

MOUNT VERNON PLACE CONSERVANCY, INC.

**Financial Statements Together with
Report of Independent Public Accountants**

For the Years Ended June 30, 2020 and 2019



S B & COMPANY, LLC
KNOWLEDGE • QUALITY • CLIENT SERVICE

JUNE 30, 2020 AND 2019

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors
Mount Vernon Place Conservancy, Inc.

Report on the Financial Statements

We have audited the accompanying statement of financial position of Mount Vernon Place Conservancy, Inc. (MVPC) as of June 30, 2020, the related statements of activities and changes in net assets, functional expenses and cash flows for the year 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 controls 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 audit. We conducted our audit 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 controls 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 controls. 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.



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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 MVPC as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of MVPC as of and for the year ended June 30, 2019, were audited by another auditor who expressed an unmodified opinion on those statements on March 12, 2020.

Owings Mills, Maryland
April 15, 2021

SB & Company, LLC

MOUNT VERNON PLACE CONSERVANCY, INC.

**Statements of Financial Position
As of June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 447,376	\$ 351,320
Accounts receivable	125,000	-
Pledge receivable, net	-	14,800
Prepaid expenses	14,335	-
Total Assets	\$ 586,711	\$ 366,120
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 31,330	\$ 34,167
Loan payable	41,600	-
Total Liabilities	72,930	34,167
Net Assets		
Without donor restrictions	483,781	274,821
With donor restrictions	30,000	57,132
Total net assets	513,781	331,953
Total Liabilities and Net Assets	\$ 586,711	\$ 366,120

The accompanying notes are an integral part of these financial statements.

MOUNT VERNON PLACE CONSERVANCY, INC.

**Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
NET ASSET WITHOUT DONOR RESTRICTIONS		
Revenue and other Support		
Contributions	\$ 233,783	\$ 165,447
Government grants	274,717	85,651
Membership	13,249	7,000
Visitation	28,747	63,583
Flower Mart, net of direct expenses of \$5,261 and \$91,224, respectively	3,174	(10,483)
In-kind contributions	55,973	141,890
Net assets released from restrictions	57,132	458,325
Total Revenue and other Support	<u>666,775</u>	<u>911,413</u>
Expenses		
Program services	258,162	514,985
Management and general	199,653	166,200
Total Expenses	<u>457,815</u>	<u>681,185</u>
Change in Net Assets Without Donor Restrictions	<u>208,960</u>	<u>230,228</u>
NET ASSET WITH DONOR RESTRICTIONS		
Contributions	30,000	-
Net assets released from restrictions	(57,132)	(458,325)
Change in Net Assets with Donor Restrictions	<u>(27,132)</u>	<u>(458,325)</u>
Changes in net assets	181,828	(228,097)
Net assets, beginning of year	331,953	560,050
Net Assets, End of Year	<u>\$ 513,781</u>	<u>\$ 331,953</u>

The accompanying notes are an integral part of these financial statements.

MOUNT VERNON PLACE CONSERVANCY, INC.

**Statement of Functional Expenses
For the Year Ended June 30, 2020, with Comparative 2019 Totals**

	2020			2019 Totals
	Program Services	Management and General	Total	
Salaries and benefits	\$ 125,739	\$ 73,100	\$ 198,839	\$ 208,845
Payroll taxes	9,432	5,484	14,916	14,971
Design, engineering and construction	42,793	-	42,793	159,094
Grounds maintenance	45,559	-	45,559	126,130
Professional fees	-	74,348	74,348	70,932
Membership and development	-	17,478	17,478	32,491
Operations	15,020	-	15,020	28,033
Park programming	13,757	-	13,757	19,163
Office expense	-	1,977	1,977	4,502
Marketing	5,862	-	5,862	4,238
Insurance	-	3,087	3,087	4,213
Occupancy	-	3,384	3,384	3,086
Website	-	1,055	1,055	2,020
Utilities	-	2,211	2,211	1,798
Other	-	2,729	2,729	1,669
Bad debt expense	-	14,800	14,800	-
Total	\$ 258,162	\$ 199,653	\$ 457,815	\$ 681,185

The accompanying notes are an integral part of this financial statement.

