



Financial Statements  
and Independent Auditor's Report

As of March 31, 2021 and 2020  
And for the years then ended



# MIAMI DESIGN PRESERVATION LEAGUE, INC.

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# **BRODY & ASSOCIATES**

CERTIFIED PUBLIC ACCOUNTANTS

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## **Independent Auditor's Report**

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

### **Report on the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Miami Design Preservation League, Inc., which comprise the statements of financial position as of March 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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 Miami Design Preservation League, Inc. as of March 31, 2021 and 2020, 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.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Miami Design Preservation League, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***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 Miami Design Preservation League, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.



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- 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 Miami Design Preservation League, 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 Miami Design Preservation League, 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.

*Brody & Associates, P.A.*

Aventura, Florida  
September 24, 2021

# MIAMI DESIGN PRESERVATION LEAGUE, INC

## STATEMENTS OF FINANCIAL POSITION MARCH 31, 2021 AND 2020

	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash	\$ 303,980	\$ 205,291
Restricted cash	27,237	27,237
Grants and contributions receivable, net	122,014	145,614
Prepaid expenses and other current assets	51,751	21,396
Inventory	15,734	15,734
Total current assets	<u>520,716</u>	<u>415,272</u>
<b>NON CURRENT ASSETS:</b>		
BBC memorial construction and installation costs	109,511	109,511
Property and equipment, net of accumulated depreciation	71,114	73,448
TOTAL ASSETS	<u>\$ 701,341</u>	<u>\$ 598,231</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES:</b>		
Accounts payable and accrued liabilities	\$ 51,294	\$ 94,688
Small Business Administration loans	229,320	-
Line of credit	-	34,465
Former audit tour provider judgement	11,126	11,126
Total liabilities	<u>291,740</u>	<u>140,279</u>
<b>NET ASSETS</b>		
Net assets - without donor restrictions	<u>409,601</u>	<u>457,952</u>
Total net assets	<u>409,601</u>	<u>457,952</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 701,341</u>	<u>\$ 598,231</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 (WITHOUT DONOR RESTRICTIONS)  
FOR THE YEARS ENDED MARCH 31, 2021 AND 2020

	2021	2020
<b>SUPPORT AND REVENUE</b>		
ART DECO WEEKEND REVENUE		
Vendor Rent and licensing fees	\$ -	\$ 137,710
Advertising and sales	-	25,248
Government grants	13,049	182,500
Corporate and patron support	44,774	91,367
In-kind contributions	-	156,195
Total art deco weekend revenue	57,823	593,020
OTHER SUPPORT AND REVENUE		
Welcome center	27,636	521,800
Membership dues	20,991	18,002
Tour fees and educational programs	34,075	278,725
Government grants	374,151	172,891
Other in-kind contributions	526,444	540,094
Museum entry fees	8,074	58,096
Other income	3,148	20,261
Total other support and revenue	994,519	1,609,869
TOTAL SUPPORT AND REVENUE	1,052,342	2,202,889
<b>EXPENSES</b>		
FUNCTIONAL EXPENSES		
Program activities - art deco weekend	19,899	567,543
Program activities - museum	384,531	389,967
Program activities - visitor center	154,699	267,727
Program activities - welcome center	174,680	498,154
Supporting activities - management & general	365,406	406,715
Total functional expenses	1,099,215	2,130,106
INTEREST EXPENSE	1,478	6,738
OTHER EXPENSES	-	71
TOTAL EXPENSES	1,100,693	2,136,915
CHANGE IN NET ASSETS	(48,351)	65,974
NET ASSETS - Beginning of year	457,952	391,978
NET ASSETS - End of year	\$ 409,601	\$ 457,952

*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, 2021

	PROGRAM ACTIVITIES				TOTAL PROGRAM	SUPPORTING ACTIVITIES	TOTAL EXPENSES
	ART DECO WEEKEND	MUSEUM	VISITOR CENTER	WELCOME CENTER		MANAGEMENT & GENERAL	
Salaries and compensation	\$ 10,000	\$ 6,717	\$ 64,256	\$ 49,054	\$ 130,027	\$ 123,884	\$ 253,911
Employee benefits and taxes	334	100	1,746	950	3,130	4,329	7,459
General business expense	3,137	3,552	3,483	1,932	12,104	8,996	21,100
Repairs and maintenance	-	-	220	-	220	28,449	28,669
Utilities	128	4,643	774	1,063	6,608	1,106	7,714
Computer and telephone	-	1,200	5,288	3,664	10,152	25,174	35,326
Insurance	-	2,169	3,253	6,507	11,929	9,760	21,689
Professional fees	-	14,827	14,741	29,482	59,050	44,223	103,273
Depreciation	-	-	-	-	-	2,334	2,334
Supplies	-	-	612	125	737	12,104	12,841
In-kind rent and other	-	322,260	53,710	73,745	449,715	76,729	526,444
Rental	-	15,976	2,663	3,656	22,295	3,804	26,099
Advertising	1,500	-	787	45	2,332	6,104	8,436
Fines and penalties	-	-	-	-	-	986	986
Administrative and other	4,800	13,087	3,166	4,457	25,510	17,424	42,934
	<u>\$ 19,899</u>	<u>\$ 384,531</u>	<u>\$ 154,699</u>	<u>\$ 174,680</u>	<u>\$ 733,809</u>	<u>\$ 365,406</u>	<u>\$ 1,099,215</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, 2020

