
Miami Design Preservation League, Inc.

Financial Statements
and Independent Auditor's Report

As of March 31, 2017 and 2016
And for the years then ended



MIAMI DESIGN PRESERVATION LEAGUE, INC.

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Independent Auditors' Report

To the Board of Directors of
Miami Design Preservation League, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Miami Design Preservation League, Inc., which comprise the statements of financial position as of March 31, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Miami Design Preservation League, Inc. as of March 31, 2017 and 2016, 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.

Brody & Associates, P.A.

Aventura, Florida
September 20, 2018

MIAMI DESIGN PRESERVATION LEAGUE, INC

STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2017 AND 2016

	2017	2016
ASSETS		
CURRENT ASSETS:		
Cash	\$ 135,787	\$ 132,161
Restricted cash	27,206	31,421
Grants and contributions receivable, net	164,538	125,396
Grant receivable for BBC memorial	-	2,675
Prepaid expenses and other current assets	36,533	31,814
Inventory	11,098	25,125
Total current assets	<u>375,162</u>	<u>348,592</u>
NON CURRENT ASSETS:		
BBC memorial construction and installation costs	109,511	107,987
Property and equipment, net of accumulated depreciation	101,018	122,372
TOTAL ASSETS	<u>\$ 585,691</u>	<u>\$ 578,951</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued liabilities	\$ 99,073	\$ 102,374
Line of credit	48,714	70,234
MBAT judgment	102,817	-
Sublease security deposit	2,500	2,500
Total liabilities	<u>253,104</u>	<u>175,108</u>
NET ASSETS		
Net assets - unrestricted	332,587	273,753
Net assets - temporarily restricted	-	130,090
Total net assets	<u>332,587</u>	<u>403,843</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 585,691</u>	<u>\$ 578,951</u>

MIAMI DESIGN PRESERVATION LEAGUE, INC

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

	2017	2016
SUPPORT AND REVENUE		
ART DECO WEEKEND REVENUE		
Vendor Rent and licensing fees	\$ 138,795	\$ 136,669
Advertising and sales	97,363	27,262
Corporate and patron support	2,123	2,140
Total art deco weekend revenue	<u>238,281</u>	<u>166,071</u>
OTHER SUPPORT AND REVENUE		
Welcome center	566,439	577,046
Membership dues	6,240	20,143
Tour fees and educational programs	308,062	376,288
Government grants	283,842	155,220
Other contributions and donated facilities	34,884	48,513
In-kind contributions	639,440	636,172
Museum entry fees	42,854	49,685
Other income	1,546	11,865
Total other support and revenue	<u>1,883,307</u>	<u>1,874,932</u>
TOTAL SUPPORT AND REVENUE	<u>2,121,588</u>	<u>2,041,003</u>
EXPENSES		
PROGRAM SERVICES		
Art Deco Weekend	302,667	316,325
Welcome center	191,747	233,458
In-kind contributions - rent, services, and other	639,440	636,172
Total program services expenses	<u>1,133,854</u>	<u>1,185,955</u>
ADMINISTRATIVE EXPENSES	918,231	914,795
INTEREST EXPENSE	3,822	532
MBAT SETTLEMENT EXPENSE	136,938	-
TOTAL EXPENSES	<u>2,192,844</u>	<u>2,101,282</u>
CHANGE IN NET ASSETS	(71,256)	(60,279)
NET ASSETS - Beginning of year	403,843	464,122
NET ASSETS - End of year	<u>\$ 332,587</u>	<u>\$ 403,843</u>

See Independent Auditors' Report and Accompanying Notes to the Financial Statements.

MIAMI DESIGN PRESERVATION LEAGUE, INC

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (71,256)	\$ (60,279)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	21,354	25,659
Changes in operating assets and liabilities:		
Grants and contributions receivable	(37,002)	13,737
Prepaid expenses	(4,719)	(874)
Inventory	14,562	5,480
Accounts payable and accrued expenses	99,516	(3,690)
Sublease security deposit	-	2,500
Net cash provided by (used in) operating activities	22,455	(17,467)
CASH FLOWS FROM INVESTING ACTIVITIES:		
BBC memorial construction and installation costs	(1,524)	(61,207)
Purchases of property and equipment	-	(4,923)
Net cash used in investing activities	(1,524)	(66,130)
CASH FLOWS FROM FINANCING ACTIVITIES:		
BBC memorial construction and installation costs	(21,520)	70,234
Net cash provided by investing activities	(21,520)	70,234
NET DECREASE (INCREASE) IN CASH	(590)	(13,363)
CASH - Beginning of year	163,582	176,945
CASH - End of year	\$ 162,993	\$ 163,582
SUPPLEMENTAL DISCLOSURES OF NON-CASH FLOW INFORMATION:		
In-Kind Contribution-Donated facilities, Services and Other	\$ 639,440	\$ 636,172
Interest paid	\$ 3,822	\$ 532

See Independent Auditors' Report and Accompanying Notes to the Financial Statements.

