MOUNT VERNON PLACE CONSERVANCY, INC.

Financial Statements Together with
Report of Independent Public Accountants

For the Years Ended June 30, 2021 and 2020

SB & COMPANY, LLC
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JUNE 30, 2021 AND 2020

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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 statements of financial position of Mount Vernon Place Conservancy, Inc. (MVPC) as of June 30, 2021 and 2020, the related statements of activities and changes in net assets, functional expenses 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 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 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 audits 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, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

SB & Company, LLC

Owings Mills, Maryland
March 11, 2022

MOUNT VERNON PLACE CONSERVANCY, INC.

Statements of Financial Position
As of June 30, 2021 and 2020

	2021	2020
ASSETS		
Cash	$ 590,144	$ 447,376
Contributions receivable	240	125,000
Prepaid expenses	12,945	14,335
Total Assets	$ 603,329	$ 586,711
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 10,394	$ 31,330
Deferred revenue	10,000	-
Note payable - Paycheck Protection Program	41,665	41,600
Total Liabilities	62,059	72,930
Net Assets		
Without donor restrictions	541,270	483,781
With donor restrictions	-	30,000
Total net assets	541,270	513,781
Total Liabilities and Net Assets	$ 603,329	$ 586,711

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, 2021 and 2020

	2021	2020
NET ASSET WITHOUT DONOR RESTRICTIONS		
Revenue and other Support		
Contributions	**$ 209,624**	$ 233,783
Government grants	**139,239**	274,717
Federal grants - PPP note forgiveness	**41,600**	-
Membership	**11,410**	13,249
Visitation	**2,987**	28,747
Flower Mart, net of direct expenses of $24,509 and $5,261, respectively	**7,099**	3,174
In-kind contributions	**-**	55,973
Net assets released from restrictions	**30,000**	57,132
Total Revenue and other Support	**441,959**	666,775
Expenses		
Program services	**313,047**	258,162
Management and general	**61,131**	199,653
Fundraising	**10,292**	-
Total Expenses	**384,470**	457,815
Change in Net Assets Without Donor Restrictions	**57,489**	208,960
NET ASSET WITH DONOR RESTRICTIONS		
Contributions	**-**	30,000
Net assets released from restrictions	**(30,000)**	(57,132)
Change in Net Assets with Donor Restrictions	**(30,000)**	(27,132)
Changes in net assets	**27,489**	181,828
Net assets, beginning of year	**513,781**	331,953
Net Assets, End of Year	**$ 541,270**	$ 513,781

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

Statement of Functional Expenses
For the Year Ended June 30, 2021, with Comparative 2020 Totals

	2021				
	Program Services	Management and General	Fundraising	Total	2020 Totals
Salaries and benefits	$ 152,734	$ 41,750	$ -	$ 194,484	$ 198,839
Payroll taxes	11,537	3,154	-	14,691	14,916
Grounds maintenance	75,764	-	-	75,764	45,559
Design, engineering and construction	30,156	-	-	30,156	42,793
Operations	26,010	-	-	26,010	15,020
Membership and development	-	-	10,292	10,292	17,478
Professional fees	4,906	3,794	-	8,700	74,348
Park programming	3,547	2,744	-	6,291	13,757
Marketing	5,441	-	-	5,441	5,862
Insurance	-	3,734	-	3,734	3,087
Occupancy	-	3,672	-	3,672	3,384
Other	1,652	1,278	-	2,930	2,729
Utilities	765	591	-	1,356	2,211
Office expense	418	324	-	742	1,977
Website	117	90	-	207	1,055
Bad debt expense	-	-	-	-	14,800
Total	$ 313,047	$ 61,131	$ 10,292	$ 384,470	$ 457,815

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, 2020

	Program Services	Management and General	Total
Salaries and benefits	$ 125,739	$ 73,100	$ 198,839
Payroll taxes	9,432	5,484	14,916
Professional fees	-	74,348	74,348
Design, engineering and construction	42,793	-	42,793
Grounds maintenance	45,559	-	45,559
Membership and development	-	17,478	17,478
Operations	15,020	-	15,020
Bad debt expense	-	14,800	14,800
Park programming	13,757	-	13,757
Marketing	5,862	-	5,862
Insurance	-	3,087	3,087
Occupancy	-	3,384	3,384
Other	-	2,729	2,729
Utilities	-	2,211	2,211
Office expense	-	1,977	1,977
Website	-	1,055	1,055
Total	$ 258,162	$ 199,653	$ 457,815

