



**PIEDMONT PARK CONSERVANCY, INC.**  
**ATLANTA, GEORGIA**  
**REPORT ON AUDITS OF FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

**PIEDMONT PARK CONSERVANCY, INC.**  
**INDEX TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009 AND 2008**

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**Jones and Kolb**  
**Certified Public Accountants**  
**Atlanta, Georgia**

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Piedmont Park Conservancy, Inc.  
Atlanta, Georgia

We have audited the accompanying statements of financial position of Piedmont Park Conservancy, Inc. (the "Organization") as of December 31, 2009 and 2008, and the related statements of activities and net assets and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Piedmont Park Conservancy, Inc. as of December 31, 2009 and 2008 and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

*Jones and Kolb*

May 26, 2010

**PIEDMONT PARK CONSERVANCY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2009 AND 2008**

**ASSETS**

	<b>2009</b>	<b>2008</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 7,845,366	\$ 10,186,407
Investments		17,189
Pledges receivable	6,049,224	5,503,238
Accounts receivable	52,240	105,589
Other current assets	18,959	10,458
Total current assets	13,965,789	15,822,881
 <b>PROPERTY AND EQUIPMENT</b>		
Land, building and improvements	3,093,974	2,583,581
Furniture, fixtures and equipment	630,268	558,419
Total	3,724,242	3,142,000
Less accumulated depreciation	918,525	788,033
Total property and equipment	2,805,717	2,353,967
 <b>PROJECT CONSTRUCTION COSTS</b>	14,616,170	5,395,774
 <b>OTHER ASSETS</b>		
Pledges receivable - long-term	1,500,384	2,261,953
Total assets	\$ 32,888,060	\$ 25,834,575

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

**PIEDMONT PARK CONSERVANCY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2009 AND 2008**

**LIABILITIES AND NET ASSETS**

	<u>2009</u>	<u>2008</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 1,632,463	\$ 656,833
Deferred revenue	55,000	
Current portion of capital lease obligation	<u>3,786</u>	<u>21,765</u>
Total current liabilities	1,691,249	678,598
 <b>LONG-TERM LIABILITIES</b>		
Long-term portion of capital lease obligation		<u>3,786</u>
Total liabilities	<u>1,691,249</u>	<u>682,384</u>
 <b>NET ASSETS</b>		
Unrestricted	17,220,057	7,051,792
Temporarily restricted	<u>13,976,754</u>	<u>18,100,399</u>
Total net assets	<u>31,196,811</u>	<u>25,152,191</u>
Total liabilities and net assets	<u><u>\$ 32,888,060</u></u>	<u><u>\$ 25,834,575</u></u>

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

**PIEDMONT PARK CONSERVANCY, INC.**  
**STATEMENTS OF ACTIVITIES AND NET ASSETS**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
<b>UNRESTRICTED SUPPORT</b>		
Rental income	\$ 730,887	\$ 691,724
Membership and unrestricted contributions	425,570	491,191
Program fees	330,005	206,667
Special events	853,493	146,766
City of Atlanta support	130,505	445,666
Interest income	24,747	213,292
Gain on disposal of fixed assets		5,842
	<hr/>	<hr/>
Total unrestricted support	2,495,207	2,201,148
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<hr/>	<hr/>
	19,820,867	4,663,941
<b>TOTAL UNRESTRICTED SUPPORT AND RECLASSIFICATIONS</b>	<hr/>	<hr/>
	22,316,074	6,865,089
<b>EXPENSES</b>		
Program services		
Donations to the City of Atlanta	8,068,535	100,290
Other program costs	2,229,639	2,146,482
Supporting services		
Management and general	275,176	290,194
Fundraising	773,036	933,590
Direct costs of special events	768,414	83,721
	<hr/>	<hr/>
Total expenses	12,114,800	3,554,277
	<hr/>	<hr/>
Change in unrestricted net assets	10,201,274	3,310,812
<b>TEMPORARILY RESTRICTED SUPPORT</b>		
Temporarily restricted contributions	15,672,960	9,131,740
Loss on uncollectible pledges	(65,000)	(30,000)
Endowment fund distributions	56,253	56,633
	<hr/>	<hr/>
Total temporarily restricted support	15,664,213	9,158,373
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<hr/>	<hr/>
	(19,820,867)	(4,663,941)
	<hr/>	<hr/>
Change in temporarily restricted net assets	(4,156,654)	4,494,432
<b>CHANGE IN NET ASSETS</b>	<hr/>	<hr/>
	6,044,620	7,805,244
<b>NET ASSETS, Beginning of year</b>	<hr/>	<hr/>
	25,152,191	17,346,947
<b>NET ASSETS, End of year</b>	<hr/> <hr/>	<hr/> <hr/>
	\$ 31,196,811	\$ 25,152,191

