

ATLANTA PRIDE COMMITTEE, INC.

FINANCIAL REPORT

DECEMBER 31, 2021

ATLANTA PRIDE COMMITTEE, INC.

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Atlanta Pride Committee, Inc.
Atlanta, Georgia**

Opinion

We have audited the accompanying financial statements of **Atlanta Pride Committee, Inc.** (a nonprofit organization), 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 Atlanta Pride Committee, Inc. 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 Atlanta Pride Committee, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of Atlanta Pride Committee, Inc. as of December 31, 2020, were audited by other auditors whose report dated September 8, 2021, expressed an unmodified opinion on those statements.

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 Atlanta Pride Committee, Inc.'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 Atlanta Pride Committee, 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Atlanta Pride Committee, 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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
February 28, 2023

ATLANTA PRIDE COMMITTEE, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 764,568	\$ 471,559
Accounts receivable	18,400	88,000
Prepaid expenses	<u>95,744</u>	<u>27,934</u>
Total assets	<u>\$ 878,712</u>	<u>\$ 587,493</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 18,491	\$ 22,713
Accrued leave	1,429	3,172
Deferred income	70,708	63,975
PPP loans	-	46,142
EIDL loans	<u>500,000</u>	<u>150,000</u>
Total liabilities	<u>590,628</u>	<u>286,002</u>
Net assets		
Without donor restrictions	286,565	301,491
With donor restrictions	<u>1,519</u>	<u>-</u>
Total net assets	<u>288,084</u>	<u>301,491</u>
Total liabilities and net assets	<u>\$ 878,712</u>	<u>\$ 587,493</u>

See Notes to Financial Statements.

ATLANTA PRIDE COMMITTEE, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021

	Without donor restrictions	With donor restrictions	Total
SUPPORT AND REVENUES			
Support			
Contributions	\$ 59,637	\$ -	\$ 59,637
Loan forgiveness	82,613	-	82,613
	<u>142,250</u>	<u>-</u>	<u>142,250</u>
Revenues			
Festival grants, sponsorship and related activities	380,988	-	380,988
Local grants	-	10,000	10,000
Pride market income	6,055	-	6,055
Parade income	11,929	-	11,929
Investment income	638	-	638
Other income	1,026	-	1,026
	<u>400,636</u>	<u>10,000</u>	<u>410,636</u>
Net assets released from restrictions			
Satisfaction of donor restrictions	8,481	(8,481)	-
	<u>551,367</u>	<u>1,519</u>	<u>552,886</u>
EXPENSES			
Program services	331,664	-	331,664
Supporting services			
General and administrative	158,413	-	158,413
Fundraising	76,216	-	76,216
	<u>566,293</u>	<u>-</u>	<u>566,293</u>
Change in net assets	(14,926)	1,519	(13,407)
Net assets at beginning of year	301,491	-	301,491
Net assets at end of year	<u>\$ 286,565</u>	<u>\$ 1,519</u>	<u>\$ 288,084</u>

See Notes to Financial Statements.

ATLANTA PRIDE COMMITTEE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES			
Support			
Contributions	\$ 51,942	\$ -	\$ 51,942
	<u>51,942</u>	<u>-</u>	<u>51,942</u>
Revenues			
Festival grants, sponsorship and related activities	275,250	-	275,250
Pride market income	18,750	-	18,750
Parade income	27,378	-	27,378
Program income	2,835	-	2,835
Investment income	1,110	-	1,110
Other income	2,001	-	2,001
	<u>327,324</u>	<u>-</u>	<u>327,324</u>
Net assets released from restrictions			
Satisfaction of donor restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total support and revenues	<u>379,266</u>	<u>-</u>	<u>379,266</u>
EXPENSES			
Program services	326,837	-	326,837
Supporting services			
General and administrative	149,102	-	149,102
Fundraising	75,955	-	75,955
Total expenses	<u>551,894</u>	<u>-</u>	<u>551,894</u>
Change in net assets	(172,628)	-	(172,628)
Net assets at beginning of year	<u>474,119</u>	<u>-</u>	<u>474,119</u>
Net assets at end of year	<u>\$ 301,491</u>	<u>\$ -</u>	<u>\$ 301,491</u>

See Notes to Financial Statements.