MOUNT VERNON PLACE CONSERVANCY, INC.**Statement of Functional Expenses
For the Year Ended June 30, 2019**

	Program Services	Management and General	Total
Salaries and benefits	\$ 132,066	\$ 76,779	\$ 208,845
Payroll taxes	11,750	3,221	14,971
Design, engineering and construction	159,094	-	159,094
Grounds maintenance	126,130	-	126,130
Professional fees	-	70,932	70,932
Membership and development	32,491	-	32,491
Operations	28,033	-	28,033
Park programming	19,163	-	19,163
Office expense	-	4,502	4,502
Marketing	4,238	-	4,238
Insurance	-	4,213	4,213
Occupancy	-	3,086	3,086
Website	2,020	-	2,020
Utilities	-	1,798	1,798
Bank charges	-	1,669	1,669
Total	<u>\$ 514,985</u>	<u>\$ 166,200</u>	<u>\$ 681,185</u>

The accompanying notes are an integral part of this financial statement.

MOUNT VERNON PLACE CONSERVANCY, INC.

**Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ 181,828	\$ (228,097)
Adjustments to reconcile changes in net assets to net cash flow from operating activities:		
Pledges receivable discount	-	(200)
Effect of changes in non-cash operating assets and liabilities:		
Accounts receivable	(125,000)	4,850
Pledge receivable, net	14,800	-
Prepaid expenses	(14,335)	-
Accounts payable and accrued expenses	(2,837)	3,739
Net Cash Flows from Operating Activities	<u>54,456</u>	<u>(219,708)</u>
 Cash Flows from Financing Activities		
Proceeds from loan payable	<u>41,600</u>	<u>-</u>
 Net change in cash	96,056	(219,708)
Cash, beginning of year	351,320	571,028
Cash, End of Year	<u>\$ 447,376</u>	<u>\$ 351,320</u>

The accompanying notes are an integral part of these financial statements.

MOUNT VERNON PLACE CONSERVANCY, INC.

Notes to the Financial Statements June 30, 2020 and 2019

1. DESCRIPTION OF THE ORGANIZATION

Mount Vernon Place Conservancy, Inc. (MVPC) was incorporated in 2008 for the charitable purpose of acting as the full-time single management entity responsible for the historic restoration, oversight and protection, and day-to-day maintenance and management of Mount Vernon Place, the centerpiece of a National Historic Landmark District. MVPC's exempt purpose is to ensure that this national treasure will be protected, restored, and properly maintained. MVPC entered into an agreement with the City of Baltimore in 2012 to accomplish these objectives. Under the agreement, the City will contribute some funding and services, and MVPC will contribute some funding and services, while taking the lead on management, restoration development, and operating and capital fundraising. The monument and the land are the assets of the City of Baltimore.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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 disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Receivables

Receivables are primarily contributions from public and private institutions, and individuals. Management reviews receivables based on historical collection experience and the review of the current status of existing receivables. As of June 30, 2020, management recorded an allowance for uncollectible pledge receivables of \$14,800. Also as of June 30, 2020, no allowance was recorded for accounts receivable which consisted of a receivable from the City of Baltimore for general operating support. There was no allowance as of June 30, 2019.

MOUNT VERNON PLACE CONSERVANCY, INC.

Notes to the Financial Statements June 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets (continued)

Net assets without donor restrictions are assets and contributions that are not restricted by donors or for which restrictions have expired.

Net assets with donor restrictions are those whose use by MVPC has been limited by donors primarily for a specific time period or purpose. When a donor restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions. If a donor restriction is met in the same reporting period in which the contribution is received, the contribution (to the extent that the restrictions have been met) is reported as net assets without donor restrictions. As of June 30, 2020, there was \$30,000 of net assets with donor restrictions with a purpose restriction. As of June 30, 2019, there was \$57,132 of net assets with donor restrictions.

Revenue and Support

Contributions and grants received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor imposed restrictions. Donor-restricted support is reported as an increase in net assets with donor restrictions.

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when some stipulated time restriction ends or purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Memberships purchased are considered to be contributions to MVPC and are recognized when the funds are received.

Visitation revenue is recognized when the public visits the monument. This revenue is recognized when received.

Flower Mart revenue is recognized at the time of the event.

In-Kind Contributions

MVPC recognizes contributed services if the services meet any of the following criteria: a) they create or enhance non-financial assets; or b) they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

MOUNT VERNON PLACE CONSERVANCY, INC.

Notes to the Financial Statements June 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In-Kind Contributions (continued)

Total in-kind contributions recognized for donated services for the years ended June 30, 2020 and 2019 was \$55,973 and \$141,890, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and changes in net assets and functional expenses. Accordingly, certain costs have been allocated among program and management and general. Management and general expenses include those expenses that are not directly identified with any specific program but provide for the overall support and direction of MVPC. The shared expenses are allocated on the basis of estimates of individual staff's time and effort.

