

FINANCIAL STATEMENTS

MARCH 31, 2024 AND 2023

MIAMI DESIGN PRESERVATION LEAGUE, INC.

MIAMI, FLORIDA

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Miami Design Preservation League, Inc. (a nonprofit organization), which comprise the statements of financial position as of March 31, 2024 and 2023, and the related statements of activities, functional expenses, and cashflows 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. (the 'Organization') as of March 31, 2024 and 2023, 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 the Organization'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.

Draft

Weston, Florida
September 13, 2024

MIAMI DESIGN PRESERVATION LEAGUE, INC.
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2024 AND 2023

ASSETS

CURRENT ASSETS	2024	2023
Cash	\$ 308,421	\$ 294,831
Restricted cash	78,703	449,447
Investments - Certificate of deposits (CDs) - restricted	237,058	-
Grants and contributions receivable, net	136,673	92,817
Prepaid expenses and other current assets	84,331	130,240
Inventory	44,852	40,196
TOTAL CURRENT ASSETS	890,038	1,007,531
NON CURRENT ASSETS		
BBC memorial construction and installation costs	109,511	157,426
Property and equipment, net of accumulated depreciation	43,962	25,886
TOTAL ASSETS	\$ 1,043,511	\$ 1,190,843

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable and accrued expenses	\$ 112,473	\$ 91,987
Deferred revenue	-	172,076
Refundable advance	-	40,000
Total Liabilities	112,473	304,063
NET ASSETS		
Net assets - without donor restrictions	513,514	401,580
Net assets - with donor restrictions	417,524	485,200
Total Net Assets	931,038	886,780
TOTAL LIABILITIES AND NET ASSETS	\$ 1,043,511	\$ 1,190,843

See independent auditors' report and accompanying notes to financial statements.

MIAMI DESIGN PRESERVATION LEAGUE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2024 AND MARCH 31, 2023

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUES AND SUPPORT				
ART DECO WEEKEND REVENUE				
Vendor Rent and licensing fees	\$ 143,525	\$ -	\$ 143,525	\$ 109,976
Advertising and sales	23,182	-	23,182	29,708
Government grants	-	101,000	101,000	129,293
Corporate and patron support	92,542	-	92,542	62,110
In-kind contributions	227,934	-	227,934	224,768
Total art deco weekend revenue	487,183	101,000	588,183	555,855
OTHER SUPPORT AND REVENUE				
Welcome center	627,951	-	627,951	546,397
World congress event	208,506	-	208,506	-
Membership dues	35,783	-	35,783	40,979
Tour fees and educational programs	233,426	-	233,426	224,191
Government grants	95,819	147,872	243,691	288,743
Other contributions and donated facilities	10,000	6,500	16,500	326,471
Other in-kind contributions	559,500	-	559,500	495,450
Museum entry fees	88,692	-	88,692	76,873
Realized and unrealized gain on investments	5,530	-	5,530	-
Other income	266	-	266	5,266
Total other support and revenue	1,865,473	154,372	2,019,845	2,004,370
TOTAL SUPPORT AND REVENUE	2,352,656	255,372	2,608,028	2,560,225
EXPENSES				
FUNCTIONAL EXPENSES				
Program activities - art deco weekend	979,111	-	979,111	615,172
Program activities - museum	139,106	-	139,106	402,287
Program activities - visitor center	227,176	-	227,176	269,841
Program activities - welcome center	437,974	-	437,974	409,465
Program activities - world congress	156,230	-	156,230	-
Supporting activities - management & general	567,474	-	567,474	592,887
Supporting activities - fundraising	7,240	-	7,240	9,730
Total functional expenses	2,514,311	-	2,514,311	2,299,382
OTHER EXPENSES				
Loss on disposal of exhibit items	47,915	-	47,915	-
Interest expenses	1,544	-	1,544	514
Total other expenses	49,459	-	49,459	514
TOTAL EXPENSES	2,563,770	-	2,563,770	2,299,896
NET ASSETS REALEASED FROM RESTRICTIONS	323,048	(323,048)	-	-
CHANGE IN ASSETS	111,934	(67,676)	44,258	260,329
NET ASSETS, beginning of period	401,580	485,200	886,780	626,451
NET ASSETS, end of period	\$ 513,514	\$ 417,524	\$ 931,038	886,780

See independent auditors' report and accompanying notes to financial statements.

