), which comprise the statement of financial position as of December 31, 2021 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Overton Park Conservancy as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Overton Park Conservancy 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.

Summarized Prior Period Financial Statements

The financial statements of Overton Park Conservancy as of and for the year ended December 31, 2020, were audited by other auditors whose opinion dated November 12, 2021 expressed an unmodified opinion on those statements. As more fully described in Note 9, management has restated its 2020 financial statements during the current year to correct a classification error in beginning net assets. The other auditors reported on the 2020 financial statements before the restatement.

As part of our audit of the 2021 financial statements, we also audited adjustments described in Note 9 that were applied to restate the 2020 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2020 financial statements other than with respect to the adjustments and, accordingly, we do express an opinion or any other form of assurance on the 2020 financial statements as a whole.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 Overton Park Conservancy'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Overton Park Conservancy'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.

Watkins Uiberall, PLLC

Memphis, Tennessee
February 3, 2023

OVERTON PARK CONSERVANCY

STATEMENT OF FINANCIAL POSITION

December 31, 2021
(with summarized comparative information at December 31, 2020)

	2021	2020 (As Restated)
Cash and cash equivalents	$ 1,780,784	$ 1,989,609
Promises to give	91,000	60,000
Other receivables	41,193	15,000
Beneficial interest in assets held by others	681,232	523,335
Other assets	1,722	1,464
Property and equipment, net	-	1,862
Total assets	$ 2,595,931	$ 2,591,270

Liabilities and Net Assets

	2021	2020 (As Restated)
Liabilities		
Accounts payable	$ 45,507	$ 12,578
Accrued payroll and related liabilities	38,058	41,646
Note payable	-	71,597
Total liabilities	83,565	125,821
Net Assets		
Without donor restrictions	770,709	306,504
With donor restrictions	1,741,657	2,158,945
Total net assets	2,512,366	2,465,449
Total liabilities and net assets	$ 2,595,931	$ 2,591,270

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

OVERTON PARK CONSERVANCY

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2021
(with summarized comparative information for the year ended December 31, 2020)

	Without Donor Restrictions	With Donor Restrictions	Totals 2021	Totals 2020
Revenue, Support, and Gains				
Contributions and grants	$ 1,099,909	$ 1,400,600	$ 2,500,509	$ 1,682,837
In-kind contributions	45,000	-	45,000	-
Management fees - City of Memphis	150,000	-	150,000	150,000
Events and fees	15,102	-	15,102	22,266
Other Income	22,554	-	22,554	5,568
Net assets released from restrictions	1,975,785	(1,975,785)	-	-
Total support and revenue	3,308,350	(575,185)	2,733,165	1,860,671
Expenses				
Program services	2,636,801	-	2,636,801	537,506
General and administrative	146,970	-	146,970	134,303
Fundraising	224,223	-	224,223	297,416
Total expenses	3,007,994	-	3,007,994	969,225
Nonoperating Activities				
Gain on forgiveness of PPP loans	163,849	-	163,849	-
Change in value of beneficial interest	-	157,897	157,897	57,912
Total nonoperating activities	163,849	157,897	321,746	57,912
Change in net assets	464,205	(417,288)	46,917	949,358
Net assets, beginning of year, as previously stated	360,652	2,104,797	2,465,449	1,516,091
Prior period reclassification adjustment	(54,148)	54,148	-	-
Net assets, beginning of year, as restated	306,504	2,158,945	2,465,449	1,516,091
Net assets, end of year	$ 770,709	$ 1,741,657	$ 2,512,366	$ 2,465,449

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

OVERTON PARK CONSERVANCY

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2021
(with summarized comparative information for the year ended December 31, 2020)

	Program Services	General and Administrative	Fundraising	Totals 2021	Totals 2020
Salaries and wages	$ 204,196	$ 17,278	$ 162,540	$ 384,014	$ 394,973
Payroll taxes and benefits	28,735	4,238	19,036	52,009	47,842
Park maintenance	418,786	-	-	418,786	351,287
Park improvements	1,905,341	1,259	188	1,906,788	46,882
Insurance	-	43,693	-	43,693	42,505
Professional fees	-	35,863	-	35,863	13,300
Advertising and promotion	967	1,775	-	2,742	627
Depreciation	-	1,862	-	1,862	1,330
Miscellaneous	1,598	17,380	218	19,196	18,042
Development costs	1,655	10,604	25,861	38,120	4,418
Special events	-	-	11,457	11,457	100
Postage and printing	15,955	6,149	3,435	25,539	21,713
Communication and internet	1,118	6,869	-	7,987	9,152
Occupancy costs	47,291	-	-	47,291	17,054
Park events	11,159	-	1,488	12,647	-
Total expenses	$ 2,636,801	$ 146,970	$ 224,223	$ 3,007,994	$ 969,225

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

OVERTON PARK CONSERVANCY

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2021
(with summarized comparative information for the year ended December 31, 2020)