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

**PIEDMONT PARK CONSERVANCY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 6,044,620	\$ 7,805,244
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Depreciation	130,492	125,397
Gain on disposal of fixed assets		(5,842)
(Increase) decrease in pledges receivable	215,583	(1,507,360)
(Increase) decrease in accounts receivable	53,349	(105,589)
(Increase) decrease in other current assets	(8,501)	11,422
(Increase) decrease in project construction costs	(9,220,396)	(4,468,191)
Increase (decrease) in accounts payable	975,630	304,335
Increase (decrease) in deferred revenue	55,000	
Total adjustments	<u>(7,798,843)</u>	<u>(5,645,828)</u>
Net cash and cash equivalents provided by (used in) operating activities	<u>(1,754,223)</u>	<u>2,159,416</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(582,242)	(44,960)
Proceeds from disposal of fixed assets		5,842
Purchases of investments		(1,062,905)
Proceeds from the sales of investments	17,189	7,011,704
Net cash and cash equivalents provided by (used in) investing activities	<u>(565,053)</u>	<u>5,909,681</u>

The accompanying notes to financial statements  
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**PIEDMONT PARK CONSERVANCY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	<b>2009</b>	<b>2008</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from line of credit	834,754	
Principal payments on line of credit	(834,754)	
Principal payments on capital lease obligation	(21,765)	(20,217)
Net cash and cash equivalents provided by (used in) financing activities	(21,765)	(20,217)
 <b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	 (2,341,041)	 8,048,880
 <b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	10,186,407	2,137,527
 <b>CASH AND CASH EQUIVALENTS</b>		
End of year	\$ 7,845,366	\$ 10,186,407
 <b>SUPPLEMENTAL CASH FLOW DISCLOSURE</b>		
Interest paid	\$ 5,631	\$ 2,710

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

**PIEDMONT PARK CONSERVANCY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Piedmont Park Conservancy, Inc. ("PPC") is a nonprofit charity exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. PPC has been classified as a publicly supported charitable organization under Section 509(a)(1) of the Internal Revenue Code which qualifies for the maximum charitable contribution deduction by donors. PPC was created in 1989 for the purpose of the restoration and preservation of Piedmont Park (the "Park"), a City of Atlanta (the "City") public park in Atlanta, Georgia. PPC programs include (1) the planning and implementation of park improvements, (2) on-going park maintenance and beautification and (3) cultural, educational and recreational activities and events in the Park.

In February 2006, the Atlanta City Council and the City's Mayor approved a Memorandum of Understanding (the "MOU") outlining PPC's relationship with the City, defining in broad terms the responsibilities of PPC and the City regarding the operation of the Park. The MOU has a five-year term with a provision for one five-year renewal term, and either the City or PPC may terminate the MOU, without cause, with 30 days written notice. The previous document governing the relationship and outlining responsibilities for the Park was approved in 1992. The MOU does not affect PPC's lawn maintenance contract with the City or existing agreements with the City regarding PPC's operation of certain City facilities for the benefit of the Park. During 2009, PPC participated in the City's competitive bid process regarding its longstanding lawn maintenance contract and was notified that PPC was not the successful low bidder.

