

**MITCHELVILLE PRESERVATION PROJECT, INC.**

**FINANCIAL REPORT**

**DECEMBER 31, 2022**

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**FINANCIAL REPORT**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Mitchelville Preservation Project, Inc.  
Hilton Head Island, South Carolina

### ***Opinion***

We have audited the financial statements of Mitchelville Preservation Project, Inc., which comprise the statement of financial position as of December 31, 2022 and the related statements of activities, functional expenses, and cash flows for the year 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 Mitchelville Preservation Project, Inc. as of December 31, 2022, 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 audit 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 Mitchelville Preservation Project, Inc. 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 Mitchelville Preservation Project, Inc.'s ability to continue as a going concern for one year after the date that the financial statements.

### ***Auditors' 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 auditors' 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 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 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 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 Mitchelville Preservation Project, Inc.'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 Mitchelville Preservation Project, Inc.'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.

DCLPAS, LLC dba Davis & Company CPAs

Mount Pleasant, South Carolina  
October 4, 2024

**MITCHELVILLE PRESERVATION PROJECT, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2022**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 509,554
Grants receivable	623,354
Prepaid expenses	<u>3,779</u>
Total current assets	<u>1,136,687</u>

**PROPERTY AND EQUIPMENT**

Property and equipment, net	<u>35,859</u>
Total property and equipment	<u>35,859</u>

**OTHER ASSETS**

Licensed exhibit	<u>10,000</u>
Total other assets	<u>10,000</u>

<b>TOTAL ASSETS</b>	<b>\$ <u><u>1,182,546</u></u></b>
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$ <u>32,938</u>
Total current liabilities	<u>32,938</u>

**NET ASSETS**

Without donor restrictions	444,248
With donor restrictions	<u>705,360</u>
Total net assets	<u>1,149,608</u>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u><u>1,182,546</u></u></b>
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See accompanying notes.

**MITCHELVILLE PRESERVATION PROJECT, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>SUPPORT AND REVENUES</b>			
Contributions	\$ 473,681	\$ 705,360	\$ 1,179,041
Grants	64,500	-	64,500
Program and event fees	13,698	-	13,698
Interest income	1,581	-	1,581
	<u>553,460</u>	<u>705,360</u>	<u>1,258,820</u>
Net assets released from restrictions	<u>47,000</u>	<u>(47,000)</u>	<u>-</u>
Total support and revenues	600,460	658,360	1,258,820
<b>EXPENSES</b>			
Program	246,507	-	246,507
Management	342,050	-	342,050
Fundraising	260,865	-	260,865
	<u>849,422</u>	<u>-</u>	<u>849,422</u>
Total expenses	849,422	-	849,422
<b>INCREASE (DECREASE) IN NET ASSETS</b>	(248,962)	658,360	409,398
<b>NET ASSETS, beginning of year</b>	<u>693,210</u>	<u>47,000</u>	<u>740,210</u>
<b>NET ASSETS, end of year</b>	<u><u>\$ 444,248</u></u>	<u><u>\$ 705,360</u></u>	<u><u>\$ 1,149,608</u></u>

See accompanying notes.

**MITCHELVILLE PRESERVATION PROJECT, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Program</u>	<u>Manage- ment</u>	<u>Fund- raising</u>	<u>Total</u>
<b>COMPENSATION AND RELATED EXPENSES</b>				
Salaries	\$ 45,600	\$ 107,613	\$ -	\$ 153,213
Payroll taxes	<u>3,868</u>	<u>7,853</u>	<u>-</u>	<u>11,721</u>
Total compensation and related expenses	49,468	115,466	-	164,934
<b>OTHER EXPENSES</b>				
Professional fees	7,200	95,241	210,000	312,441
Education expenses	114,025	-	-	114,025
Marketing and advertising	71,814	39,844	-	111,658
Event entertainment	4,000	-	50,865	54,865
Occupancy expense	-	36,235	-	36,235
Miscellaneous	-	16,210	-	16,210
Computer and equipment	-	10,376	-	10,376
Meeting and conference	-	10,266	-	10,266
Insurance	-	4,246	-	4,246
Dues and subscriptions	-	3,116	-	3,116
Bank fees	-	3,046	-	3,046
Supplies	-	1,635	-	1,635
Office expense	-	1,372	-	1,372
Payroll processing fees	<u>-</u>	<u>1,305</u>	<u>-</u>	<u>1,305</u>
<b>TOTAL EXPENSES BEFORE DEPRECIATION</b>	246,507	338,358	260,865	845,730
Depreciation	<u>-</u>	<u>3,692</u>	<u>-</u>	<u>3,692</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>\$ 246,507</u>	<u>\$ 342,050</u>	<u>\$ 260,865</u>	<u>\$ 849,422</u>

See accompanying notes.

