
Miami Design Preservation League, Inc.

**Financial Statements and Independent
Auditor's Report as of March 31, 2023 and
March 31, 2022 and for the years then ended**



MIAMI DESIGN PRESERVATION LEAGUE, INC.

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED MARCH 31, 2023 AND MARCH 31, 2022:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5-6
Statements of Cash Flows	7
Notes to Financial Statements	8-17

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Fort Lauderdale, Florida 33301

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, 2023 and 2022, 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, 2023 and 2022, 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.
- 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.



Fort Lauderdale, Florida
November 10, 2023

MIAMI DESIGN PRESERVATION LEAGUE, INC.

STATEMENTS OF FINANCIAL POSITION MARCH 31, 2023 AND MARCH 31, 2022

	2023	2022
ASSETS		
CURRENT ASSETS:		
Cash	\$ 717,041	\$ 352,788
Restricted cash	27,237	27,237
Grants and contributions receivable, net	92,817	153,377
Prepaid expenses and other current assets	130,240	19,462
Inventory	40,196	14,577
Total current assets	<u>1,007,531</u>	<u>567,441</u>
NON CURRENT ASSETS:		
BBC memorial construction and installation costs	157,426	157,426
Property and equipment, net of accumulated depreciation	25,886	21,507
TOTAL ASSETS	<u><u>\$ 1,190,843</u></u>	<u><u>\$ 746,374</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued liabilities	\$ 91,987	\$ 108,664
Deferred revenue	172,076	-
Refundable advance	40,000	-
Former audit tour provider judgement	-	11,259
Total liabilities	<u>304,063</u>	<u>119,923</u>
NET ASSETS		
Net assets - without donor restrictions	401,580	467,351
Net assets - with donor restrictions	485,200	159,100
Total net assets	<u>886,780</u>	<u>626,451</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,190,843</u></u>	<u><u>\$ 746,374</u></u>

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

MIAMI DESIGN PRESERVATION LEAGUE, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED MARCH 31, 2023 AND MARCH 31, 2022

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	
SUPPORT AND REVENUE				
ART DECO WEEKEND REVENUE				
Vendor Rent and licensing fees	\$ 109,976	\$ -	\$ 109,976	\$ 108,013
Advertising and sales	29,708	-	29,708	18,675
Government grants	129,293	-	129,293	62,500
Corporate and patron support	62,110	-	62,110	56,604
In-kind contributions	224,768	-	224,768	198,705
Total art deco weekend revenue	555,855	-	555,855	444,497
OTHER SUPPORT AND REVENUE				
Welcome center	546,397	-	546,397	239,328
Membership dues	40,979	-	40,979	35,226
Tour fees and educational programs	224,191	-	224,191	155,693
Government grants	288,743	-	288,743	188,995
Other contributions and donated facilities	371	326,100	326,471	166,737
Other in-kind contributions	495,450	-	495,450	564,958
Museum entry fees	76,873	-	76,873	39,696
Gain on PPP loan forgiveness	-	-	-	229,320
Other income	5,266	-	5,266	8,363
Total other support and revenue	1,678,270	326,100	2,004,370	1,628,316
TOTAL SUPPORT AND REVENUE	2,234,125	326,100	2,560,225	2,072,813
EXPENSES				
FUNCTIONAL EXPENSES				
Program activities - art deco weekend	615,172	-	615,172	458,538
Program activities - museum	402,287	-	402,287	518,701
Program activities - visitor center	269,841	-	269,841	199,730
Program activities - welcome center	409,465	-	409,465	281,647
Supporting activities - management & general	592,887	-	592,887	397,347
Supporting activities - fundraising	9,730	-	9,730	-
Total functional expenses	2,299,382	-	2,299,382	1,855,963
INTEREST EXPENSE	514	-	514	-
TOTAL EXPENSES	2,299,896	-	2,299,896	1,855,963
CHANGE IN NET ASSETS	(65,771)	326,100	260,329	216,850
NET ASSETS - Beginning of year	467,351	159,100	626,451	409,601
NET ASSETS - End of year	\$ 401,580	\$ 485,200	\$ 886,780	\$ 626,451