MIAMI DESIGN PRESERVATION LEAGUE, INC.

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

1. ORGANIZATION AND NATURE OF OPERATIONS

Miami Design Preservation League, Inc. (“MDPL” or “the Organization”) is a not-for-profit organization which was incorporated in the State of Florida on May 6, 1977, to preserve, protect and promote the architectural, cultural, social and environmental integrity of the Miami Beach and the surrounding areas. MDPL provides cultural and education programs to Miami-Dade County residents, surrounding counties, citizens of Florida and to national and international visitors and tourists. Our programs are developed for the general public and have special appeal to those interested in art, design, architecture, history, preservation, urban and community planning and development.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following summarizes the most significant accounting policies used in the preparation of the Organization’s financial statements.

Basis of Accounting — The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation — The Organization presents its financial statements in accordance with ASC 958, “Not-for-Profit Entities,” issued by the Accounting Standards Board. Under ASC 958, MDPL is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted, as follows:

Unrestricted

Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.

Temporarily Restricted

Net assets whose use by the MDPL is limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or otherwise removed by actions of MDPL.

Permanently Restricted

Net assets whose use by the MDPL is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of MDPL. There are no permanently restricted net assets as of March 31, 2017 and 2016.

Cash — Cash consists of cash in several financial institutions with varying account types from checking accounts to savings accounts.

Restricted Cash — As of March 31, 2017, restricted cash consists of \$27,206 of unused raised funds for the purpose of the maintenance of the Memorial.

Revenue Recognition — In accordance with ASC 958, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions are recognized as revenues when received or unconditionally pledged. All contributions are available for unrestricted use unless specifically restricted by the donor. For the year ended March 31, 2017 and 2016, there are \$0 and \$194,387, respectively of revenues that were restricted in purpose and are included in the total other support and revenue

Membership dues are recognized as revenue for financial reporting purposes in the year the fees are received in as much as the dues are, in substance, contributions; and related services having a direct identifiable cost to MDPL are not significant.

Contributed Services and Donated Facilities — The nature and extent of contributed services received by MDPL vary and range from limited to active participation of many individuals in MDPL's service programs. ASC 958 requires that contributed services be recognized if the services received either create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A significant amount of contributed services do not meet this recognition criteria and are not reflected in the accompanying statement of activities.

A larger number of people have contributed various services to MDPL which meet the recognition criteria of ASC 958. These services were used to support the Art Deco Weekend program services. Contributed services meeting the recognition requirements of ASC 958 were valued at \$639,440 and \$636,172 in the statement of activities for the years ended March 31, 2017 and 2016, respectively. MDPL also received in-kind donations, such as material and advertisements, which are included in the statements of activities at their fair market value.

Art Deco Weekend—An important education event is the annual Art Deco Weekend street festival which celebrates and promotes the unique history and architectural heritage of Miami Beach, Florida and the Art Deco era. The festivities include parades, local and national entertainment personalities, tours of the Art Deco District, and exhibition featuring Miami Beach history, a lecture series, a film festival, and vendors selling Art Deco memorabilia.

The majority of the funds needed to orchestrate this event are obtained from local government grants, corporate sponsorships, and the participation of business membership.

Grants and contributions receivable — Contributions due in less than one year are recorded at their net realizable value upon receipt. Contributions due in more than one year are recorded at fair value on the date received. An allowance for doubtful collectability is provided based on management's evaluation of potential uncollectible promises at year end. No allowance was deemed necessary as of March 31, 2017 and 2016.

Inventory — Inventories, consisting of retail souvenirs, collectables and educational materials are stated at cost, determined on the first-in, first-out basis, (FIFO), which is not in excess of market.

Property and Equipment — Property and equipment purchased is recorded at cost. Donated property and equipment is recorded at fair market value, at the date of the gift, as unrestricted net assets unless its use is restricted by the donor. Depreciation is computed using the straight-line method over the estimated economic useful lives of the respective assets ranging from three to five years. Maintenance and repairs which do not extend the lives of the respective assets are expensed in the period incurred.

Fair value measurement — The Organization’s financial instruments consist primarily of cash, grants receivable, accounts payable and bank loan. The carrying amount of these items approximate their fair value due to the short-term nature of such instruments.

Income Taxes — MDPL is registered with the Internal Revenue Service as a non-profit organization under the Internal Revenue Code Section 501(c)(3) and, accordingly, is generally exempt from income taxes. As such, the Organization is not taxed on income derived from its exempt functions.

Revenue derived from sources considered to be “unrelated business income” by the Internal Revenue Service is subject to income tax. The amount of income tax for unrelated business income is not material to these financial statements.