	PROGRAM ACTIVITIES				TOTAL PROGRAM	SUPPORTING ACTIVITIES	TOTAL EXPENSES
	ART DECO WEEKEND	MUSEUM	VISITOR CENTER	WELCOME CENTER		MANAGEMENT & GENERAL	
Salaries and compensation	\$ 75,000	\$ 26,825	\$ 134,029	\$ 268,958	\$ 504,812	\$ 125,212	\$ 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

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED MARCH 31, 2021 AND 2020

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ (48,351)	\$ 65,974
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	2,334	3,016
Changes in operating assets and liabilities:		
Grants and contributions receivable	23,600	(20,979)
Prepaid expenses and other current assets	(30,355)	(12,048)
Inventory	-	3,961
Accounts payable and accrued expenses	(43,394)	(41,262)
Net cash used in operating activities	<u>(96,166)</u>	<u>(1,338)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net payments on line of credit	(34,465)	(34,543)
SBA PPP loan #1	113,900	-
SBA PPP loan #2	115,420	-
Net cash provided by (used in) financing activities	<u>194,855</u>	<u>(34,543)</u>
NET INCREASE (DECREASE) IN CASH	98,689	(35,881)
CASH - Beginning of year	232,528	268,409
CASH - End of year	<u>\$ 331,217</u>	<u>\$ 232,528</u>
<b>SUPPLEMENTAL DISCLOSURES OF NON-CASH FLOW INFORMATION:</b>		
In-Kind Contribution-Donated facilities, Services and Other	\$ 526,444	\$ 696,289
Interest paid	<u>\$ 1,478</u>	<u>\$ 6,738</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, 2021 AND 2020

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### 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 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, 2021 and 2020, 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.

Amounts generally described as restricted cash and restricted cash equivalents are 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. The following table summarizes the components of cash and restricted cash reported within the Statement of Cash Flows:

	<u>2021</u>	<u>2020</u>
Cash	\$ 303,980	\$ 205,291
Restricted Cash	<u>27,237</u>	<u>27,237</u>
	<u>\$ 331,217</u>	<u>\$ 232,528</u>

**Revenue recognition** — In accordance with ASC 958, contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions 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, 2021 and 2020, 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 \$526,444 and \$696,289, which included \$526,444 and \$526,444 for in-kind rent in the statement of activities for the years ended March 31, 2021 and 2020, respectively. In-kind rent and other in-kind amounts are allocated in the statement of activities as follows; Art Deco Weekend program activities include \$0 and \$156,195 in 2021 and 2020, respectively; Museum program activities include \$322,260 and \$322,260 in 2021 and 2020, respectively; Visitor Center program activities include \$53,710 and \$53,710 in 2021 and 2020, respectively; Welcome Center program activities include \$73,745 and \$73,745 in 2021 and 2020, respectively; and Management & general support activities include \$76,729 and \$90,379 in 2021 and 2020, 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, 2021 and 2020.

**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 report 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. Salaries and compensation of \$10,000 and \$50,000 were allocated to Art deco weekend in 2021 and 2020, respectively, based on management's estimates. Insurance and professional fees were allocated based as a percentage of revenue as determined by management. Utilities, in-kind rent, and rental were allocated based on square footage of the premises located in the Lummus Park as determined by management.

