



**MIAMI DESIGN
PRESERVATION LEAGUE**

Financial Statements
and Independent Auditor's Report

As of March 31, 2019 and 2018
And for the years then ended

MIAMI DESIGN PRESERVATION LEAGUE, INC.

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED MARCH 31, 2019 AND 2018:	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3
Statements of Functional Expenses	4-5
Statements of Cash Flows	6
Notes to Financial Statements	7-13



BRODY & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

Exceeding Expectations™

19495 Biscayne Boulevard, Suite 850

Aventura, FL 33180

Phone: (305) 931-2225

Fax: (305) 931-2218

Website: www.bacpa.com

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Miami Design Preservation League, Inc., which comprise the statements of financial position as of March 31, 2019 and 2018, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Miami Design Preservation League, Inc. as of March 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Brody & Associates, P.A.

Aventura, Florida
February 27, 2020

MIAMI DESIGN PRESERVATION LEAGUE, INC

STATEMENTS OF FINANCIAL POSITION MARCH 31, 2019 AND 2018

	2019	2018
ASSETS		
CURRENT ASSETS:		
Cash	\$ 241,172	\$ 241,853
Restricted cash	27,237	27,206
Grants and contributions receivable, net	124,635	169,502
Prepaid expenses and other current assets	9,349	50,765
Inventory	19,695	11,098
Total current assets	<u>422,088</u>	<u>500,424</u>
NON CURRENT ASSETS:		
BBC memorial construction and installation costs	109,511	109,511
Property and equipment, net of accumulated depreciation	76,464	83,232
TOTAL ASSETS	<u>\$ 608,063</u>	<u>\$ 693,167</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued liabilities	\$ 137,069	\$ 62,309
Line of credit	69,008	48,347
Former audit tour provider judgement	10,008	27,078
Total liabilities	<u>216,085</u>	<u>137,734</u>
NET ASSETS		
Net assets - without donor restrictions	391,978	555,433
Net assets - with donor restrictions	-	-
Total net assets	<u>391,978</u>	<u>555,433</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 608,063</u>	<u>\$ 693,167</u>

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

MIAMI DESIGN PRESERVATION LEAGUE, INC

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

	2019	2018
SUPPORT AND REVENUE		
ART DECO WEEKEND REVENUE		
Vendor Rent and licensing fees	\$ 168,932	\$ 158,231
Advertising and sales	21,897	25,520
Government grants	150,000	165,000
Corporate and patron support	130,490	139,240
In-kind contributions	155,940	155,940
Total art deco weekend revenue	<u>627,259</u>	<u>643,931</u>
OTHER SUPPORT AND REVENUE		
Welcome center	493,810	537,858
Membership dues	31,178	14,746
Tour fees and educational programs	256,799	287,931
Government grants	111,494	151,161
Other in-kind contributions	546,944	521,875
Museum entry fees	47,818	44,826
Other income	20,862	26,997
Total other support and revenue	<u>1,508,905</u>	<u>1,585,394</u>
TOTAL SUPPORT AND REVENUE	<u>2,136,164</u>	<u>2,229,325</u>
EXPENSES		
FUNCTIONAL EXPENSES		
Program activities - art deco weekend	548,981	543,508
Program activities - museum	386,329	364,048
Program activities - visitor center	248,848	237,328
Program activities - welcome center	486,132	479,070
Supporting activities - management & general	512,923	378,942
Total functional expenses	<u>2,183,213</u>	<u>2,002,896</u>
INTEREST EXPENSE	5,554	3,583
OTHER EXPENSES	110,852	-
TOTAL EXPENSES	<u>2,299,619</u>	<u>2,006,479</u>
CHANGE IN NET ASSETS	(163,455)	222,846
NET ASSETS - Beginning of year	555,433	332,587
NET ASSETS - End of year	<u>\$ 391,978</u>	<u>\$ 555,433</u>

MIAMI DESIGN PRESERVATION LEAGUE, INC

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

	PROGRAM ACTIVITIES				TOTAL PROGRAM	SUPPORTING ACTIVITIES	TOTAL EXPENSES
	ART DECO WEEKEND	MUSEUM	VISITOR CENTER	WELCOME CENTER		MANAGEMENT & GENERAL	
Salaries and compensation	\$ 50,000	\$ 28,858	\$ 135,878	\$ 270,016	\$ 484,752	\$ 179,639	\$ 664,391
Employee benefits and taxes	-	813	1,471	2,676	4,960	50,411	55,371
General business expense	137,808	1,463	10,673	1,510	151,454	10,553	162,007
Repairs and maintenance	20,177	19	2,755	-	22,951	16,014	38,965
Utilities	41,348	2,850	475	652	45,325	679	46,004
Computer and telephone	904	1,532	4,899	4,216	11,552	25,427	36,979
Insurance	6,434	1,202	2,405	6,012	16,053	9,619	25,671
Professional fees	39,049	9,604	19,209	48,301	116,164	76,834	192,998
Depreciation	-	-	-	-	-	7,588	7,588
Supplies	1,941	556	2,646	1,587	6,731	10,660	17,391
In-kind rent and other	155,940	322,260	53,710	73,745	605,655	97,229	702,884
Rental	3,334	14,634	2,439	3,349	23,755	3,484	27,239
Advertising	23,796	556	1,810	92	26,254	11,331	37,585
Fines and penalties	-	-	-	634	634	1,030	1,665
Administrative and other	68,249	1,981	10,479	73,342	154,050	12,425	166,475
	<u>\$ 548,981</u>	<u>\$ 386,329</u>	<u>\$ 248,848</u>	<u>\$ 486,132</u>	<u>\$ 1,670,290</u>	<u>\$ 512,923</u>	<u>\$ 2,183,213</u>

