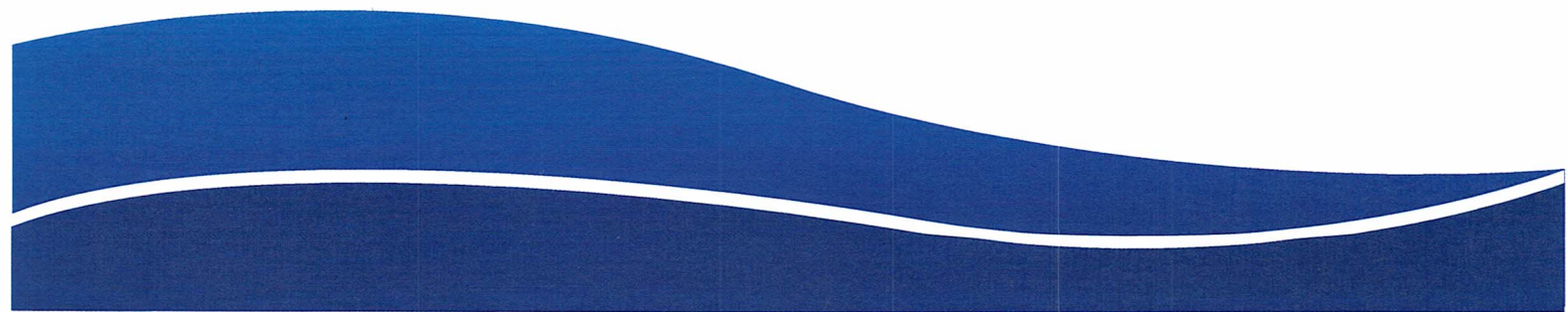




**MIAMI DESIGN
PRESERVATION LEAGUE**

Financial Statements
and Independent Auditor's Report

As of March 31, 2020 and 2019
And for the years then ended



MIAMI DESIGN PRESERVATION LEAGUE, INC.

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Independent Auditor's 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, 2020 and 2019, 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, 2020 and 2019, 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.

Emphasis of Matter

As discussed in Note 9 to the financial statements, the Company evaluated its December 31, 2019 financial statements for subsequent events through the date the financial statements were issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact net income. Other financial impact could occur though such potential impact is unknown at this time. Our opinion is not modified with respect to this matter.



MIAMI DESIGN PRESERVATION LEAGUE, INC

STATEMENTS OF FINANCIAL POSITION MARCH 31, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS:		
Cash	\$ 194,165	\$ 241,172
Restricted cash	27,237	27,237
Grants and contributions receivable, net	145,614	124,635
Prepaid expenses and other current assets	21,396	9,349
Inventory	15,734	19,695
Total current assets	<u>404,146</u>	<u>422,088</u>
NON CURRENT ASSETS:		
BBC memorial construction and installation costs	109,511	109,511
Property and equipment, net of accumulated depreciation	73,448	76,464
TOTAL ASSETS	<u>\$ 587,105</u>	<u>\$ 608,063</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued liabilities	\$ 94,688	\$ 137,069
Line of credit	34,465	69,008
Former audit tour provider judgement	-	10,008
Total liabilities	<u>129,153</u>	<u>216,085</u>
NET ASSETS		
Net assets - without donor restrictions	<u>457,952</u>	<u>391,978</u>
Total net assets	<u>457,952</u>	<u>391,978</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 587,105</u>	<u>\$ 608,063</u>

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

MIAMI DESIGN PRESERVATION LEAGUE, INC

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED MARCH 31, 2020 AND 2019

	2020	2019
SUPPORT AND REVENUE		
ART DECO WEEKEND REVENUE		
Vendor Rent and licensing fees	\$ 137,710	\$ 168,932
Advertising and sales	25,248	21,897
Government grants	182,500	150,000
Corporate and patron support	91,367	130,490
In-kind contributions	156,195	155,940
Total art deco weekend revenue	<u>593,020</u>	<u>627,259</u>
OTHER SUPPORT AND REVENUE		
Welcome center	521,800	493,810
Membership dues	18,002	31,178
Tour fees and educational programs	278,725	256,799
Government grants	172,891	111,494
Other in-kind contributions	540,094	546,944
Museum entry fees	58,096	47,818
Other income	20,261	20,862
Total other support and revenue	<u>1,609,869</u>	<u>1,508,905</u>
TOTAL SUPPORT AND REVENUE	<u>2,202,889</u>	<u>2,136,164</u>
EXPENSES		
FUNCTIONAL EXPENSES		
Program activities - art deco weekend	567,543	548,981
Program activities - museum	389,967	386,329
Program activities - visitor center	267,727	248,848
Program activities - welcome center	498,154	486,132
Supporting activities - management & general	406,715	512,923
Total functional expenses	<u>2,130,106</u>	<u>2,183,213</u>
INTEREST EXPENSE	6,738	5,554
OTHER EXPENSES	71	110,852
TOTAL EXPENSES	<u>2,136,915</u>	<u>2,299,619</u>
CHANGE IN NET ASSETS	65,974	(163,455)
NET ASSETS - Beginning of year	<u>391,978</u>	<u>555,433</u>
NET ASSETS - End of year	<u>\$ 457,952</u>	<u>\$ 391,978</u>