The following table summarizes the allocations of the aforementioned expenses that are included in the statement of functional expenses for the year ended March 31, 2021:

	2021					
	ART DECO WEEKEND	MUSEUM	VISITOR CENTER	WELCOME CENTER	MANAGEMENT & GENERAL	TOTAL
Salaries & comp.	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ 10,000
Insurance	-	2,169	3,253	6,507	9,760	21,689
Professional fees	-	9,827	14,741	29,482	44,223	98,273
Utilities	-	4,643	774	1,063	1,106	7,586
In-kind rent & other	-	322,260	53,710	73,745	76,729	526,444
Rental	-	15,976	2,663	3,656	3,804	26,099
Total	\$ 10,000	\$ 354,875	\$ 75,141	\$ 114,453	\$ 135,622	\$ 690,091

The following table summarizes the allocations of the aforementioned expenses that are included in the statement of functional expenses for the year ended March 31, 2020:

	2020					
	ART DECO WEEKEND	MUSEUM	VISITOR CENTER	WELCOME CENTER	MANAGEMENT & GENERAL	TOTAL
Salaries & comp.	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ 50,000
Insurance	2,766	692	1,383	3,458	5,533	13,832
Professional fees	24,123	6,031	12,062	30,154	48,247	120,617
Utilities	-	3,020	503	691	719	4,933
In-kind rent & other	156,195	322,260	53,710	73,745	76,729	682,639
Rental	-	15,640	2,607	3,579	3,724	25,550
Total	\$ 233,084	\$ 347,643	\$ 70,265	\$ 111,627	\$ 134,952	\$ 897,571

**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 are required to bring substantially all leases onto their balance sheets by recording a right-of-use asset and lease liability. Expense is recognized on a straight-line basis for an operating lease. Recognition of expense for a finance lease is similar to the current treatment of capital leases. FASB officially delayed the leasing standard effective date for non-public entities to December 15, 2021. Management is in the process of evaluating the requirements of ASU 2016-02 and its impact on its financial statements.

In August 2016, The 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 effective April 1, 2018. MDPL also changed its presentation of net asset classes and expanded footnote disclosures as required by ASU 2016-14.

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 adopted ASU 2016-18, effective April 1, 2019.

Other accounting standards that have been issued or proposed by the FASB or other standard-setting bodies that do not require adoption until a future date are not expected to have a material impact on the financial statements upon adoption

### **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, 2021 and 2020 are included on the Statement of activities and changes in net assets in Page 3.

#### 4. LIQUIDITY AND AVAILABILITY

	<u>2021</u>	<u>2020</u>
Total financial assets at year-end:		
Cash and cash equivalents	\$ 303,980	\$ 205,291
Grants and contributions receivable, net	122,014	145,614
Inventory	<u>15,734</u>	<u>15,734</u>
Total financial assets at year-end	441,728	366,639
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>\$ 441,728</u>	<u>\$ 366,639</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, 2021 and 2020.

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, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Furniture, fixtures and equipment	\$ 205,714	\$ 205,714
Leasehold improvements	<u>26,284</u>	<u>26,284</u>
Total cost of depreciable assets	231,998	231,998
Less accumulated depreciation	<u>(220,804)</u>	<u>(218,470)</u>
Depreciable assets, net	11,194	13,528
Nondepreciable assets - museum exhibits	<u>169,431</u>	<u>169,431</u>
	<u>\$ 180,625</u>	<u>\$ 182,959</u>

Depreciation expense was \$2,334 and \$3,016 for the years ended March 31, 2021 and 2020, 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 Organization may obtain credit advances for up to the potential principal amount until maturity at an adjustable interest rate that will not be less than 8.6%. As of March 31, 2021 the borrowings with CNBF had been paid off. This line of credit matured on May 14, 2021. On May 14, 2021, MDPL entered into a renewal agreement of this line of credit at an adjustable interest rate that will not be less than 8.5%. This line of credit now matures on May 14, 2023.

The Organization incurred in interest expense of \$1,478 and \$6,738 during the years ended March 31, 2021 and 2020, respectively, in this line of credit.

## 7. SMALL BUSINESS ADMINISTRATION LOANS

### First Draw PPP Loan

The Organization obtained from the United States Small Business Administration (“SBA”) a loan in the amount of \$113,900 under its Paycheck Protection Program (PPP) on April 11, 2020.

PPP loans were designed to provide a direct incentive for small businesses to keep their workers on payroll. First-draw PPP loans could be used to help fund payroll costs, including benefits, and may also be used to pay for mortgage interest, rent, utilities, worker protection costs related to COVID-19, uninsured property damage costs caused by looting or vandalism during 2020, and certain supplier costs and expenses for operations. First Draw PPP loans have an interest rate of 1% and have a maturity of 2 years if obtained before June 5, 2020 or 5 years if obtained after this date. These loans have no collateral or personal guarantees.

Loan payments were deferred for borrowers who apply for loan forgiveness until SBA remitted the borrower's loan forgiveness amount to the lender. MDPL accounted for the first draw PPP loan as a financial liability in accordance with FASB ASC 470 as of March 31, 2021. The Organization applied for loan forgiveness and successfully received a notice of forgiveness on April 7, 2021.

### Second Draw PPP Loan

The Organization obtained from the SBA a second PPP loan in the amount of \$115,420 on March 8, 2021.