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, 2023

	PROGRAM ACTIVITIES					SUPPORTING ACTIVITIES		TOTAL EXPENSES
	ART DECO WEEKEND	MUSEUM	VISITOR CENTER	WELCOME CENTER	TOTAL PROGRAM	MANAGEMENT & GENERAL	FUNDRAISING	
Administrative and other	\$ 94,940	\$ 26,824	\$ 27,090	\$ 83,109	\$ 231,963	\$ 11,782	\$ -	\$ 243,745
Advertising	62,048	-	402	108	62,558	31,959	-	94,517
Computer and telephone	1,304	1,121	2,675	3,206	8,306	51,320	-	59,626
Depreciation	-	-	-	-	-	2,372	-	2,372
Employee benefits and taxes	-	-	10,638	7,982	18,620	21,436	-	40,056
Fines and penalties	-	-	-	-	-	-	-	-
Fundraising	-	-	-	-	-	5,141	9,730	14,871
General business expense	48,364	1,125	28,837	9,459	87,785	55,844	-	143,629
In-kind rent and other	224,768	296,585	49,431	67,869	638,653	81,565	-	720,218
Insurance	3,020	755	1,510	3,775	9,060	6,039	-	15,099
Professional fees	15,327	3,832	7,664	19,159	45,982	30,654	-	76,636
Rental	52,868	16,800	2,800	3,845	76,313	4,000	-	80,313
Repairs and maintenance	23,230	-	-	-	23,230	44,998	-	68,228
Salaries and compensation	50,000	-	137,223	208,505	395,728	224,944	-	620,672
Supplies	2,162	48,404	431	882	51,879	19,204	-	71,083
Utilities	37,141	6,841	1,140	1,566	46,688	1,629	-	48,317
	\$ 615,172	\$ 402,287	\$ 269,841	\$ 409,465	\$ 1,696,765	\$ 592,887	\$ 9,730	\$ 2,299,382

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, 2022

	PROGRAM ACTIVITIES				SUPPORTING ACTIVITIES		TOTAL EXPENSES
	ART DECO WEEKEND	MUSEUM	VISITOR CENTER	WELCOME CENTER	TOTAL PROGRAM	MANAGEMENT & GENERAL	
Administrative and other	\$ 53,582	\$ 34,794	\$ 13,442	\$ 67,883	\$ 169,701	\$ 19,090	\$ 188,791
Advertising	30,327	1,807	926	-	33,060	19,270	52,330
Computer and telephone	-	41,744	1,108	5,420	48,272	30,739	79,011
Depreciation	-	-	-	-	-	1,692	1,692
Employee benefits and taxes	-	-	6,612	1,904	8,516	13,584	22,100
Fines and penalties	-	-	-	-	-	133	133
General business expense	47,252	1,008	10,981	23,123	82,364	14,210	96,574
In-kind rent and other	198,705	349,824	64,660	73,745	686,934	76,729	763,663
Insurance	2,032	508	1,016	2,540	6,096	4,063	10,159
Professional fees	24,253	6,413	12,127	30,317	73,110	48,507	121,617
Rental	-	14,645	2,441	3,351	20,437	3,487	23,924
Repairs and maintenance	18,658	-	-	-	18,658	35,300	53,958
Salaries and compensation	50,000	61,600	84,910	70,537	267,047	118,449	385,496
Supplies	332	900	597	1,578	3,407	10,794	14,201
Utilities	33,397	5,458	910	1,249	41,014	1,300	42,314
	<u>\$ 458,538</u>	<u>\$ 518,701</u>	<u>\$ 199,730</u>	<u>\$ 281,647</u>	<u>\$ 1,458,616</u>	<u>\$ 397,347</u>	<u>\$ 1,855,963</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, 2023 AND MARCH 31, 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 260,329	\$ 216,850
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	2,372	1,692
Gain on PPP loan forgiveness	-	(229,320)
Changes in operating assets and liabilities:		
Grants and contributions receivable	60,560	(31,363)
Prepaid expenses and other current assets	(110,778)	32,289
Inventory	(25,619)	1,157
Accounts payable and accrued expenses	(16,677)	57,503
Deferred revenue	172,076	-
Refundable advance	40,000	-
Former audio tour provider judgement	(11,259)	-
Net cash provided by operating activities	<u>371,004</u>	<u>48,808</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	<u>(6,751)</u>	-
Net cash used in investing activities	<u>(6,751)</u>	-
NET INCREASE IN CASH AND RESTRICTED CASH	364,253	48,808
CASH AND RESTRICTED CASH - Beginning of year	380,025	331,217
CASH AND RESTRICTED CASH - End of year	<u>\$ 744,278</u>	<u>\$ 380,025</u>
SUPPLEMENTAL DISCLOSURES OF NON-CASH FLOW INFORMATION:		
In-Kind Contribution-Donated facilities, Services and Other	<u>\$ 720,218</u>	<u>\$ 763,663</u>
Interest paid	<u>\$ 514</u>	<u>\$ -</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 YEARS ENDED MARCH 31, 2023 AND MARCH 31, 2022

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”).