	2021	2020
Cash Flows From Operating Activities:		
Change in net assets	$ 46,917	$ 949,358
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used For) Operating Activities:		
Depreciation	1,862	1,330
Gain on forgiveness of 1st draw PPP loan	(71,597)	(60,004)
Change in value of beneficial interest	(157,897)	-
Changes in Operating Assets and Liabilities:		
Promises to give	(31,000)	(49,000)
Other receivables	(26,193)	(15,000)
Other assets	(258)	(1,464)
Accounts payable	32,929	(4,163)
Accrued expenses	-	20,254
Accrued payroll and related liabilities	(3,588)	(2,050)
Net cash provded by (used for) operating activities	(208,825)	839,261
Cash Flows From Financing Activities:		
Proceeds from Paycheck Protection Program loan	-	71,597
Net decrease in cash and cash equivalents	(208,825)	910,858
Cash and cash equivalents, beginning of year	1,989,609	1,078,751
Cash and cash equivalents, end of year	$ 1,780,784	$ 1,989,609

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

NOTE 1 – PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Overton Park Conservancy (the “Conservancy”) is a nonprofit organization founded in 2011 for the purpose of overseeing the revitalization and beautification of Overton Park for the City of Memphis, Tennessee. The Conservancy operates under a management agreement with the City of Memphis as described more fully in Note 7 and is responsible for the planning and implementation of park improvements that will benefit the surrounding community. All improvements made are the property of the City of Memphis, Tennessee.

Basis of Accounting

The financial statements of the Conservancy have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Conservancy’s 2020 financial statements. Additionally, certain prior year amounts have been reclassified to conform with the current year presentation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue Recognition

The Conservancy is supported primarily by contributions from the general public and the City of Memphis. Contributions are recognized when cash, other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met.

Management fees for park management services provided to the City of Memphis are recognized ratably on a monthly basis as services are rendered.

In-Kind Contributions

Donated goods and services are recorded as contributions at their estimated fair values at the date of donation. The corresponding expense is allocated to the appropriate program or supporting service. Donated services are recognized in the financial statements if the services either create or enhance a nonfinancial asset or require specialized skills, are provided by entities or persons possessing those skills, and would need to be purchased if they were not donated. The Conservancy receives a significant amount of donated services from unpaid volunteers who assist with operations and special projects. No amounts have been recognized in the financial statements for these services since the criteria for recognition have not been met.

For 2021, in-kind contributions consisted of discounted use of office space totaling $45,000. The corresponding expense is included in occupancy costs in the statement of functional expenses. The fair value of the office rent was based on market rates for comparable space.

Credit Risks and Concentrations

Deposit concentration risk is managed by placing cash with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed federally insured limits of $250,000 in the aggregate. To date, the Conservancy has not experienced any losses in such accounts nor does management believe there is any significant credit risk on its deposits. Credit risk associated with promises to give is considered to be limited due to high historical collection rates and because substantial portions of the promises are due from individuals who have been long-time supporters of the mission.

For 2021, two donors accounted for approximately 23% of contributions and grant revenues. For 2020, three donors accounted for approximately 52% of contributions and grant revenues.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Conservancy considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Long-term promises to give are discounted to the present value of future cash flows using Treasury bill rates for similar term investments (when material). Management provides an allowance for uncollectible promises based upon analysis of individual donor balances and historical loss experience. Promises to give are written off when deemed uncollectible. Management has deemed an allowance to be unnecessary at December 31, 2021 and 2020.

Property and Equipment

Property and equipment items are recorded at acquisition cost, if purchased, or the estimated fair value on the date received, if donated. The Conservancy capitalizes office furniture and equipment with a cost of $1,000 or more and useful lives of one year or more. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets ranging from three to eight years. Repairs and maintenance are charged to expense as incurred. Major park improvements are charged to expense and not capitalized, as the managed park area is owned by the City of Memphis.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Functional Allocation of Expenses

The costs of providing programs and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Expenses that are identified with a specific program or support service are charged directly to the appropriate function. Other shared costs have been allocated among the programs and supporting services benefited based on management's estimate of the relative effort expended (employee time) for the related functions.

Fair Value Measurements

The Conservancy reports certain assets at fair value in the financial statements. Fair value is defined under GAAP as an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Conservancy utilizes market data or assumptions that market participants would use in pricing the asset under a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs about which little or no market data exists, therefore, requiring an entity to develop its own assumptions. At December 31, 2021 and 2020, assets measured at fair value on a recurring basis consisted of the beneficial interest in assets held by others. See Note 4 for additional information.