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

MIAMI DESIGN PRESERVATION LEAGUE, INC

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED MARCH 31, 2018

	PROGRAM ACTIVITIES				TOTAL PROGRAM	SUPPORTING ACTIVITIES	TOTAL EXPENSES
	ART DECO WEEKEND	MUSEUM	VISITOR CENTER	WELCOME CENTER		MANAGEMENT & GENERAL	
Salaries and compensation	\$ 51,000	\$ 21,209	\$ 128,296	\$ 245,777	\$ 446,282	\$ 124,633	\$ 570,915
Employee benefits and taxes	-	2,132	7,214	10,550	19,896	32,355	52,251
General business expense	160,962	2,016	16,375	2,061	181,414	10,403	191,817
Repairs and maintenance	18,215	-	749	1,681	20,645	9,491	30,136
Utilities	44,985	2,978	496	681	49,140	709	49,849
Computer and telephone	-	987	4,765	1,416	7,168	15,038	22,206
Insurance	3,818	548	1,097	2,742	8,205	4,387	12,592
Professional fees	14,208	3,916	7,104	18,314	43,542	28,416	71,958
Depreciation	-	-	-	-	-	22,036	22,036
Supplies	834	1,133	3,721	2,953	8,641	8,133	16,774
In-kind rent and other	155,940	306,915	51,152	70,233	584,240	93,575	677,815
Rental	3,331	18,292	3,049	4,186	28,858	4,355	33,213
Advertising	26,440	3,277	6,942	77	36,736	8,635	45,371
Fines and penalties	-	-	-	-	-	2,217	2,217
Administrative and other	63,775	645	6,368	118,399	189,187	14,559	203,746
	<u>\$ 543,508</u>	<u>\$ 364,048</u>	<u>\$ 237,328</u>	<u>\$ 479,070</u>	<u>\$ 1,623,954</u>	<u>\$ 378,942</u>	<u>\$ 2,002,896</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, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (163,455)	\$ 222,846
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	7,588	22,036
Changes in operating assets and liabilities:		
Grants and contributions receivable	44,866	(4,964)
Prepaid expenses and other current assets	41,416	(14,232)
Inventory	(8,597)	-
Accounts payable and accrued expenses	74,761	(39,264)
Net cash (used in) provided by operating activities	<u>(3,421)</u>	<u>186,422</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	<u>(820)</u>	<u>(4,250)</u>
Net cash used in investing activities	<u>(820)</u>	<u>(4,250)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings (payments) on line of credit	20,661	(367)
Payments to former audio tour provider	<u>(17,070)</u>	<u>(75,739)</u>
Net cash provided by (used in) financing activities	<u>3,591</u>	<u>(76,106)</u>
NET (DECREASE) INCREASE IN CASH	(650)	106,066
CASH - Beginning of year	269,059	162,993
CASH - End of year	<u>\$ 268,409</u>	<u>\$ 269,059</u>
SUPPLEMENTAL DISCLOSURES OF NON-CASH FLOW INFORMATION:		
In-Kind Contribution-Donated facilities, Services and Other	<u>\$ 702,884</u>	<u>\$ 677,815</u>
Interest paid	<u>\$ 5,554</u>	<u>\$ 3,583</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, 2019 AND 2018

1. ORGANIZATION AND NATURE OF OPERATIONS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

Net assets without donor restrictions:

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

Net assets with donor restrictions:

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

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

Restricted Cash — As of March 31, 2019 and 2018, restricted cash consists of \$27,237 and \$27,206, respectively, of unused raised funds for the purpose of the maintenance of the Barbara Baer Capitman (“BBC”) Memorial.

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

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

	<u>2019</u>	<u>2018</u>
Cash	\$ 241,172	\$ 241,853
Restricted Cash	<u>27,237</u>	<u>27,206</u>
	<u>\$ 268,409</u>	<u>\$ 269,059</u>

Revenue Recognition — In accordance with ASC 958, contributions received are recorded as unrestricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions are recognized as revenues when received or unconditionally pledged. All contributions are available for unrestricted use unless specifically restricted by the donor. For the years ended March 31, 2019 and 2018, 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 \$702,884 and \$677,815, which included \$526,444 and \$501,375 for in-kind rent in the statement of activities for the years ended March 31, 2019 and 2018, respectively. In-kind rent and other in-kind amounts are allocated in the statement of activities as follows; Art Deco Weekend program activities include

\$155,940 and \$155,940 in 2019 and 2018, respectively; Museum program activities include \$322,260 and \$306,915 in 2019 and 2018, respectively; Visitor Center program activities include \$53,710 and \$51,152 in 2019 and 2018, respectively; Welcome Center program activities include \$73,745 and \$70,233 in 2019 and 2018, respectively; and Management & general support activities include \$97,229 and \$93,575 in 2019 and 2018, 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, 2019 and 2018.