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, 2023 and 2022, 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.

MIAMI DESIGN PRESERVATION LEAGUE, INC.

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED MARCH 31, 2023 AND MARCH 31, 2022 (CONTINUED)

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

	March 31,	
	2023	2022
Cash	\$ 717,041	\$ 352,788
Restricted Cash	27,237	27,237
	<u>\$ 744,278</u>	<u>\$ 380,025</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, 2023 and 2022, there were \$326,100 and \$159,100, respectively, of revenues that were restricted in purpose and are included in the total other support and revenue.

The Organization recognizes revenue from exchange transactions in accordance with Financial Accounting Standards Board (“FASB”) ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606) (“ASC 606”). Revenue is recognized pursuant to a five-step model: (i) identify contract(s) with the customer; (ii) identify the performance obligation in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations; (v) recognize revenue when (or as) each performance obligation is satisfied. Under ASC 606, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the Organization expects to receive in exchange for those goods or services. In addition, ASC 606 requires disclosure of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Organization’s sources of revenue from exchange transactions subject to ASC 606 include membership dues, museum entry fees, guided tours and world congress event ticket sales. 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. Museum entry fees, guided tours and world congress event ticket sales are recognized at a point in time when the service is rendered or the event occurs.

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.

MIAMI DESIGN PRESERVATION LEAGUE, INC.

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED MARCH 31, 2023 AND MARCH 31, 2022 (CONTINUED)

However, there are contributed services to MDPL which meet the recognition criteria of ASC 958. The majority of these services were used to support the Art Deco Weekend program services. Contributed services meeting the recognition requirements of ASC 958 were valued at \$660,063 and \$763,663, which included \$484,500 and \$526,444 for in-kind rent in the statement of activities for the years ended March 31, 2023 and 2022, respectively. In-kind rent and other in-kind amounts are allocated in the statement of activities as follows; Art Deco Weekend program activities include \$175,563 and \$198,705 in 2023 and 2022, respectively; Museum program activities include \$296,585 and \$349,824 in 2023 and 2022, respectively; Visitor Center program activities include \$49,431 and \$64,660 in 2023 and 2022, respectively; Welcome Center program activities include \$67,869 and \$73,745 in 2023 and 2022, respectively; and Management & general support activities include \$70,615 and \$76,729 in 2023 and 2022, respectively. Refer to Note 10 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. Refer to Note 11 for the amount of revenue recognized for each of the categories of in-kind gifts during the years ended March 31, 2023 and 2022.

Art Deco Weekend — An important educational 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.

World Congress on Art Deco — MDPL founder Barbara Baer Capitman in 1989 created the concept for the World Congress on Art Deco. In January 1990 Mrs. Capitman conducted an “organizing symposium” to ensure the planned inauguration and launch of a series of such world congresses. MDPL hosted the first World Congress on Art Deco in Miami Beach, Florida in January 1991 during the annual Art Deco Weekend. MDPL licensed the World Congress on Art Deco as a biannual event giving the International Coalition of Art Deco Societies (“ICADS”) the authority to vote on future sites for the Congresses.

During April 2023, MDPL hosted the World Congress on Art Deco in Miami Beach, Florida. In connection with the event, MDPL collected \$172,076 from tickets sales and the Organization also received a \$40,000 contribution for the World Congress on Art Deco during the year ended March 31, 2023. These amounts are included in the Statement of Financial Position at March 31, 2023 as deferred revenue and a refundable advance, respectively.

Grants and contributions receivable — Unconditional contributions receivable are recognized at the time when the respective donor makes the promise. Unconditional contributions receivable due in the next year are recorded at their net realizable value, which is considered a reasonable estimate of fair value. Unconditional contributions receivable that are expected to be collected in future years are recognized at fair value, using present value techniques and applicable discount rates. The discounts on the estimated future cash flows of contributions receivable are computed using risk-free interest rates applicable to the respective years in which pledges are expected to be received. Conditional contributions receivable are recognized when the conditions on which they depend are substantially met that is, when the conditional promise becomes unconditional.