Functional Expenses — Expenses are charged to the Program Services and Administration based on direct expenditures incurred. Any expenditures not directly chargeable is allocated based on units of service (for both MDPL’s personnel and volunteers) or the utilization of MDPL’s facility.

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 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events — The Company has evaluated subsequent events from the balance sheet date through September 20, 2018, the date at which the financial statements were available to be issued.

Reclassifications — Certain reclassifications have been made to the prior year financial statements in order for them to conform with the current year presentation.

3. ART DECO WELCOME CENTER

MDPL operates the Art Deco Welcome Center at which visitors can obtain information about the historical district and purchase operational materials, gifts and collectibles. The sales and cost of sales for the years ended March 31, are included on the Statement of activities and changes in net assets in Page 3.

4. BBC MEMORIAL CONSTRUCTION AND INSTALLATION COSTS

As of March 31, 2016, MDPL was in the process of constructing a memorial site to Barbara Baer Capitman, founder of MDPL and an individual that in her lifetime made significant contributions to the community. On March 18, 2014, the Organization entered into an agreement with the City of Miami Beach for the installation, transfer and maintenance of the Memorial whereby MDPL agreed to pay for and install the Memorial to be located in the Lummus Park. Upon the completion and installation of the Memorial, MDPL agreed to donate it to the City of Miami Beach.

The unveiling ceremony of the Memorial took place on January 16, 2016. As of December 22, 2017, MDPL has completed and installed the Memorial however has not yet transferred title to the City. Management of the Organization plans to fulfill this obligation in the upcoming months.

5. PROPERTY AND EQUIPMENT—NET

A summary of property and equipment as of March 31, 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>
Furniture, fixtures and equipment	\$ 201,074	\$ 201,074
Museum exhibits	59,489	59,489
Leasehold improvements	26,284	26,284
	<u>286,847</u>	<u>286,847</u>
Less accumulated depreciation	(185,829)	(164,475)
	<u>\$ 101,018</u>	<u>\$ 122,372</u>

Depreciation expense was \$21,354 and \$25,659 for the years ended March 31, 2017 and 2016, respectively.

6. LINE OF CREDIT

On March 11, 2015, MDPL entered into an unsecured revolving line of credit agreement with City National Bank of Florida for the principal amount of \$100,000 with an original maturity of March 14, 2017. This line of credit was renewed and now matures on May 14, 2019.

7. CONCENTRATIONS

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash equivalents. At March 31, 2017, balances in the Organization's cash accounts were below the level of insurance provided by the Federal Deposit Insurance Corporation (FDIC). In addition, Investments are not insured by the FDIC.

Although the Organization has a large number of contributors comprising its contributor base, the Organization's activities and functions benefit significantly from the support of the City of Miami Beach. For the years ended March 31, 2017 and 2016, revenues (both in-kind and in cash) from this governmental entity amounted to \$642,248 and \$553,744, respectively.

8. COMMITMENTS AND CONTINGENCIES

In January 2010 the Organization signed a management agreement with the City of Miami Beach for premises located in the Lummus Park, Miami Beach. In November 2014 this agreement was renewed and extended and now expires on December 31, 2019. Rent expense for this location for the years ended March 31, 2017 and 2016 was \$501,405 and \$503,398, which included \$477,500 and \$477,500, respectively of in-kind rent and is included in administrative expenses. As part of this agreement, the Organization is permitted to sublease part of the premises for limited private events. The Organization sublease income amounted to \$1,000 and \$11,250 for the years ended March 31, 2017 and 2016.

The minimum future lease payments under operating leases at March 31, 2017 were as follows:

<u>Year Ending</u>		<u>Amount</u>
<u>March 31,</u>		
2019	\$	23,905
2020		<u>17,929</u>
	\$	<u><u>41,835</u></u>

The Organization may be subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the ultimate outcome of the claims and litigation, if any, will not have a material adverse effect on the Organization's financial position

On August 29, 2016, a Miami-Dade Circuit Court ordered MDPL to pay a former audio tour provider the amount of \$136,938 for breach of contract arising out of a December 2010 audio tour agreement. This amount accrues interest at 4.75% commencing on the judgment date. During the year ended March 31, 2017, the Organization paid \$34,121. As of the date of this report, September 20, 2018, the Organization has paid \$121,904 and continues to make monthly payments.

In July 2018, the Organization initiated legal proceedings seeking injunctive relief against its appointed Executive Director filed on the Circuit Court of the Eleventh Judicial Court in Miami-Dade County for allegedly overstepping his boundaries and using improper exercise of authority. The matter involves the results of MDPL's annual election which are being disputed by both parties. An emergency injunction hearing is underway and the parties are also proceeding to mediation. Monetary damages are not sought.