**MITCHELVILLE PRESERVATION PROJECT, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2022**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in net assets	\$ 409,398
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	3,692
Decrease (increase) in current assets:	
Grants receivable	(455,044)
Prepaid expenses	13,721
Increase (decrease) in operating liabilities:	
Accounts payable	2,742
Net cash used in operating activities	<u>(25,491)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Purchases of property and equipment	<u>(9,375)</u>
Net cash used in investing activities	<u>(9,375)</u>
Net decrease in cash	(34,866)
Cash as of beginning of year	544,420
Cash as of end of year	<u><u>\$ 509,554</u></u>

See accompanying notes.



**MITCHELVILLE PRESERVATION PROJECT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2022**

**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Organization**

Mitchelville Preservation Project, Inc. (the Project) is a nonprofit corporation organized to preserve the history of Mitchelville and preserving a historically significant site; to reveal an American story of former slaves who created a culture of sacrifice, resistance and resilience in a quest to define an inclusive freedom.

**Basis of Accounting**

The financial statements of the Project have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

**Net Assets**

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

**Net Assets without Donor Restrictions**

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the board limits resulting from the nature of the organizations, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

**Net Assets with Donor Restrictions**

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Project must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment are reported as net assets with donor restrictions until the specified asset is placed in service by the Project, unless the donor provides more specific directions about the period of its use.

**Classification of Transactions**

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses are reported as decreases in net assets without donor restrictions.

**Cash and Cash Equivalents**

For the purposes of the Statements of Cash Flows, the Project considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. This includes cash in banks and money market funds.

**Grants Receivables**

The Project may from time to time have grants and accounts receivables from grantors. Grants receivable are considered to be fully collectible based on past experience. Accordingly, no allowance has been established for grants and accounts receivable.

**MITCHELVILLE PRESERVATION PROJECT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2022**

**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

**Prepaid Expenses**

Items which are paid for in the current year for use in a future year are recorded as a prepaid expense until the time of use.

**Property and Equipment**

Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at the approximate fair value at the date of donation. Expenditures for major additions and improvements, generally in excess of \$1,000, are capitalized and minor replacements, maintenance and repairs are charged to expense as incurred. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of the operations for the respective period. Depreciation is computed by the straight-line method over the estimated useful lives of the assets, ranging from 5 to 40 years. Construction in progress is stated at cost and is not depreciated until put into use. Costs associated with acquisition, development and construction of certain assets of the Project's facilities are capitalized including interest associated with a loan, if a loan was necessary for construction of the asset.

**Licensed Exhibit**

The Project has a perpetual license for sole use of an exhibit. The licensed exhibit is recorded at the cost of the license fee.

**Accounting of Contributions**

Contributions, including contributions receivable, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Contributions receivable with payments due in the future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contributions is clearly intended to support activities in the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until as conditions on which they depend are substantially met.

**Revenue Recognition Policy**

The Project derives revenues primarily from grants, contributions and program and event services fees. The Project recognizes contributions when cash, securities or other assets, an unconditional promise to give (contribution receivable) or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and right of return – are not recognized until the conditions are met.

The Project recognizes program and event fees during the year in which the program or event is provided to the customer. The performance obligation of delivery these services is simultaneously received and consumed by the customer; therefore, revenue is recognized at the point in time of when the program or service is delivered. All amounts received prior to the commencement of the specific program or service are deferred to the applicable period.