ATLANTA PRIDE COMMITTEE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program services	Supporting services		Total
		General and administrative	Fundraising	
Advertising and promotion	\$ 53,260	\$ -	\$ -	\$ 53,260
Community outreach and reinvestment	72,011	-	-	72,011
Travel and meetings	-	1,980	194	2,174
Festival/events logistics	78,833	21,567	3,715	104,115
Office expenses	440	4,516	-	4,956
Shipping and printing	-	2,073	-	2,073
Occupancy	13,517	24,534	-	38,051
Bad debts	-	8,050	-	8,050
Dues and subscriptions	-	4,117	-	4,117
Bank charges	-	1,355	-	1,355
Professional fees	-	18,286	17,700	35,986
Insurance	3,075	5,354	-	8,429
Salaries and benefits	104,220	60,703	54,607	219,530
Information technology	3,825	-	-	3,825
Other expenses	2,483	5,878	-	8,361
Total expenses	<u>\$ 331,664</u>	<u>\$ 158,413</u>	<u>\$ 76,216</u>	<u>\$ 566,293</u>

See Notes to Financial Statements.

ATLANTA PRIDE COMMITTEE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	Program services	Supporting services		Total
		General and administrative	Fundraising	
Advertising and promotion	\$ 66,625	\$ -	\$ -	\$ 66,625
Community outreach and reinvestment	4,828	-	-	4,828
Travel and meetings	-	4,694	-	4,694
Festival/events logistics	122,610	20,177	2,460	145,247
Office expenses	2,983	7,885	-	10,868
Shipping and printing	-	1,842	-	1,842
Occupancy	12,648	26,350	-	38,998
Dues and subscriptions	-	2,486	-	2,486
Bank charges	-	4,801	-	4,801
Professional fees	-	14,425	15,500	29,925
Insurance	1,966	2,616	-	4,582
Salaries and benefits	86,688	57,162	57,995	201,845
Information technology	26,836	-	-	26,836
Other expenses	1,653	6,664	-	8,317
Total expenses	<u>\$ 326,837</u>	<u>\$ 149,102</u>	<u>\$ 75,955</u>	<u>\$ 551,894</u>

See Notes to Financial Statements.

ATLANTA PRIDE COMMITTEE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (13,407)	\$ (172,628)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Loan forgiveness	(82,613)	-
(Increase) decrease in assets		
Accounts receivable	69,600	13,748
Prepaid expenses	(67,810)	(27,934)
(Decrease) increase in liabilities		
Accounts payable	(4,222)	15,299
Accrued leave	(1,743)	1,429
Deferred income	6,733	63,975
	<u>(93,462)</u>	<u>(106,111)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP loans	36,471	46,142
Proceeds from EIDL loans	350,000	150,000
	<u>386,471</u>	<u>196,142</u>
Net cash provided by financing activities		
	<u>386,471</u>	<u>196,142</u>
Net increase in cash	293,009	90,031
Cash at beginning of year	471,559	381,528
Cash at end of year	<u>\$ 764,568</u>	<u>\$ 471,559</u>

See Notes to Financial Statements.

ATLANTA PRIDE COMMITTEE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION

Atlanta Pride Committee, Inc. (“APC” or the “Organization”) was formed as a nonprofit corporation in the state of Georgia to advance unity, visibility, and wellness among persons with widely diverse gender and sexual identities through cultural, social, political, and educational programs and activities. As Georgia's oldest nonprofit organization serving the LGBTQ community, APC serves as an advocate of, and resource to, gender and sexually diverse communities in Atlanta and the Southeastern United States. APC’s operations include the annual Atlanta Pride Festival and Parade in October as well as educational, social, and historical programs each year, as well as community reinvestment initiatives.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

APC prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). This basis of accounting involves the application of accrual accounting; consequently, revenues are recognized when earned, and expenses are recognized when incurred.

Basis of Presentation

APC presents its financial statements in accordance with Financial Accounting Standards Board (FASB) ASC, *Financial Statements of Not-for-Profit Organizations*. Under this standard, the Organization is required to report information regarding its financial position and activities according to two self-balancing categories:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor or grantor restrictions. The only limits on these net assets are those resulting from the nature of the Organization and its purposes. It is the policy of the board of directors to review their financial standing from time to time and to designate sums of net assets without donor restrictions for specific efforts.