MIAMI DESIGN PRESERVATION LEAGUE, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2024

	PROGRAM SERVICES					SUPPORTING SERVICES		Total Expenses	
	ART DECO WEEKEND	MUSEUM	VISITOR CENTER	WELOME CENTER	WORLD CONGRESS	TOTAL PROGRAM	MANAGEMENT & GENERAL		FUNDRAISING
Administrative and other	\$ 86,711	\$ 3,582	\$ 32,595	\$ 9,106	\$ 663	\$ 132,657	\$ 27,318	\$ -	\$ 159,975
Advertising	55,858	-	3,766	-	-	59,624	18,598	-	78,222
Computer and telephone	1,400	1,644	3,655	3,494	-	10,193	34,711	-	44,904
Cost of Good Sold	14,586	-	-	214,980	1,950	231,516	4,728	-	236,244
Depreciation	-	-	-	-	-	-	4,083	-	4,083
Employee benefits and taxes	-	-	8,609	12,123	-	20,732	33,167	-	53,899
Fundraising	-	-	-	2,804	-	2,804	906	7,240	10,950
General business expenses	45,096	-	33,692	5,721	144,703	229,212	41,335	-	270,547
In-kind rent and other	605,296	111,489	18,579	25,521	-	760,885	26,549	-	787,434
Insurance	5,063	856	1,507	104	1,943	9,473	14,770	-	24,243
Professional fees	18,144	3,069	5,401	374	6,962	33,950	52,934	-	86,884
Rental	62,235	11,463	1,910	2,624	-	78,232	2,730	-	80,962
Repairs and maintenance	5,733	-	-	-	-	5,733	50,489	-	56,222
Salaries and compensation	50,000	-	112,868	159,386	-	322,254	242,068	-	564,322
Supplies	3,403	2,290	3,809	658	9	10,169	11,966	-	22,135
Utilities	25,586	4,713	785	1,079	-	32,163	1,122	-	33,285
	<u>\$ 979,111</u>	<u>\$ 139,106</u>	<u>\$ 227,176</u>	<u>\$ 437,974</u>	<u>\$ 156,230</u>	<u>\$1,939,597</u>	<u>\$ 567,474</u>	<u>\$ 7,240</u>	<u>\$2,514,311</u>

See independent auditors' report and accompanying notes to financial statements.

MIAMI DESIGN PRESERVATION LEAGUE, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2023

	PROGRAM SERVICES				SUPPORTING SERVICES		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
Fundraising	-	-	-	-	-	5,141	9,730	14,871
General business expenses	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
	<u>\$ 615,172</u>	<u>\$ 402,287</u>	<u>\$ 269,841</u>	<u>\$ 409,465</u>	<u>\$1,696,765</u>	<u>\$ 592,887</u>	<u>\$ 9,730</u>	<u>\$ 2,299,382</u>

See independent auditors' report and accompanying notes to financial statements.

MIAMI DESIGN PRESERVATION LEAGUE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2024 AND MARCH 31, 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 44,258	\$ 260,329
Adjustments to reconcile change in net assets to net cash provided in operating activities:		
Depreciation	4,083	2,372
Loss on disposal of exhibit items	47,915	-
Realized and unrealized gain on investments	(58)	-
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Grants and contributions receivable	(43,856)	60,560
Prepaid expenses and other current assets	45,909	(110,778)
Inventory	(4,656)	(25,619)
Accounts payable and accrued expenses	20,486	(27,936)
Deferred revenue	(172,076)	172,076
Refundable advance	(40,000)	40,000
Net cash used in operating activities	<u>(97,995)</u>	<u>371,004</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(22,159)	(6,751)
Purchases of investments	(592,000)	-
Proceeds from sale of investments	355,000	-
Net cash used in investing activities	<u>(259,159)</u>	<u>(6,751)</u>
NET CHANGE IN CASH	(357,154)	364,253
CASH, beginning of period	<u>744,278</u>	<u>380,025</u>
CASH, end of period	<u>\$ 387,124</u>	<u>\$ 744,278</u>
Supplemental disclosure of cash flow information		
Cash paid during the period for:		
Interest	\$ <u>1,544</u>	\$ <u>514</u>
Non-cash activities:		
In-Kind contribution-donated facilities, services and others	\$ <u>787,434</u>	\$ <u>720,218</u>

See independent auditors' report and accompanying notes to financial statements.

Miami Design Preservation League, Inc.
Notes to the Financial Statements
March 31, 2024 and March 31, 2023

Note 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.

Note 2 – Summary of Signature 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 and cash equivalent

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

Restricted cash

As of March 31, 2024 and 2023, restricted cash consists of \$78,703 and \$449,447, respectively, of unused raised funds for the purpose of the maintenance of the Barbara Baer Capitman ("BBC") Memorial and museum program expenses.

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

	March 31,	
	2024	2023
Cash	\$ 308,421	\$ 294,831
Restricted Cash	78,703	449,447
	\$ 387,124	\$ 744,278

Miami Design Preservation League, Inc.
Notes to the Financial Statements
March 31, 2024 and March 31, 2023

Note 2 – Summary of Signature Accounting Policies (Continued)

Gift Shop 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.