MIAMI DESIGN PRESERVATION LEAGUE, INC

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED MARCH 31, 2020

	PROGRAM ACTIVITIES				TOTAL PROGRAM	SUPPORTING ACTIVITIES	TOTAL EXPENSES
	ART DECO WEEKEND	MUSEUM	VISITOR CENTER	WELCOME CENTER		MANAGEMENT & GENERAL	
Salaries and compensation	\$ 75,000.00	\$ 26,825.00	\$ 134,029.00	\$ 268,958.00	\$ 504,812	\$ 125,212.00	\$ 630,024
Employee benefits and taxes	2,088	2,954	14,817	16,929	36,788	14,467	51,255
General business expense	142,240	478	17,440	4,921	165,079	15,720	180,799
Repairs and maintenance	18,828	-	1,750	-	20,578	36,614	57,192
Utilities	38,443	3,020	503	691	42,657	719	43,376
Computer and telephone	1,100	1,278	6,308	3,045	11,731	24,904	36,635
Insurance	4,096	692	1,383	3,458	9,629	5,533	15,162
Professional fees	25,373	11,031	12,062	30,154	78,620	48,247	126,867
Depreciation	-	-	-	-	-	3,016	3,016
Supplies	5,324	835	3,600	150	9,909	12,359	22,268
In-kind rent and other	156,195	322,260	53,710	73,745	605,910	90,379	696,289
Rental	3,434	15,640	2,607	3,579	25,260	3,724	28,984
Advertising	23,988	1,146	1,530	-	26,664	11,030	37,694
Fines and penalties	-	-	-	-	-	132	132
Administrative and other	71,434	3,808	17,988	92,524	185,754	14,659	200,413
	<u>\$ 567,543</u>	<u>\$ 389,967</u>	<u>\$ 267,727</u>	<u>\$ 498,154</u>	<u>\$ 1,723,391</u>	<u>\$ 406,715</u>	<u>\$ 2,130,106</u>

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

MIAMI DESIGN PRESERVATION LEAGUE, INC

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED MARCH 31, 2019

	PROGRAM ACTIVITIES				TOTAL PROGRAM	SUPPORTING ACTIVITIES	TOTAL EXPENSES
	ART DECO WEEKEND	MUSEUM	VISITOR CENTER	WELCOME CENTER		MANAGEMENT & GENERAL	
Salaries and compensation	\$ 50,000	\$ 28,858	\$ 135,878	\$ 270,016	\$ 484,752	\$ 179,639	\$ 664,391
Employee benefits and taxes	-	813	1,471	2,676	4,960	50,411	55,371
General business expense	137,809	1,464	10,672	1,510	151,455	10,553	162,008
Repairs and maintenance	20,177	19	2,755	-	22,951	16,014	38,965
Utilities	41,348	2,850	475	652	45,325	679	46,004
Computer and telephone	904	1,532	4,899	4,216	11,551	25,427	36,978
Insurance	6,434	1,202	2,405	6,012	16,053	9,619	25,672
Professional fees	39,049	9,604	19,209	48,301	116,163	76,834	192,997
Depreciation	-	-	-	-	-	7,588	7,588
Supplies	1,941	556	2,646	1,587	6,730	10,660	17,390
In-kind rent and other	155,940	322,260	53,710	73,745	605,655	97,229	702,884
Rental	3,334	14,634	2,439	3,349	23,756	3,484	27,240
Advertising	23,796	556	1,810	92	26,254	11,331	37,585
Fines and penalties	-	-	-	634	634	1,030	1,664
Administrative and other	68,249	1,981	10,479	73,342	154,051	12,425	166,476
	<u>\$ 548,981</u>	<u>\$ 386,329</u>	<u>\$ 248,848</u>	<u>\$ 486,132</u>	<u>\$ 1,670,290</u>	<u>\$ 512,923</u>	<u>\$ 2,183,213</u>