Net Assets With Donor Restrictions – Net assets subject to donor or grantor 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.

Support and revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed stipulations. Expenses are recorded as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated passage of time has elapsed) are reported as net assets released from restrictions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Support and Revenue Recognition

In accordance with FASB, unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. All contributions are available for general use unless specifically restricted by the donor. Amounts received that are designated for a future period or restricted by the donor for specific purposes are reported as support with donor restrictions that increases that net asset class. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met.

Deferred income is recognized for amounts received in advance of performing the required activities. Balances are generally associated with sponsorship of the annual Atlanta Pride Festival and Parade.

Donated materials and services are reflected as contributions at their fair values at the date of receipt. Donated services are recognized as contributions if the services (a) create or enhance the nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Many individuals volunteer their time and perform a variety of tasks that assist the Organization but that are not reflected in the financial statements because the criteria for recognition of such efforts under GAAP have not been satisfied.

Functional Allocation of Expenses

The cost of providing various programs and other activities has been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Certain categories of expenses are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits and professional fees, which are allocated on the basis of estimates of time and effort, and festival/event logistics, office expenses, and occupancy, which are allocated on the basis of estimates and usage.

Cash and Cash Equivalents

APC considers all highly liquid investments with maturity of ninety days or less when purchased to be cash equivalents. There were no cash equivalents at December 31, 2021 and 2020. Cash is deposited in financial institutions that are subject to Federal Deposit Insurance Corporation regulations. At times, the amounts on deposit may exceed the federally insured limits. On December 31, 2021, the Organization had an uninsured cash balance totaling \$156,707. The Organization does not believe that it is exposed to any significant credit risk related to cash.

Accounts Receivable and Promises to Give

When a donor has unconditionally promised to contribute funds in future periods, APC recognizes the fair value of the promise at the date of gift. Promises expected to be collected within one year are recorded as a donation and a receivable at net realizable value, which approximates fair value. Promises expected to be collected in future years are recorded as a donation and a receivable at the present value of the expected future cash flows.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable and Promises to Give (Continued)

The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances which may affect abilities to meet obligations. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. The Organization considers all accounts receivable at December 31, 2021 and 2020 to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Fair Value Measurements

FASB's *Fair Value Measurements* and disclosure guidance provides a framework for measuring fair value under generally accepted accounting principles. This standard applies to all financial instruments that are being measured and reported on a fair value basis. APC has financial instruments, none of which are held for trading purposes, which consists of cash in money market accounts. The carrying amounts reported in the statements financial position approximate fair values.

Property and Equipment

The Organization capitalizes property and equipment in excess of \$1,000. Purchased property and equipment is recorded at cost. Donated items are recorded at fair market value at the time of the gift. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Income Taxes

Atlanta Pride Committee, Inc. is exempt from federal income taxes under the provision of Section 501(c)(3) of the Internal Revenue Code. Accordingly, the Organization is not required to pay federal taxes on income, and contributions to the Organization that qualify for the charitable contributions deduction to the extent provided by Section 170 of the Internal Revenue Code.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the Organization to report information regarding its exposure to various tax positions taken by the Organization. Management believes that the Organization has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Management is not aware of any circumstances or transactions that would jeopardize its tax-exempt status.

All tax-exempt entities are subject to review and audit by federal, state and other applicable agencies. Such agencies may review the taxability of unrelated business income, or the qualification of the tax-exempt entity under the Internal Revenue Code and applicable state statutes. There currently are no audits of the Organization's returns in progress.

The Organization files Form 990 in the U.S. federal jurisdiction and State of Georgia.

Recent Accounting Pronouncements

In September 2020, FASB issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* to increase transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. ASU 2020-07 will be effective for the Organization's year ending December 31, 2022. APC is assessing the impact the new guidance will have on its financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 3 LIQUIDITY AND AVAILABILITY

The following reflects the Organization’s financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash	\$ 764,568	\$ 471,559
Accounts receivable	18,400	88,000
Held to satisfy donor-imposed restrictions	<u>(1,519)</u>	<u>(-)</u>
	<u>\$ 781,449</u>	<u>\$ 559,559</u>

The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due.