MIAMI DESIGN PRESERVATION LEAGUE, INC.

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED MARCH 31, 2023 AND MARCH 31, 2022 (CONTINUED)

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, 2023 and March 31, 2022.

At March 31, 2023 and March 31, 2022, grants and contributions receivable from two donors accounted for approximately 72% and 60%, respectively, of total grants and contributions receivable, net of discounts.

Inventory — Inventories, consisting of retail souvenirs, collectables and educational materials are stated at cost, determined on the weighted average cost method, 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 \$50,000 and \$50,000 were allocated to Art deco weekend in 2023 and 2022, 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.

MIAMI DESIGN PRESERVATION LEAGUE, INC.

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED MARCH 31, 2023 AND MARCH 31, 2022 (CONTINUED)

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, 2023:

	2023					TOTAL
	ART DECO WEEKEND	MUSEUM	VISITOR CENTER	WELCOME CENTER	MANAGEMENT & GENERAL	
In-kind rent & other	\$ 224,768	\$ 296,585	\$ 49,431	\$ 67,869	\$ 81,565	\$ 720,218
Insurance	3,020	755	1,510	3,775	6,039	15,099
Professional fees	15,327	3,832	7,664	19,159	30,654	76,636
Rental	-	16,800	2,800	3,845	4,000	27,445
Salaries & comp.	50,000	-	-	-	-	50,000
Utilities	-	6,841	1,140	1,566	1,629	11,176
Total	\$ 293,115	\$ 324,813	\$ 62,545	\$ 96,214	\$ 123,887	\$ 900,574

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, 2022:

	2022					TOTAL
	ART DECO WEEKEND	MUSEUM	VISITOR CENTER	WELCOME CENTER	MANAGEMENT & GENERAL	
In-kind rent & other	\$ 198,705	\$ 349,824	\$ 64,660	\$ 73,745	\$ 76,729	\$ 763,663
Insurance	2,032	508	1,016	2,540	4,063	10,159
Professional fees	24,253	6,063	12,127	30,317	48,507	121,267
Rental	-	14,645	2,441	3,351	3,487	23,924
Salaries & comp.	50,000	-	-	-	-	50,000
Utilities	-	5,458	910	1,249	1,300	8,917
Total	\$ 274,990	\$ 376,498	\$ 81,154	\$ 111,202	\$ 134,086	\$ 977,930

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 September 2020, the FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. ASU 2020-07 amends the current reporting model for non-profit organizations and enhances their required disclosures.

MIAMI DESIGN PRESERVATION LEAGUE, INC.

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED MARCH 31, 2023 AND MARCH 31, 2022 (CONTINUED)

The major changes impacting MDPL include: (1) requiring the presentation of contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets, (2) enhanced disclosures pertaining to contributed nonfinancial assets recognized. ASU 2020-07 is effective for entities with annual periods beginning after June 15, 2021 and should be applied on a retrospective basis. Management adopted ASU 2016-18, effective April 1, 2022.

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 where 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, 2023 and 2022 are included in the statement of activities and changes in net assets in Page 4.

4. LIQUIDITY AND AVAILABILITY

	March 31,	
	2023	2022
Total financial assets at year-end:		
Cash and restricted cash	\$ 744,278	\$ 352,788
Grants and contributions receivable, net	92,817	153,377
Inventory	40,196	14,577
Total financial assets at year-end	877,291	520,742
Less amounts not available to be used within one year	-	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 877,291	\$ 520,742

From time-to-time MDPL might receive contributions and promises to give that are 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. Contributions and promises to give of \$326,100 and \$159,100 were restricted by donors during the years ended March 31, 2023 and 2022, respectively.

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 7 for information about this arrangement.

MIAMI DESIGN PRESERVATION LEAGUE, INC.