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

MIAMI DESIGN PRESERVATION LEAGUE, INC

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED MARCH 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 65,974	\$ (163,455)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	3,016	7,588
Changes in operating assets and liabilities:		
Grants and contributions receivable	(20,979)	44,866
Prepaid expenses and other current assets	(12,048)	41,416
Inventory	3,961	(8,597)
Accounts payable and accrued expenses	(42,380)	74,761
Net cash used in operating activities	<u>(2,456)</u>	<u>(3,421)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	-	(820)
Net cash used in investing activities	<u>-</u>	<u>(820)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net (payments) borrowings on line of credit	(34,543)	20,661
Payments to former audio tour provider	(10,008)	(17,070)
Net cash (used in) provided by financing activities	<u>(44,551)</u>	<u>3,591</u>
NET DECREASE IN CASH	(47,007)	(650)
CASH - Beginning of year	268,409	269,059
CASH - End of year	<u>\$ 221,402</u>	<u>\$ 268,409</u>
SUPPLEMENTAL DISCLOSURES OF NON-CASH FLOW INFORMATION:		
In-Kind Contribution-Donated facilities, Services and Other	\$ 696,289	\$ 702,884
Interest paid	<u>\$ 6,738</u>	<u>\$ 5,554</u>

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

MIAMI DESIGN PRESERVATION LEAGUE, INC.

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED MARCH 31, 2020 AND 2019

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. MDPL’s 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 financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the “Guide”). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions:

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions:

Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

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, 2020 and 2019, restricted cash consists of \$27,237 and \$27,237, respectively, of unused raised funds for the purpose of the maintenance of the Barbara Baer Capitman (“BBC”) Memorial.

In November 2016, the Financial Accounting Standards Board issued Accounting Standards Update No. 2016-18 (“ASU 2016-18”), “Statement of Cash Flows” (Topic 230), for the presentation of restricted cash in the statement of cash flows. ASU 2016-18 applies to all entities that have restricted cash or restricted cash equivalents and are required to present a statement of cash flows. ASU 2016-18 requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. A retrospective method of adoption is required under ASU 2016-18. Management has elected to adopt ASU 2016-18, effective April 1, 2018.

The following table summarizes the components of cash and restricted cash reported within the Statement of Cash Flows:

	<u>2020</u>	<u>2019</u>
Cash	\$ 194,165	\$ 241,172
Restricted Cash	<u>27,237</u>	<u>27,237</u>
	<u>\$ 221,402</u>	<u>\$ 268,409</u>

Revenue Recognition — In accordance with ASC 958, contributions received are recorded as unrestricted 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 years ended March 31, 2020 and 2019, there are \$0 and \$0, 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 does not meet this recognition criteria and is 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 \$696,289 and \$702,884, which included \$526,444 and \$526,444 for in-kind rent in the statement of activities for the years ended March 31, 2020 and 2019, respectively. In-kind rent and other in-kind amounts are allocated in the statement of activities as follows; Art Deco Weekend program activities include \$156,195 and \$155,940 in 2020 and 2019, respectively; Museum program activities include \$322,260

and \$322,260 in 2020 and 2019, respectively; Visitor Center program activities include \$53,710 and \$53,710 in 2020 and 2019, respectively; Welcome Center program activities include \$73,745 and \$73,745 in 2020 and 2019, respectively; and Management & general support activities include \$97,379 and \$97,229 in 2020 and 2019, respectively. Refer to Note 7 herein for details on the in-kind rent amount included within the contributed services meeting the recognition requirements of ASC 958. 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, 2020 and 2019.

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 Allocation of Expenses — The Statements of Activities reports expenses by both natural and functional classification. 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. Costs are directly applied to the related program or supporting service category when identifiable and possible. General operating costs across nearly all natural categories are allocated on the basis of estimates of time and effort.

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.

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

Recent Accounting Pronouncements — In February 2016, FASB released ASU 2016-02, Leases (ASC 842). Under ASU 2016-02, lessees will be required to bring substantially all leases onto their balance sheets by recording a right-of-use asset and lease liability. Expense will be recognized on a straight-line basis for an operating lease. Recognition of expense for a finance lease will be similar to the current treatment of capital leases. The requirements of ASU 2016-02 are effective for MDPL's fiscal year ending March 31, 2021. MDPL is currently evaluating the impact of this pronouncement.

In August 2016, The Financial Accounting Standards Board (FASB) issued ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. ASU 2016-14 amends the current reporting model for non-profit organizations and enhances their required disclosures. The major changes impacting MDPL include: (1) requiring the presentation of only two classes of net assets now titled "net assets with donor restriction" and "net assets without donor restriction", (2) requiring that all non-profits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (3) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, and (4) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of non-profit financial statements. MDPL adopted ASU 2016-14 as of and for the year ended March 31, 2019, with retrospective application for the 2018 financial statements. MDPL also changed its presentation of net asset classes and expanded footnote disclosures as required by ASU 2016-14.