**Gifts-In-Kind Contributions**

The Project records various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. Donated use of facilities is reported as contributions and as expenses at the estimated fair value of similar space for rent under similar conditions. If the use of the space is promised unconditionally for a period greater than one year, the contribution is reported as a contribution and an unconditional contribution receivable at the date of gift, and the expense is report over the term of the use. The amounts reflected in the

**MITCHELVILLE PRESERVATION PROJECT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2022**

**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

**Gifts-In-Kind Contributions - continued**

accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

No amounts have been reflected in the financial statements for donated services. The Project pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Project with campaign solicitations and various committee assignments.

**Expense Allocation**

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. The Project has historically determined its functional expenses primarily through direct costs, because for the life of the organization, grant funding has supported full expense operation.

**Advertising**

Cost of promotions and advertising are expensed as incurred. Advertising and promotion expense total \$111,658 for the year ended December 31, 2022, respectively.

**Income Tax Status**

The Project is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law as a charitable organization whereby only unrelated business income, as defined by Section 509(a)(1) of the Code is subject to federal income tax. The Project qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an association other than a private organization under Section 509(a)(2).

Management evaluated the Project's tax positions and concluded that the Project had maintained its tax-exempt status and had taken no uncertain tax positions that require adjustment to the financial statements.

Therefore, no provision or liability for income taxes has been included in the financial statements. The Project currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded. The Project is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**MITCHELVILLE PRESERVATION PROJECT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2022**

**NOTE 2 - AVAILABILITY AND LIQUIDITY**

Financial assets available for general expenditure, that are without donor or other restrictions limiting their use within one year of the Statement of Financial Position date of December 31, 2022, comprise of the following at December 31, 2022:

Financial assets:	
Cash	\$ 509,554
Grants receivable	623,354
Total financial assets	<u>1,132,908</u>
Less: financial assets held to meet restrictions	<u>(705,360)</u>
Amount available for general expenditures within one year:	<u><u>\$ 427,548</u></u>

As part of its liquidity plan, the Project has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due.

**NOTE 3 - GRANTS RECEIVABLE**

The Project records grants as receivables once obligations under the grant agreement are met. Grants receivable balances at December 31, 2022 are as follows.

Capital campaign	\$ 515,000
Accommodations tax grant	108,354
	<u>\$ 623,354</u>

**NOTE 4 - PROPERTY AND EQUIPMENT**

Major classifications of property and equipment as of December 31, 2022 are summarized below.

Depreciable assets:	
Furniture and equipment	\$ 60,307
Sign	2,655
Total property and equipment	<u>62,962</u>
Accumulated depreciation	<u>(27,103)</u>
Net property and equipment	<u><u>\$ 35,859</u></u>

Depreciation expense for the year ended December 31, 2022 is \$3,692.

**NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS**

The Project has net assets with donor restrictions that are available for the following purposes as of December 31, 2022.

Restricted purpose:	
Archeology programs	\$ 612,850
Advertising - outside of market	42,510
Magic projects	50,000
	<u>\$ 705,360</u>

**MITCHELVILLE PRESERVATION PROJECT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2022**

**NOTE 6 - CONCENTRATIONS**

**Credit Risk**

Financial instruments that potentially subject the Project to concentrations of credit risk consist of cash in banks. The Project places its cash with reputable financial institutions and limits the amount of credit exposure for cash to any one financial institution. Accounts held by banking institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000 and cash in investment accounts is insured by the brokers insurance. As of December 31, 2022, the Project had uninsured cash of \$90,083.

**Support and Revenue**

For the year ended December 31, 2022, 41% of revenue came from a single source. As of December 31, 2021 46% of the grants receivable balance is from one source.

**NOTE 7 - RELATED PARTIES**

During the year ended December 31, 2022, various board members made contributions to the Project in the amount of \$607,950.

**NOTE 8 - COMMUNITY FOUNDATION OF THE LOWCOUNTRY ENDOWMENT**

The Community Foundation of the Lowcountry controls an endowment fund with a principal purpose to provide income for the operations of the Project. The Project does not control or own these funds; therefore they are not included in these financial statements. The Project did not receive any funding from the fund during the year ended December 31, 2022.

**NOTE 9 - SUBSEQUENT EVENTS**

Management has evaluated events occurring subsequent to year end through the report date, the date the financial statements were available to be issued and has concluded no significant subsequent events meet the criteria of the professional accounting standards to be recognized or not recognized, but disclosure, in these financial statements.