Income Taxes

The Conservancy is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in the accompanying financial statements. The Conservancy files an exempt Conservancy return in the U.S. federal jurisdiction.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting and Standards Board ("FASB") amended the Leases topic of the Accounting Standards Codification to revise certain aspects of recognition, measurement, presentation, and disclosure of leasing transactions. The amendments will be effective for fiscal years beginning after December 15, 2021. The Conservancy is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

Date of Management's Review

The Conservancy evaluated its December 31, 2021 financial statements for subsequent events through February 3, 2023, the date the financial statements were available to be issued. Other than the events described in Note 8, the Conservancy is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the statement of financial position, date comprise the following:

	2021	2020
Cash and cash equivalents	$ 1,780,784	$ 1,989,609
Promises to give due within one year	71,000	60,000
Other receivables	41,193	15,000
Less donor purpose restrictions	(1,060,425)	(1,635,610)
	$ 832,552	$ 428,999

The Conservancy has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As described in Note 4, the Conservancy can draw upon its beneficial interest in an endowment fund, up to 5% of the fund balance, in the event of an additional liquidity need.

NOTE 3 – PROMISES TO GIVE

Promises to give are estimated to be collected as follows at December 31:

	2021	2020
Due within one year	$ 71,000	$ 60,000
Due within one to five years	20,000	-
	$ 91,000	$ 60,000

NOTE 4 – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

In 2018, the Conservancy and other donors established an endowment fund (the “Fund”) at the Community Foundation of Greater Memphis (“CFGM”) for the purpose of sustaining the Conservancy in perpetuity. The Conservancy has granted CFGM variance power in the assets transferred, which could be exercised if the Conservancy ceases to be a qualified charitable organization, if the Fund’s purpose becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. However, CFGM has agreed that the income and assets of the Fund are to be granted to or used for the sole benefit of the Conservancy. The Fund allows for annual distributions to the Conservancy of up to 5% of the Fund balance. To date, no distributions have been made to the Conservancy.

Since the Conservancy is specified as the beneficiary of the Fund, it has recorded an asset for its beneficial interest in the Fund, based on the fair value of the underlying investments held at CFGM. Changes in the fair value of the Fund are reported in the statement of activities and consist of contributions made directly to the Fund by donors, interest and dividends, realized and unrealized gains and losses, less investment management fees.

The Fund is currently invested in CFGM’s balanced pool which consists of approximately 65% equities, 10% money markets and U.S. government obligations, 20% corporate and municipal bonds, and 5% private equity and real estate. The Fund is classified as Level 3 within the fair value hierarchy. Although the majority of the holdings are in securities with quoted prices in active markets, the Conservancy does not have access to the CFGM holdings and therefore does not have any observable inputs for CFGM. The Conservancy does receive quarterly statements which detail its pro-rata interest in the holdings of the pool. At December 31, 2021 and 2020, the balance of the Conservancy's beneficial interest in the Fund was $681,232 and $523,335, respectively.

NOTE 5 – NOTES PAYABLE

In April 2020, the Conservancy qualified for and received a loan pursuant to the Paycheck Protection Program ("PPP"), a program implemented by the U.S. Small Business Administration ("SBA") under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender, in the amount of $71,597. In February 2021, the Conservancy received a second PPP loan in the amount of $92,252. In September 2021, both PPP loans, totaling $163,849, were fully forgiven by the SBA and reported as a gain in the statement of activities.

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows at December 31:

	2021	2020 (As Restated)
Purpose Restrictions:		
Golf course	$ 495,707	$ 1,155,781
Master planning	61,832	15,968
Overton Park Junior Open	50,000	-
Parking improvements	452,886	462,886
Other projects	-	975
Total purpose restrictions	1,060,425	1,635,610
Beneficial interest in assets held by others	681,232	523,335
	$ 1,741,657	$ 2,158,945

NOTE 7 – MANAGEMENT AGREEMENT

The Conservancy has a management agreement with the City of Memphis for the operation, protection, enhancement, and development of Overton Park. The agreement expires on January 1, 2032. All improvements, construction, landscaping projects, and other permanent changes are subject to approval by the City of Memphis. The agreement provides for annual operating support of $150,000, subject to the annual appropriation of funds by the Memphis City Council. Management fees received from the City of Memphis totaled $150,000 for both 2021 and 2020.

NOTE 8 – COMMITMENTS

In November 2021, the Conservancy entered into a construction contract for improvements to the golf cart storage and maintenance building. At December 31, 2021, outstanding commitments for this contract totaled approximately $469,000.

In March 2022, the Conservancy entered a lease agreement for office space. The lease term is sixty months; and base rent is $2,500 monthly, subject to annual upward adjustments.

In April 2022, the Conservancy entered into a construction contract for approximately $1,065,000 to renovate the Abe Goodman Golf Clubhouse.

NOTE 9 – PRIOR PERIOD ADJUSTMENT

The Conservancy restated its beginning net assets to correct a classification error relating to the beneficial interest in assets held by others. Management considers the entire balance of the beneficial interest in assets held by others to be restricted as the Conservancy does not have access to the funds and it is subject to a 5% spending rate policy as described in Note 4. The effect of this correction was an increase of $54,148 in net assets with donor restrictions and a decrease of the same amount of net assets without donor restrictions. This adjustment had no effect on total beginning net assets or the prior year change in net assets.