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, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Changes in net assets	**$ 27,489**	$ 181,828
Adjustments to reconcile changes in net assets to net cash flow from operating activities:		
Forgivness of debt - Paycheck Protection Program	**(41,600)**	-
Effect of changes in non-cash operating assets and liabilities:		
Contributions receivable	**124,760**	(125,000)
Pledge receivable, net	**-**	14,800
Prepaid expenses	**1,390**	(14,335)
Accounts payable and accrued expenses	**(20,936)**	(2,837)
Deferred revenue	**10,000**	-
Net Cash Flows from Operating Activities	**101,103**	54,456
Cash Flows from Financing Activities		
Proceeds from note payable - Paycheck Protection Program	**41,665**	41,600
Net change in cash	**142,768**	96,056
Cash, beginning of year	**447,376**	351,320
Cash, End of Year	**$ 590,144**	$ 447,376

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

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.

Accounts Receivable

Accounts receivable 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. There was no allowance recorded as of June 30, 2021, as management deems all receivables to be fully collected.

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, 2021, there were no 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 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.

At times, Flower Mart contributions are made in advance of the event and those funds are restricted for the specific event. Those contributions are accounted for as deferred revenue.

Contributions from the City of Baltimore are recorded as government grants and are recognized when the annual commitment is made. Other state art grants are recorded here and are recognized at the time the commitment is made, in accordance with the grant agreements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Total in-kind contributions recognized for donated accounting services for the year ended June 30, 2020 was $55,973. There were no in-kind contributions for the year ended June 30, 2021.

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 and fundraising 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, 2021 and 2020, 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, 2021, the statute of limitations for fiscal years 2018 through 2021, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Liquidity and Availability of Resources

The following reflects MVPC's liquid financial assets as of June 30, 2021 available for general operations within one year.

		Amount
Cash	$	590,144
Contributions receivable		240
Financial assets available to meet cash needs	**$**	**590,384**

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.

Implemented Accounting Pronouncements

In September 2017, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (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 was implemented for the year ended June 30, 2021, and it did not have a material impact on the financial statements.

Recent Accounting Pronouncement

In July 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets,* which presents contributed nonfinancial assets as a separate line item in the statements of activities, apart from contributions of cash or other financial assets. This standard is effective retrospectively for periods beginning after June 15, 2021.

Management is evaluating the effects of this pronouncement on the financial statements and will implement this pronouncement by its effective date. Management does not believe the adoption of this pronouncement will have a material effect on the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent Event Review

MVPC's management evaluated the accompanying financial statements for subsequent events and transactions through March 11, 2022, the date these statements were available for issue, and has determined that, other than the event disclosed in Note 3 – Note Payable – Paycheck Protection Program, no material subsequent events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure.

3. NOTE PAYABLE – PAYCHECK PROTECTION PROGRAM

During the year ended June 30, 2020, MVPC received a Paycheck Protection Program ("PPP") note in the amount of $41,600. The PPP note was received from the U.S. Federal government under the Coronavirus Aid, Relief, and Economic Security (CARES) Act passed by Congress. The terms of the note 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 note that is not forgiven must be repaid, after a seven-month deferral period at an interest rate of 1%. MVPC received full note forgiveness during the year ended June 30, 2021, and it is recognized as Federal Grants – PPP note forgiveness in the accompanying statements of activities.

During the year ended June 30, 2021, MVPC received a second PPP note in the amount of $41,665. The terms of the second PPP note are the same as the PPP note received during fiscal year 2020. MVPC believes it has met the conditions to have the entire note forgiven, however, have not had the note forgiveness approved. As such, as of June 30, 2021, MVPC recorded the note as a liability in the accompanying statement of financial position.

Subsequent to June 30, 2021, the second PPP note was fully forgiven and will be recognized as revenue in the year forgiveness was granted.

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.

The MVPC closed the Washington Monument in March 2020 and was forced to cancel all in person programming for over a year. The Monument was reopened briefly in the Fall of 2020 but was closed again due to the pandemic. The Monument was reopened again in April 2021 but has not returned to pre-pandemic levels of visitation or revenue. Flower Mart, a major program of the MVPC, was held virtually in 2021. Management continues to evaluate the overall impact on MVPC.