MOUNT VERNON PLACE CONSERVANCY, INC.

Financial Statements Together with
Report of Independent Public Accountants

For the Years Ended June 30, 2022 and 2021

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Report of Independent Public Accountants

JUNE 30, 2022 AND 2021

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE FINANCIAL STATEMENTS

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

Opinion

We have audited the financial statements of Mount Vernon Place Conservancy, Inc. (MVPC), which comprise of the accompanying statements of financial position of MVPC as of June 30, 2022 and 2021, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of MVPC as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of MVPC 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 controls 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 MVPC's ability to continue as a going concern for one year after the date that the financial statements are issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls 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 MVPC's internal controls. 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 MVPC's ability to continue as a going concern for one year after the date that the financial statements are issued.

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 controls-related matters that we identified during the audit.

Owings Mills, Maryland
October 10, 2023

SB & Company, LLC

MOUNT VERNON PLACE CONSERVANCY, INC.

Statements of Financial Position
As of June 30, 2022 and 2021

	2022	2021
ASSETS		
Cash	**$ 542,368**	$ 590,144
Grants receivable	**25,340**	240
Prepaid expenses	**-**	12,945
Total Assets	**$ 567,708**	$ 603,329
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	**$ 9,154**	$ 10,394
Deferred revenue	**-**	10,000
Note payable - Paycheck Protection Program	**-**	41,665
Total Liabilities	**9,154**	62,059
Net Assets		
Without donor restrictions	**538,554**	541,270
With donor restrictions	**20,000**	-
Total net assets	**558,554**	541,270
Total Liabilities and Net Assets	**$ 567,708**	$ 603,329

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, 2022 and 2021

	2022	2021
NET ASSET WITHOUT DONOR RESTRICTIONS		
Revenue and other Support		
Contributions	**$ 253,442**	$ 209,624
Government grants	**143,095**	139,239
Federal grants - PPP note forgiveness	**41,665**	41,600
Membership	**8,600**	11,410
Visitation	**37,418**	2,987
Flower Mart, net of direct expenses of $100,549 and $24,509, respectively	**(8,555)**	7,099
In-kind contributions	**11,028**	-
Net assets released from restrictions	**-**	30,000
Total Revenue and Other Support	**486,693**	441,959
Expenses		
Program services	**399,196**	313,047
Management and general	**77,380**	61,131
Fundraising	**12,833**	10,292
Total Expenses	**489,409**	384,470
Change in Net Assets Without Donor Restrictions	**(2,716)**	57,489
NET ASSET WITH DONOR RESTRICTIONS		
Contributions	**20,000**	-
Net assets released from restrictions	**-**	(30,000)
Change in Net Assets with Donor Restrictions	**20,000**	(30,000)
Changes in net assets	**17,284**	27,489
Net assets, beginning of year	**541,270**	513,781
Net Assets, End of Year	**$ 558,554**	$ 541,270

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, 2022, with Comparative 2021 Totals

	2022				
	Program Services	Management and General	Fundraising	Total	2021 Totals
Salaries and benefits	$ 151,299	$ 47,590	$ -	$ 198,889	$ 194,484
Payroll taxes	14,277	3,414	-	17,691	14,691
Grounds maintenance	79,730	-	-	79,730	75,764
Design, engineering and construction	71,758	-	-	71,758	30,156
Monument operations	26,898	-	-	26,898	26,010
Website	14,375	9,583	-	23,958	10,292
Park programming	22,474	-	-	22,474	8,700
Membership and development	-	-	12,833	12,833	6,291
Other	2,494	2,768	-	5,262	5,441
Professional fees	5,376	3,584	-	8,960	3,734
Marketing	6,380	-	-	6,380	3,672
Office expense	2,898	1,932	-	4,830	2,930
Insurance	-	4,300	-	4,300	1,356
Occupancy	-	3,384	-	3,384	742
Utilities	1,237	825	-	2,062	207
Total Expenses	$ 399,196	$ 77,380	$ 12,833	$ 489,409	$ 384,470

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, 2021

	Program Services	Management and General	Fundraising	Total
Salaries and benefits	$ 152,734	$ 41,750	$ -	$ 194,484
Payroll taxes	11,537	3,154	-	14,691
Grounds maintenance	75,764	-	-	75,764
Design, engineering and construction	30,156	-	-	30,156
Operations	26,010	-	-	26,010
Membership and development	-	-	10,292	10,292
Professional fees	4,906	3,794	-	8,700
Park programming	3,547	2,744	-	6,291
Marketing	5,441	-	-	5,441
Insurance	-	3,734	-	3,734
Occupancy	-	3,672	-	3,672
Other	1,652	1,278	-	2,930
Utilities	765	591	-	1,356
Office expense	418	324	-	742
Website	117	90	-	207
Total Expenses	$ 313,047	$ 61,131	$ 10,292	$ 384,470

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, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Changes in net assets	**$ 17,284**	$ 27,489
Adjustments to reconcile changes in net assets to net cash flow from operating activities:		
Forgivness of debt - Paycheck Protection Program	**(41,665)**	(41,600)
Effect of changes in non-cash operating assets and liabilities:		
Grants receivable	**(25,100)**	124,760
Prepaid expenses	**12,945**	1,390
Accounts payable and accrued expenses	**(1,240)**	(20,936)
Deferred revenue	**(10,000)**	10,000
Net Cash Flows from Operating Activities	**(47,776)**	101,103
Cash Flows from Financing Activities		
Proceeds from note payable - Paycheck Protection Program	**-**	41,665
Net change in cash	**(47,776)**	142,768
Cash, beginning of year	**590,144**	447,376
Cash, End of Year	**$ 542,368**	$ 590,144

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 and assumptions.

Grants Receivable

Grants receivable are primarily unconditional promises to give from public and private institutions, as well as, individuals. Management reviews receivables based on historical collection experience and the review of the current status of existing receivables. As of June 30, 2022 the allowance for doubtful accounts was $14,800.

Net Assets

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets (continued)

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, 2022, MVPC had $20,000 of net assets with donor restrictions that were time restricted.

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.

Grants 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)

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 for the years ended June 30, 2022 and 2021. 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, 2022 and 2021, 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, 2022, the statute of limitations for fiscal years 2019 through 2022, 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.

Liquidity and Availability of Resources

The following reflects MVPC's liquid financial assets as of June 30, 2022 and 2021 available for general operations within one year.

	2022	2021
Cash	**$ 542,368**	$ 542,368
Accounts receivable	**25,340**	240
	567,708	542,608
Less: net assets with donor restrictions		
not available within one year		
Time restricted net assets	**10,000**	-
Financial Assets Available to Meet Cash Needs		
for General Expenses Within One Year	**$ 557,708**	$ 542,608

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Liquidity and Availability of Resources (continued)

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 July 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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 was implemented for the year ended June 30, 2022 and it did not have a material impact on the financial statements.

Subsequent Events

MVPC's management evaluated the accompanying financial statements for subsequent events and transactions through October 10, 2023, the date these statements were available for issue, and has determined that 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 and changes in net assets.

3. NOTE PAYABLE – PAYCHECK PROTECTION PROGRAM (continued)

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 2021. During the year ended June 30, 2022, the second PPP note was fully forgiven and it is recognized as Federal Grants – PPP note forgiveness in the accompanying statements of activities.

4. 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 website redesign services for the year ended June 30, 2022 were $11,028.