The MOU contains provisions allowing PPC to manage concessions and display banners in the Park recognizing organizations making large donations. The MOU requires PPC to ensure that certain insurance and indemnification provisions are in effect regarding vendors doing work in the Park. The MOU also clarifies the City's public safety responsibilities in the Park and documents the City's commitment to fund security services managed by PPC that supplement the City's basic police services.

PPC completed restorations of the Park's Visitor Center in 1996 and the building complex near the Park's Tennis Center in 1998. PPC donated these capital improvements to the City and executed operating agreements with the City to operate each facility. Under these agreements, PPC retains all revenues generated by the facilities as an offset to operating expenses incurred by PPC to maintain the Park. During 2002, PPC renewed each of these operating agreements for an additional ten years. The renewals continue the provisions of the original operating agreements, except PPC assumes responsibility for maintenance obligations of utilities and internal structural features that were otherwise required of the City.

During 2009, PPC completed repairs and restoration services on the Piedmont Park Pool (the "Pool") and the two-story adjacent building, the bottom level of which is referred to as the "Bathhouse," and the upper level including the entry plaza and all outdoor patio and terrace areas,

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referred to as "Greystone." PPC donated these capital improvements to the City and executed operating agreements with the City to manage the Pool, Bathhouse and Greystone. These agreements also specify that PPC retains all revenues generated to offset operating expenses incurred by PPC to maintain the Park.

LEED certification applications have been submitted for all of these venues. LEED is an internationally recognized green building certification system providing third-party verification that a building or a community is designed and built using strategies aimed at improving performance across all the metrics that matter most: energy savings, water efficiency, CO<sub>2</sub> emissions reduction, improved indoor environmental quality and stewardship of resources and sensitivity to their impacts.

B. The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

C. PPC records unconditional pledges in the period made by donors and allowances are provided for amounts estimated as uncollectible. All contributions are available for unrestricted purposes unless specifically restricted by the donor. At December 31, 2009 and 2008, PPC had an allowance for uncollectible pledges of \$95,000 and \$30,000, respectively.

Unconditional promises to give that are expected to be collected within one year are recorded at estimated realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue in the accompanying Statements of Activities and Net Assets. Conditional promises to give are not included as contribution revenue until the conditions are substantially met.

D. Accounts receivable, net of allowances for uncollectible accounts, are recorded at the amounts of cash estimated as realizable. PPC provides reserves for uncollectible accounts when specific accounts are deemed uncollectible. Accounts receivable are considered delinquent based upon how recently payments have been received. At December 31, 2009, accounts receivable consisted of a vendor credit of \$21,000 and amounts due from the City for repairs and maintenance costs incurred in 2009. At December 31, 2008, accounts receivable consisted of amounts due from the City for security services, lawn maintenance and repair and maintenance outlays. PPC considers all amounts collectible; therefore, an allowance for uncollectible accounts has not been recorded.

E. Net assets and support, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions using three classifications: unrestricted, temporarily restricted and permanently restricted. These three classifications are defined as follows:

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Unrestricted net assets are not subject to donor-imposed stipulations, or the donor-imposed stipulations have been met or expired.

Temporarily restricted net assets are those net assets subject to donor-imposed restrictions that permit PPC to use or expend the donated assets as specified and are satisfied either by the passage of time or by the actions of PPC. When a donor or grantor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Net Assets as net assets released from restrictions.

Permanently restricted net assets are those net assets subject to donor-imposed restrictions that stipulate that the resources be maintained permanently but permit PPC to use or expend part or all of the income derived from the donated assets for specified or unspecified purposes. At December 31, 2009 and 2008, PPC had no permanently restricted net assets.