NOTE 4. PPP LOANS

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act commonly referred to as the CARES Act was signed into law. One component of the CARES Act was the paycheck protection program (“PPP”) which provides small businesses with the resources needed to maintain their payroll and cover applicable overhead. The PPP is implemented by the Small Business Administration (“SBA”) with support from the Department of Treasury. The PPP provides funds to pay up to 24 weeks of payroll costs including benefits. Funds can also be used to pay interest on mortgages, rent, and utilities. APC applied for and was accepted to participate in this program.

In April 2020, APC received funding for \$46,142. In May 2021, this first PPP loan was forgiven by the SBA. In March 2021, APC received funding for \$36,471. In October 2021, this second PPP loan was forgiven by the SBA.

NOTE 5. EIDL LOANS

APC received loans under the SBA’s Economic Injury and Disaster Loan (EIDL) program. \$150,000 was received in June 2020 and \$350,000 was received in December 2021. The loan terms are 30 years with payments deferred for the first 2 years (during which interest accrues). Payments of principal and interest are made over the remaining loan terms. Interest accrues at 2.75% per annum. The loans are secured by APC’s assets.

Future schedule maturities are as follows at December 31, 2021:

2022	\$ 4,069
2023	26,612
2024	26,612
2025	26,612
2026	26,612
Thereafter	<u>389,483</u>
Total	<u>\$ 500,000</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. COMMITMENTS

In August 2017, APC entered a 48-month non-cancelable lease for office space, ending July 2021. The lease agreement called for base rental of \$1,730 per month with annual increases. The Organization continues to have the option to renew annually for one additional year.

In August 2021, APC entered a 35-month non-cancelable sublease for office space, ending June 2024. The sublease agreement called for base rental of \$1,763 per month with annual increases. The Organization continues to have the option to renew annually for one additional year.

Future scheduled lease payments are as follows at December 31, 2021:

2022	\$	21,331
2023		21,757
2024		<u>11,005</u>
Total	\$	<u><u>54,093</u></u>

Rent expense for the years ending December 31, 2021 and 2020 was \$20,878 and \$21,407, respectively, and is included in occupancy on the statements of functional expenses.

NOTE 7. DEFERRED INCOME

During the years ending December 31, 2021 and 2020, payments were received to sponsor the annual Pride Festival and Parade events. The 2021 and 2020 events were cancelled due to the pandemic environment. Many sponsors elected to have their payments applied to the 2022 Pride Festival and Parade. Deferred sponsorships totaled \$70,708 and \$63,975 at December 31, 2021 and 2020, respectively.

NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2021 and 2020, net assets with donor restrictions were available for the following purposes:

	2021	2020
Subject to expenditure for specified purpose:		
ELEVATE	\$ 1,519	\$ -

At December 31, 2021 and 2020, net assets with donor restrictions consist of cash.

For the year ended December 31, 2021 and 2020, net assets with donor restrictions were released from restrictions by incurring expenses satisfying the restricted purposes and timing specified by donors as follows:

	2021	2020
ELEVATE	\$ 8,481	\$ -

NOTES TO FINANCIAL STATEMENTS

NOTE 9. COMMUNITY REINVESTMENT GRANTS

APC's pride in action and community reinvestment grants (CRG) provide funding and resources to fellow community organizations that align with APC's mission and strategic goals. APC is committed to lending support to those working to uplift the most vulnerable members of Atlanta's LGBTQ+ community.

Through a competitive grant application process, APC awarded \$63,530 and \$1,500, respectively, during the years ended December 31, 2021 and 2020.

NOTE 10. IMPACT OF COVID-19

The Organization was not considered an essential business and as such, suspended program activities in 2020 and 2021. The 2020 and 2021 in-person events were cancelled. Prior to the COVID-19 pandemic, the Atlanta pride festival and parade provided a place for hundreds of thousands of people to connect with one another and with necessary services from LGBTQ+ serving organizations.

As described in Note 9, APC expanded community reinvestment efforts to support other community organizations with common missions and strategic goals.

As described in Notes 4 and 5, APC received PPP and EIDL loans under federal programs designed to support small business and nonprofit organizations during the pandemic.

NOTE 11. SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 28, 2023, the date on which the financial statements were available to be issued.