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED MARCH 31, 2023 AND MARCH 31, 2022 (CONTINUED)

5. PROPERTY AND EQUIPMENT—NET

A summary of property and equipment is as follows:

	March 31,	
	2023	2022
Furniture, fixtures and equipment	\$ 205,714	\$ 217,719
Leasehold improvements	45,040	26,284
Total cost of depreciable assets	250,754	244,003
Less accumulated depreciation	(224,868)	(222,496)
Depreciable assets, net	25,886	21,507
Nondepreciable assets - museum exhibits	157,426	157,426
	<u>\$ 183,312</u>	<u>\$ 178,933</u>

Depreciation expense was \$2,372 and \$1,692 for the years ended March 31, 2023 and 2022, respectively. Costs in excess of \$5,000 associated with the acquisition or construction of property and equipment are capitalized.

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as follows:

	March 31,	
	2023	2022
Subject to expenditure for specified purpose or period:		
Museum program	\$ 485,200	\$ 159,100
Total subject to expenditure for specified purpose or period:	<u>\$ 485,200</u>	<u>\$ 159,100</u>
Total net assets with donor restrictions	<u>\$ 485,200</u>	<u>\$ 159,100</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by the donors. During the year ended March 31, 2023 and 2022, the net assets released from restrictions were \$0 and \$0, respectively.

MIAMI DESIGN PRESERVATION LEAGUE, INC.

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED MARCH 31, 2023 AND MARCH 31, 2022 (CONTINUED)

7. 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%. On May 14, 2023, MDPL entered into a renewal agreement of this line of credit which matures on May 14, 2025 and has an annual percentage rate based on an independent index. As of March 31, 2023 the borrowings with CNBF had been paid off.

The Organization incurred in interest expense of \$514 and \$0 during the years ended March 31, 2023 and 2022, respectively, in this line of credit.

8. 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. Proceeds were recognized as a gain on PPP loan forgiveness in the statement of activities once the forgiveness was granted and the condition was explicitly waived.

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.

MIAMI DESIGN PRESERVATION LEAGUE, INC.

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED MARCH 31, 2023 AND MARCH 31, 2022 (CONTINUED)

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 \$0 and \$1,200 of interest for the SBA loan for the year ended March 31, 2022 and 2021, respectively. The Organization applied for loan forgiveness and successfully received a notice of forgiveness on March 28, 2022. Proceeds were recognized as a gain on PPP loan forgiveness in the statement of activities once the forgiveness was granted and the condition was explicitly waived.

9. 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, 2023, the Organization had approximately \$378,348 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, 2023 and 2022, revenues (both in-kind and in cash) from this governmental entity amounted to \$630,536 and \$617,154, respectively.

10. 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.

In-kind rent expense for this location for the years ended March 31, 2023 and March 31, 2022 was \$484,500 and \$526,444, respectively, and is allocated in the statement of functional expenses based on square footage. As part of this agreement, the Organization is permitted to sublease part of the premises for limited private events. The Organization's sublease income amounted to \$0 and \$6,861 for the years ended March 31, 2023 and 2022, respectively.

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.

MIAMI DESIGN PRESERVATION LEAGUE, INC.

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED MARCH 31, 2023 AND MARCH 31, 2022 (CONTINUED)

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. During the year ended March 31, 2023, the final payment to satisfy the outstanding liability was issued.

Financial awards from federal, state and local government entities in the form of grants are subject to special audits by the respective governmental agencies. Such audits may subject grant programs to compliance tests that may result in disallowed costs. In the opinion of management, future disallowances of grant expenditures, if any, would not have a material adverse effect on the financial condition of the Organization. Accordingly, no provision for any liability that may result has been made in the financial statements.

11. IN-KIND AMOUNTS

The amount of revenue recognized for each category of contributed nonfinancial assets was as follows:

	March 31,	
	2023	2022
Building	\$ 484,500	\$ 526,444
Advertising	91,305	86,205
Police	86,976	56,035
Fire	23,120	23,121
Parking	10,867	9,062
Volunteers	23,450	23,450
Services	-	39,346
Total in-kind amounts	\$ 720,218	\$ 763,663

The contributed services comprised \$27,564 for a catering event and \$11,782 for sod replacement during the year ended March 31, 2022. The valuation techniques and inputs used by management to estimate the fair value of in-kind amounts were as follows; building's fair value is determined using comparable market rates as provided by the City of Miami Beach, advertising, police, fire, parking and services' are stated at cost which approximate their fair value, and volunteers' fair value is based on management's best estimates.

12. SUBSEQUENT EVENTS

The Company has evaluated subsequent events from the date of the Statement of Financial Position through November 10, 2023, the date at which the financial statements were available to be issued.