F. Purchased property and equipment are capitalized at cost. Donated assets are capitalized at the fair market value of the asset on the date of contribution. Additions and replacements are charged to the property accounts, while repairs and maintenance are charged to expense as incurred. Property and equipment are depreciated over the estimated useful lives of the related assets using the straight-line method. Useful lives of these assets range from five to forty years. Depreciation expense was \$130,492 and \$125,397 for the years ended December 31, 2009 and 2008, respectively.

G. All highly liquid investments with initial maturities of three months or less are considered to be cash equivalents.

H. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support and expenses during the reporting period. Actual results could differ from those estimates.

I. The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Net Assets. Accordingly, certain costs have been allocated among the program and supporting services benefited.

J. Management has evaluated subsequent events through May 26, 2010, which is the date the financial statements were available to be issued.

**PIEDMONT PARK CONSERVANCY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**2. CAPITAL CAMPAIGN**

PPC launched its "Breaking New Ground" capital campaign (the "Campaign") in 2006. This Campaign will fund the Park's 53-acre North Woods expansion, renovation of the Park's Pool and historic Bathhouse facility and other new amenities in accordance with the Park's updated Master Plan that was approved by the City in November 2005. The goal for the Campaign's initial phase was \$41,250,000.

PPC entered into a contract with an outside fundraising advisory firm (covering the two year period ended July 1, 2008, which was extended on a month-to-month basis) to provide consulting services related to the direction and management of the Campaign. Costs incurred under this contract were \$45,805 and \$150,519 for the years ended December 31, 2009 and 2008, respectively.

**3. PARK IMPROVEMENT PROJECTS**

During the years ended December 31, 2009 and 2008, there was extensive construction related to the North Woods project, the Well/Irrigation project and the Aquatic Center. The Aquatic Center was completed in May 2009 with the grand opening of the Pool, Bathhouse and Greystone. Costs related to completed improvements of \$8,068,535 and \$100,290 were donated by PPC to the City during the years ended December 31, 2009 and 2008, respectively.

At December 31, 2009, improvement projects in progress include the North Woods expansion project (\$13,933,431), a new PPC maintenance facility (\$368,728), the Oak Hill entrance path (\$35,862) and an irrigation system (\$278,149) to supply water to the expanded Park.

In addition, other program costs in the accompanying Statements of Activities and Net Assets include approximately \$190,000 and \$140,000 for 2009 and 2008, respectively, of facility maintenance expenses and additional safety services that were unreimbursed by the City.

**4. CASH BALANCES**

PPC maintains cash deposits at a single financial institution in excess of the revised federally insured limit of \$250,000.

**5. INVESTMENTS**

At December 31, 2008, investments consisted of gifted securities of \$17,189. These securities were sold on January 5, 2009 at no gain or loss.

**PIEDMONT PARK CONSERVANCY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**6. PLEDGES RECEIVABLE**

At December 31, 2009 and 2008, pledges receivable consisted of the following:

	<u>2009</u>	<u>2008</u>
Receivable in less than one year	\$ 6,049,224	\$ 5,503,238
Receivable in one to five years	<u>1,651,716</u>	<u>2,381,385</u>
Total pledges receivable	7,700,940	7,884,623
Less allowance for uncollectible pledges	95,000	30,000
Less discount to net present value	<u>56,332</u>	<u>89,432</u>
Net pledges receivable	<u>\$ 7,549,608</u>	<u>\$ 7,765,191</u>

At December 31, 2008, PPC had four conditional pledges in support of the first phase of its capital campaign. Unpaid amounts under these pledges were \$11,750,000 at December 31, 2008, with future payments conditional upon PPC reaching certain campaign fundraising totals. PPC met the fundraising totals in 2009; therefore, all conditional grants have been recognized as support in the accompanying Statements of Activities and Net Assets.

**7. LEASES**

PPC has leased park maintenance equipment under a capital lease agreement which expires in March 2010. The minimum lease payments due in 2010 total \$3,822 including \$36 representing interest. The leased equipment has a recorded cost of \$61,892 and related accumulated depreciation of \$34,556 at December 31, 2009.