Income Taxes

MVPC is exempt from income taxes on its program related revenue under Section 501(c)(3) of the Internal Revenue Code.

The provisions included in accounting principles generally accepted in the United States of America provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition of tax positions taken or expected to be taken in a tax return. MVPC performed an evaluation of uncertain tax positions as of June 30, 2020 and 2019, and determined that there were no matters that would require recognition in the financial statements or, which may have any effect on its tax-exempt status. As of June 30, 2020, the statute of limitations for fiscal years 2017 through 2020, remains open with the U.S. Federal jurisdiction or the various states and local jurisdictions in which MVPC files tax returns. It is MVPC's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense.

MOUNT VERNON PLACE CONSERVANCY, INC.

Notes to the Financial Statements June 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Liquidity and Availability of Resources

The following reflects MVPC's liquid financial assets as of June 30, 2020 and 2019 available for general operations within one year.

	<u>2020</u>	<u>2019</u>
Cash	\$ 447,376	\$ 351,320
Accounts receivable	125,000	-
Financial assets available to meet cash needs	<u>\$ 572,376</u>	<u>\$ 351,320</u>

MVPC manages its liquidity following two guiding principles: operating within a prudent range of financial soundness and stability and maintaining adequate liquid assets to fund near-term operating needs. Management monitors its cash balances on a monthly basis to ensure it has enough liquid assets to meet its immediate needs.

MVPC is funded by current operations and charitable donations. Since the original monument renovation was completed, daily / general operations, monument operations and maintenance, park programming (including Flower Mart), and park maintenance are the first priority for cash requirements. Any further renovations to the park squares will only commence when donated funds are available.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2016-02, *Leases*, which creates a singular reporting model for leases. This standard will require MVPC to record changes to its statement of financial position to reflect balances for current leases that are not shown in the statement of financial position. In July 2018, the FASB issued ASU No. 2018-10, *Codification Improvements to Topic 842, Leases and Leases (Topic 842): Targeted Improvements*, which provide further clarity and transition options for adoption of FASB ASU No. 2016-02. These standards will be effective for periods beginning after December 15, 2021.

In September 2017, the FASB issued ASU No. 2017-13, *Revenue Recognition (Topic 605)*, and *Revenue from Contracts with Customers (Topic 606)*. The recognition of revenue when a customer obtains control of promised goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard is effective for periods beginning after December 15, 2022.

MOUNT VERNON PLACE CONSERVANCY, INC.

Notes to the Financial Statements June 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncements (continued)

Management is evaluating the effects of these pronouncements on the financial statements and will implement these pronouncements by their effective dates. Management does not believe the adoption of these pronouncements will have a material effect on the financial statements.

Reclassifications

Certain amounts have been reclassified from the 2019 to confirm with the 2020 presentation. These reclassifications had no effect on the changes in net assets.

Subsequent Event Review

MVPC's management evaluated the accompanying financial statements for subsequent events and transactions through April 15, 2021, the date these statements were available for issue, and has determined that other than disclosed in Note 3 – Note Payable, no material subsequent events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure.

3. NOTE PAYABLE

During the year ended June 30, 2020, MVPC received a Paycheck Protection Program ("PPP") loan in the amount of \$41,600. The terms of the loan require the proceeds to be spent on eligible expenses, which are primarily payroll related costs. Part or all of the loan may be forgiven based on meeting certain conditions as set forth in the loan agreement. Any portion of the PPP loan that is not forgiven must be repaid, after a seven-month deferral period at an interest rate of 1%.

The PPP loan was received from the U.S Federal government under the Coronavirus Aid, Relief and Economic Security (CARES) Act passed by Congress. As of June 30, 2020, MVPC believes it has met the conditions to have the entire loan forgiven, however, have not had the loan forgiveness approved. As such, as of June 30, 2020, MVPC recorded the loan as a liability.

Subsequent to June 30, 2020, MVPC was fully approved for forgiveness of all principal and interest amounts due under this note payable. The forgiveness of debt will be reflected as non-operating revenue in the year forgiveness was granted.

MOUNT VERNON PLACE CONSERVANCY, INC.

Notes to the Financial Statements June 30, 2020 and 2019

4. CONTINGENCY

COVID-19 Pandemic

In March 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. As a result, widespread shutdowns of states, cities, schools, and businesses began to take place, impacting the United States as the number of people infected grew at an unprecedented rate. The COVID-19 outbreak is still evolving, and its financial impact remains unknown. MVPC has seen a decrease in revenue due to the shutdowns and has shifted to virtual programming. Management continues to evaluate the overall impact on MVPC.