Valuation of Long-Lived Assets

In accordance with the provisions of generally accepted accounting principles on accounting for the impairment or disposal of long-lived assets, the Organization reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no assessment was required for the periods presented in these financial statements.

Investments

The Organization record investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest or dividend income, unrealized capital gains and losses, less external and direct internal investment expenses. During this period, the Organization acquired various certificates of deposit, with a balance of \$237,058 as of March 31, 2024.

Fair Value Measurements

The Organization's financial instruments consist primarily of cash, grants receivable, certificates of deposits, accounts payable and bank line of credit. The carrying amount of these items approximate their fair value due to the short-term nature of such instruments. Valuation techniques used in fair value measurements need to maximize the use of observable inputs and minimize the use of unobservable inputs. A valuation method may produce a fair value measurement that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions could result in different fair value measurements at the reporting date. Refer to Note 6 for the fair value of the investment.

Collection

Collection items are held for public exhibition and education in furtherance of public service rather than financial gain; are protected, kept encumbered, cared for and preserved; and are subject to a policy that requires the proceeds from sales of collection items to be used to acquire other items for collections. Due to their extraordinarily long estimated useful lives of the memorial, ASC 958-360-35-3 indicates that depreciation does not need to be recognized (similar to non-depreciation of land).

The collection consists of a Barbar B Capitman (BBC) memorial statue. The primary focus of the statue is to honor and educate visitors about the MDPL founder Barbara Baer Capitman. There was no other collection purchased during March 2024 and 2023. Proceeds from deaccessions or insurance recoveries are reflected in the statement of activities and changes in net assets based on the absence or existence and nature of donor-imposed restrictions. During the period ended March 31, 2024 and 2023, respectively, the Organization disposed \$47,915 and \$0 of exhibit items. There were no sales during March 31, 2024 or 2023.

Miami Design Preservation League, Inc.
Notes to the Financial Statements
March 31, 2024 and March 31, 2023

Note 2 – Summary of Signature Accounting Policies (Continued)

Revenue recognition

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law

Grants and contributions

The Organization recognizes contributions as revenue when they are received or unconditionally pledged and records these revenues as with donor restrictions or without donor restrictions according to donor stipulations that limit the use of these assets due to either a time or purpose restriction. Contributions received with donor restrictions that are met in the year of receipt are recorded as revenues without donor restrictions. Conditional promises to give must have both (a) a barrier to be overcome and (b) a right of return or right of release element present, therefore they are not included as revenue or promises to give until such time as the conditions have been substantially met. 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. As of March 31, 2024 and 2023, the Organization had outstanding \$23,000 and \$23,000 related to grants in conditional promises to give, respectively. 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, 2024 and March 31, 2023.

At March 31, 2024 and March 31, 2023, grants and contributions receivable from two donors accounted for approximately 68% and 72%, respectively, of total grants and contributions receivable, net of discounts.

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.

Nevertheless, MDPL receives contributed services that meet the recognition criteria of ASC 958. In most cases, these services were used to support the Art Deco Weekend program. For the years ended March 31, 2024 and 2023, respectively, contributions meeting the recognition requirements of ASC 958 were valued at \$787,434 and \$720,218, including \$484,500 and \$484,500 for in-kind rent. Refer to Note 11 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, 2024 and 2023.

Other Revenues

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.

Miami Design Preservation League, Inc.
Notes to the Financial Statements
March 31, 2024 and March 31, 2023

Note 2 – Summary of Signature Accounting Policies (Continued)

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.

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.

In April 2023, MDPL hosted the World Congress on Art Deco in Miami Beach, Florida. The MDPL received \$168,506 from ticket sales and a \$40,000 contribution for the World Congress on Art Deco during the year ended March 31, 2024. As of March 31, 2023, most of these amounts were included in the Statement of Financial Position as deferred revenue and a refundable advance, respectively, and they were recognized in revenue during this period.

Advertising

Advertising is expensed in the period incurred. Advertising amounted to \$78,222 and \$94,517 for the years ended March 31, 2024 and 2023, respectively.

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. As of March 31, 2024 and 2023, the Organization did not have any uncertain tax positions and thus has not recognized any interest and penalties in these financial statements. Tax years that remain subject to examination by federal authorities are 2021, 2022, 2023 and 2024.

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 were allocated to Art Deco weekend in both 2024 and 2023, 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 Lummus Park as determined by management.

Miami Design Preservation League, Inc.
Notes to the Financial Statements
March 31, 2024 and March 31, 2023

Note 2 - Summary of Signature Accounting Policies (Continued)

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

There are significant applicable accounting standards that have been issued or proposed by the FASB or other standard-setting bodies that require adoption. Any adoption in a future date is not expected to have a material impact on the financial statements upon adoption.