PPC leases building space to two restaurant tenants under noncancelable operating leases with ten-year terms which expire in 2012 and 2014. The agreements provide for monthly base rental payments plus a percentage of gross annual sales over a specified amount. For the years ended December 31, 2009 and 2008, rental income from these leases totaled \$92,099 and \$89,382, respectively.

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The following is a schedule of five-year future minimum base rental payments under the leases at December 31, 2009:

<u>Year Ending December 31,</u>	<u>Amount</u>
2010	\$ 89,399
2011	\$ 89,399
2012	\$ 45,889
2013	\$ 31,385
2014	\$ 13,077

**8. COMMITMENTS**

Financial obligations remaining under agreements entered into by PPC related to park improvement projects as of December 31, 2009 total approximately \$13,227,000. These agreements are primarily for design and project management services related to the Park's North Woods expansion and the completion of a PPC maintenance facility.

**9. LINE OF CREDIT**

On May 21, 2009, PPC obtained a line of credit with a financial institution which allows maximum borrowings of \$2,000,000 and matures on May 31, 2011. Interest is payable monthly on outstanding borrowings at the LIBOR Market Index Rate plus 2.35%. There were no amounts due on the line of credit at December 31, 2009.

**10. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at December 31, 2009 and 2008 are available for the following purposes:

	<u>2009</u>	<u>2008</u>
Restricted contribution	\$ 400,000	\$ 400,000
Breaking New Ground capital projects	13,573,865	17,682,510
Future operating pledges		15,000
Other	2,889	2,889
	<u>2,889</u>	<u>2,889</u>
Total temporarily restricted net assets	<u>\$ 13,976,754</u>	<u>\$ 18,100,399</u>

**PIEDMONT PARK CONSERVANCY, INC.**  
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At December 31, 2009 and 2008, temporarily restricted net assets include a contribution in the amount of \$400,000, which was restricted for use in acquiring certain real property adjacent to the Park. The property was acquired in December 1998. The donor also stipulated that if the real property is disposed of prior to December 1, 2013, \$400,000 of the sale proceeds is to be given to the Community Foundation for Greater Atlanta, Inc.

#### **11. RETIREMENT SAVINGS PLAN**

PPC provides a 401(k) retirement savings plan (the "Plan") covering substantially all employees. Annually, PPC contributes three percent of each eligible participant's annual compensation into a retirement savings account for that participant under the Plan. PPC employees become eligible to enter the Plan on the first January 1 or July 1 following a 90-day waiting period after their date of hire. Eligible employees may contribute pre-tax amounts via payroll deduction into their retirement savings account under the Plan. PPC contributions to participant accounts under the Plan were \$29,809 and \$35,189 for the years ended December 31, 2009 and 2008, respectively.

#### **12. ENDOWMENT FUND**

In 2003, a donor contributed \$1,000,000 to PPC to establish a permanent endowment fund with the Community Foundation for Greater Atlanta, Inc. (the "Foundation"). The restricted fund agreement grants ownership and control of this endowment fund to the Foundation, with annual distributions from the fund paid to PPC to help underwrite major improvements to the Park. Accordingly, the endowment fund is not recorded as an asset of PPC and is not recognized in the accompanying financial statements. The market value of this endowment fund was \$1,030,760 and \$888,700 at December 31, 2009 and 2008, respectively. Distributions to PPC from this endowment fund are recorded as contributions in the year they are received. Distributions of \$56,253 and \$56,633 were received from the endowment fund during the years ended December 31, 2009 and 2008, respectively.

#### **13. CONCENTRATIONS**

Approximately 73% and 47% of PPC's unrestricted and temporarily restricted contributions for the years ended December 31, 2009 and 2008, respectively, consisted of capital campaign contributions from four donors and two donors, respectively. Approximately 79% and 54% of pledges receivable at December 31, 2009 and 2008, respectively, were from the same donors.