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

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

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

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

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

Functional Allocation of Expenses — The Statements of Activities reports expenses by both natural and functional classification. Certain categories of expenses are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Costs are directly applied to the related program or supporting service category when identifiable and possible. General operating costs across nearly all natural categories are allocated on the basis of estimates of time and effort.

Use of Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events — The Company has evaluated subsequent events from the balance sheet date through January 24, 2020, the date at which the financial statements were available to be issued.

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

Recent Accounting Pronouncements — In May 2014, FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). ASU 2014-09 establishes principles for reporting revenue arising from an organization's contracts with customers. The core principle of ASU 2014-09 requires an organization to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. The requirements of ASU 2014-09 are effective for MDPL's fiscal year ending March 31, 2020. MDPL is currently evaluating the impact of this pronouncement.

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

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

On June 21, 2018, FASB issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This standard is intended to address questions stemming from ASU 2014-09, Revenue from Contracts with Customers (Topic 606), regarding its implications on grants and contracts of not-for-profit organizations. The requirements of ASU 2018-08 are effective for MDPL's fiscal year ending December 31, 2019. MDPL is currently evaluating the impact of this pronouncement.

3. ART DECO WELCOME CENTER

MDPL operates the Art Deco Welcome Center at which visitors can obtain information about the historical district and purchase operational materials, gifts and collectibles. The sales and cost of sales for the year ended March 31, 2019 are included on the Statement of activities and changes in net assets in Page 3.

4. LIQUIDITY AND AVAILABILITY

	<u>2019</u>	<u>2018</u>
Total financial assets at year-end:		
Cash and cash equivalents	\$ 241,172	\$ 241,853
Grants and contributions receivable, net	124,635	169,502
Inventory	19,695	11,098
Total financial assets at year-end	<u>385,502</u>	<u>422,453</u>
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>\$ 385,502</u>	<u>\$ 422,453</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, 2019 and 2018.

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, 2019 is as follows:

	<u>2019</u>	<u>2018</u>
Furniture, fixtures and equipment	\$ 205,714	\$ 204,894
Museum exhibits	169,431	169,431
Leasehold improvements	26,284	26,284
	<u>401,429</u>	<u>400,609</u>
Less accumulated depreciation	<u>(215,454)</u>	<u>(207,865)</u>
	<u>\$ 185,975</u>	<u>\$ 192,744</u>

Depreciation expense was \$7,588 and \$22,036 for the year ended March 31, 2019 and 2018, respectively.

6. LINE OF CREDIT

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

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

7. CONCENTRATIONS

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash equivalents. The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The uninsured balance (in excess of \$250,000 in the same financial institution) as of March 31, 2019 equaled \$10,826. 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. At March 31, 2018, balances in the Organization’s cash accounts were below the level of insurance provided by the Federal Deposit Insurance Corporation (FDIC). In addition, Investments are not insured by the FDIC.

Although the Organization has a large number of contributors comprising its contributor base, the Organization’s activities and functions benefit significantly from the support of the City of Miami Beach. For the years ended March 31, 2019 and 2018, revenues (both in-kind and in cash) from this governmental entity amounted to \$678,194 and \$752,026, respectively.

8. COMMITMENTS AND CONTINGENCIES

In January 2010 the Organization signed a management agreement with the City of Miami Beach for premises located in the Lummus Park, Miami Beach. In November 2014 this agreement was renewed and extended and expired on December 31, 2019. On December 11, 2019 the City of Miami Beach issued a resolution to amend this agreement to extend the term of the agreement, on a month to month basis, commencing on January 1, 2020.

Rent expense for this location for the years ended March 31, 2019 and 2018 was \$550,349 and \$531,257, which included \$526,444 and \$501,375, respectively of in-kind rent and is included in administrative expenses. As part of this agreement, the Organization is permitted to sublease part of the premises for limited private events. The Organization sublease income amounted to \$14,034 and \$26,814 for the years ended March 31, 2019 and 2018, respectively.

The minimum future lease payments under operating leases at March 31, 2019 were as follows:

<u>Year Ending</u> <u>March 31,</u>	<u>Amount</u>
2020	<u>17,929</u>
	<u>\$ 17,929</u>

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

On August 29, 2016, a Miami-Dade Circuit Court ordered MDPL to pay a former audio tour provider the amount of \$136,938 for breach of contract arising out of a December 2010 audio tour agreement. This amount accrues interest at 4.75% commencing on the judgment date. During the year ended March 31, 2019 and 2018, the Organization paid \$17,070 and \$75,739, respectively.