Note 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, 2024 and 2023 are included in the statement of activities and changes in net assets in these financial statements.

Note 4 – Liquidity and Availability

	March 31,	
	2024	2023
Total financial assets at year-end:		
Cash and restricted cash	\$ 387,124	\$ 744,278
Grants and contributions receivable, net	136,673	92,817
Inventory	44,852	40,196
Investments - Certificate of deposits (CDs) - restricted	237,058	-
	805,707	877,291
Less those unavailable for general expenditures within one year		
Financial assets available to meet cash needs for general expenditures within one year.	\$ 805,707	\$ 877,291

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 \$255,372 and \$326,100 were restricted by donors during the years ended March 31, 2024 and 2023, 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. As part of the liquidity management plan, they invest cash in excess of daily requirements in short term certificates of deposits (CDs), and money market funds. Further, MDPL also has a line of credit available to meet short-term needs. See Note 8 for information about this arrangement.

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Note 5 – Property and Equipment – Net

A summary of property and equipment is as follows:

	March 31,	
	2024	2023
Furniture, fixtures, and office equipment	\$ 38,914	\$ 205,714
Leasehold Improvements	67,199	45,040
Total cost of depreciable assets	106,113	250,754
Less accumulated depreciation	(62,151)	(224,868)
Depreciable assets, net	43,962	25,886
Nondepreciable assets - BBC memorial	109,511	157,426
	\$ 153,473	\$ 183,312

Depreciation expense was \$4,083 and \$2,372 for the years ended March 31, 2024 and 2023, respectively. Costs in excess of \$5,000 associated with the acquisition or construction of property and equipment are capitalized.

Note 6 – Fair Value Measurements

FASB Topic 820 Fair Value Measurements and Disclosures establishes a framework for measuring fair value which provides a fair value hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quotes prices in active markets for identical assets and liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level significant input to the fair value measurement. Valuation techniques used, need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Organizations 's investments value at March 31, 2024 are reported at fair value as follows:

Category	Fair Value	Quoted Prices: (Level 1)	Significant Other Inputs (Level 2)	Non- observable Inputs (Level 3)
Certificates of deposits (CDs)	\$ 237,058	\$ -	\$ 237,058	\$ -
Total	\$ 237,058	\$ -	\$ 237,058	\$ -

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Note 7 – Net Assets with Donor Restrictions

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

	March 31,	
	2024	2023
Subject to expenditure for specified purpose or period:		
Museum program expenses	\$ 417,524	\$ 485,200
Total subject to expenditure for specified purpose or period	\$ 417,524	\$ 485,200

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, 2024 and 2023, the net assets released from restrictions were \$323,048 and \$0, respectively.

Note 8 – 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%. MDPL renewed this line of credit on May 14, 2023, and it is secured by the Organization's inventory, chattel paper, equipment, and intangibles. This line of credit bears interest based on an independent index. The interest rate at year-end was 11.25%, and the Organization incurred interest expenses of \$1,544 and \$514 in the years ended March 31, 2024 and 2023, respectively. As of March 31, 2024, the bank's borrowings had been paid off.

Note 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, 2024, the Organization had approximately \$102,804 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, 2024 and 2023, revenues (both in-kind and in cash) from this governmental entity amounted to \$658,131 and \$630,536, respectively.

Note 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.

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Note 10 – Commitments and Contingencies (Continued)

In-kind rent expense for this location for the years ended March 31, 2024 and March 31, 2023 was \$484,500 and \$484,500, 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 for the years ended March 31, 2024 and 2023.

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. 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.

Note 11 – In-Kind Amounts

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

	March 31,	
	2024	2023
Building	\$ 484,500	\$ 484,500
Advertising	100,775	91,305
Police	87,059	86,976
Fire	29,975	23,120
Parking	10,125	10,867
Service	75,000	23,450
Total in-kind amounts	\$ 787,434	\$ 720,218

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.

Note 12 – Employee Retirement Plan

Effective October 14, 2023, all employees of the Organization who have completed minimum service requirements are eligible to participate in the Organization 403(b) Pension Plan (the "Plan"). Participants in the Plan are eligible to contribute amounts up to the maximum allowed by law. In accordance with the Plan, the Organization makes discretionary non-elective contributions to its employees, with the exception of the Executive Director. For the years ended March 31, 2024 and 2023, discretionary employer contributions amounted to \$10,961 and \$-0-, respectively.

Note 13 – Subsequent Events

The Company has evaluated subsequent events from the date of the Statement of Financial Position through September 13, 2024, the date at which the financial statements were available to be issued.