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 year ended March 31, 2020 are included on the Statement of activities and changes in net assets in Page 3.

4. LIQUIDITY AND AVAILABILITY

	<u>2019</u>	<u>2019</u>
Total financial assets at year-end:		
Cash and cash equivalents	\$ 194,165	\$ 241,172
Grants and contributions receivable, net	145,614	124,635
Inventory	<u>15,734</u>	<u>19,695</u>
Total financial assets at year-end	355,513	385,502
Less amounts not available to be used within one year	<u>-</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 355,513</u>	<u>\$ 385,502</u>

From time to time MDPL might receive contributions and promises to give restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. There were no contributions and promises to give restricted by donors during the years ended March 31, 2020 and 2019.

MDPL manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. MDPL operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Further, MDPL also has a line of credit available to meet short-term needs. See Note 6 for information about this arrangement.

5. PROPERTY AND EQUIPMENT—NET

A summary of property and equipment as of March 31, 2020 is as follows:

	<u>2020</u>	<u>2019</u>
Furniture, fixtures and equipment	\$ 205,714	\$ 205,714
Museum exhibits	169,431	169,431
Leasehold improvements	<u>26,284</u>	<u>26,284</u>
	401,429	401,429
Less accumulated depreciation	<u>(218,470)</u>	<u>(215,454)</u>
	<u>\$ 182,959</u>	<u>\$ 185,975</u>

Depreciation expense was \$3,016 and \$7,588 for the year ended March 31, 2020 and 2019, respectively.

6. LINE OF CREDIT

On May 14, 2019, MDPL entered into a secured line of credit agreement with City National Bank of Florida (“CNBF”) for the potential principal amount of \$100,000 (the “Company”). The Company may obtain credit advances for up to the potential principal amount until maturity at an adjustable interest rate that will not be less than 8.618%. This line of credit matures on May 14, 2021.

On March 14, 2017, MDPL entered into a secured line of credit agreement with City National Bank of Florida (“CNBF”) for the potential principal amount of \$100,000 (the “Company”). The Company may obtain credit advances for up to the potential principal amount until maturity at an adjustable interest rate that will not be less than 5.069%. This line of credit matured on May 14, 2019.

7. CONCENTRATIONS

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash equivalents. The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. At March 31, 2020, balances in the Organization’s cash accounts were below the level of insurance (in excess of \$250,000 in the same financial institution) provided by the Federal Deposit Insurance Corporation (FDIC). The Company has not experienced any losses in such accounts. Management believes that the Company is not exposed to any significant credit risk on cash and cash equivalents. 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, 2020 and 2019, revenues (both in-kind and in cash) from this governmental entity amounted to \$692,470 and \$678,194, 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 expired on December 31, 2019. On December 11, 2019 the City of Miami Beach issued a resolution to amend this agreement to extend the term of the agreement, on a month to month basis, commencing on January 1, 2020.

On August 4, 2020 the City of Miami Beach renewed this agreement for a second and final renewal term with such term commencing on September 1, 2020 and terminating on December 31, 2025. To remain compliant with the agreement, certain requirements must be met by the Organization such as, annual audits, regular reporting on program and results, insurance requirements, improvements to the gift shop and museum visitor experience, and continual educational programming.

Rent expense for this location for the years ended March 31, 2020 and 2019 was \$551,994 and \$550,349, which included \$526,444 and \$526,444, 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 \$14,000 and \$14,034 for the years ended March 31, 2020 and 2019, respectively.

The minimum future lease payments under operating leases at March 31, 2020 were as follows:

<u>Year Ending</u>		<u>Amount</u>
<u>March 31,</u>		
2021	\$	25,185
2022	\$	26,098
2023	\$	26,098
2024	\$	26,098
Thereafter		45,673
	\$	<u>149,152</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 accrued interest at 4.75% commencing on the judgment date. The settlement is now fully paid. During the year ended March 31, 2020 and 2019, the Organization paid \$10,008 and \$17,070, respectively.

9. SUBSEQUENT EVENTS

The Company has evaluated subsequent events from the balance sheet date through September 18, 2020, the date at which the financial statements were available to be issued.

In recent days, the COVID-19 coronavirus outbreak in the United States has resulted in a widespread impact on the travel and tourism industry. Beaches and vacation destinations in Miami, Florida where the Company operates were forced to close due to widespread of the pandemic and consequently the Company was also forced to close its museum, tours, and store for a few months in 2020. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact the financial results of the Company. The full potential impact is unknown at this time.