Second Draw PPP loans can be used to help fund payroll costs, including benefits. Funds can also be used to pay for mortgage interest, rent, utilities, worker protection costs related to COVID-19, uninsured property damage costs caused by looting or vandalism during 2020, and certain supplier costs and expenses for operations. All Second Draw PPP loans have the same terms of the First Draw loans regardless of lender or borrower.

MDPL accounted for the second draw PPP loan as a financial liability in accordance with FASB ASC 470 as of March 31, 2021. The Company incurred for approximately \$1,200 of interest for the SBA loans for the year ended March 31, 2021. As of September 24, 2021, the date at which the financial statements were available to be issued, the Organization has not applied for debt forgiveness on the second PPP loan.



## 8. 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, 2021, the Organization had approximately \$30,000 of cash above the level of insurance provided by the Federal Deposit Insurance Corporation (FDIC), which is \$250,000 in the same financial institution. 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.

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, 2021 and 2020, revenues (both in-kind and in cash) from this governmental entity amounted to \$665,929 and \$692,470, respectively.

## 9. 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, 2021 and 2020 was \$552,542 and \$551,994, 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 \$0 and \$14,000 for the years ended March 31, 2021 and 2020, respectively.

The minimum future lease payments under operating leases at March 31, 2021 were as follows:

<u>Year Ending</u>		<u>Amount</u>
<u>March 31,</u>		
2022	\$	26,098
2023	\$	26,098
2024	\$	26,098
2025	\$	26,098
Thereafter		19,575
	\$	<u>123,967</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 final check was not cashed by former audio tour provider and as such there is a remaining liability of \$11,126.

## **10. RISKS AND UNCERTAINTIES**

In March 2020, the World Health Organization declared the rapidly spreading coronavirus disease (COVID-19) outbreak a pandemic. This pandemic has resulted in governments worldwide enacting emergency measures to combat the spread of the virus and has had a material adverse impact on the Company's results of operations and financial position for the year ended March 31, 2021. Due to the COVID-19 pandemic, the Organization was forced to shut down operations in its Welcome Center and suspend store sales, museum visits and tours for several months of the fiscal year ended March 31, 2021. On June 1, 2020, they reopened the Welcome Center with limited hours and the number of customers and general public visiting the center greatly decreased due to the pandemic. Moreover, the Organization held its annual Art Deco Weekend Street festival in January 2021 in a virtual manner. As a result, the 2021 Art Deco Weekend event experienced a decrease in related revenues of approximately 90%. Although the Organization responded to this sudden and unexpected decrease in revenues by reducing and/or eliminating certain functional expenses, it experienced a net loss for the year of approximately \$48,000 and negative operating cashflows of approximately \$96,000.

Management of the Organization has plans to effectively mitigate the conditions and events aforementioned that raised substantial doubt about its ability to continue as a going concern. As discussed in Notes 6 and 7 the Organization has obtained funding from external third parties, further in April 2021 the Company received forgiveness of its first draw PPP loan and has not applied for forgiveness of its second draw PPP loan as of the date of this report, which fully expects to receive as well. Management projects increases in revenues and in net assets and it is already experienced a substantial increase in its revenues. As of the date of this report, recreational activities and tourism are steadily increasing back to levels comparable to those prior to the pandemic due to loosening governmental restrictions, which is expected to positively impact the Organization and its operations. Furthermore, in November 2018, Miami Beach residents voted to approve the \$439 million General Obligation Bond Program; of which, \$2 million has been budgeted for the Art Deco Museum. The scope of the project entails expanding the museum facility on Ocean Drive to increase size and reconfigure layouts of multiuse space; reconfigure infrastructure to accommodate exhibit, ancillary and community need. Because this project is carried out together with the City of Miami Beach and is programmed between the years of 2022-2025, it indicates a sense of stability for the Organization. As described in Note 9, The Organization has a lease agreement in place for the premises located in the Lummus Park, Miami Beach until December 2025. Management of the Company believes that these estimates, agreements, and positive outlook and news make the substantial doubt about the ability of the Organization to continue as a going concern less than probable chance of occurring. Nonetheless, these estimates may change, as new events occur and additional information is obtained.

The full extent of the future impacts of COVID-19 on the Organization's operations is uncertain. A prolonged outbreak could have a material adverse impact on financial results and business operations of the Organization in the future. The Organization is not aware of any specific event or circumstance that would require an update to its estimates or judgments or a revision of the carrying value of its assets or liabilities as of the date of issuance of these financial statements.

#### **11. SUBSEQUENT EVENTS**

The Company has evaluated subsequent events from the date of the statement financial position through September 24, 2021, the date at which the financial statements were available to be issued.

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