MARTHA'S VINEYARD CAMP MEETING ASSOCIATION

FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

YEARS ENDED DECEMBER 31, 2022 AND 2021

Smith Sullivan & Brown PC
CERTIFIED PUBLIC ACCOUNTANTS
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MARTHA'S VINEYARD CAMP MEETING ASSOCIATION

REPORT ON FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

Mission Statement

The mission of the Martha's Vineyard Camp Meeting Association is to perpetuate our religious and historical heritage, engaging all in education and spiritual growth in a welcoming faith community.

www.mvcma.org

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C O N T E N T S

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Martha's Vineyard Camp Meeting Association
Oak Bluffs, Massachusetts

Opinion

We have audited the accompanying financial statements of Martha's Vineyard Camp Meeting Association (a Massachusetts nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Martha's Vineyard Camp Meeting Association as of December 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Martha's Vineyard Camp Meeting Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Martha's Vineyard Camp Meeting Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 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 generally accepted auditing standards 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.

To the Board of Directors
Martha's Vineyard Camp Meeting Association

In performing an audit in accordance with generally accepted auditing standards, 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 Martha's Vineyard Camp Meeting Association'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 Martha's Vineyard Camp Meeting Association'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 audits.

Smith, Sullivan & Brown, PC

Westborough, Massachusetts
October 7, 2023

MARTHA'S VINEYARD CAMP MEETING ASSOCIATION

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022 AND 2021

ASSETS

	2022	2021
CURRENT ASSETS:		
Cash	$ 74,241	$ 325,386
Accounts Receivable	21,425	15,783
Prepaid Expenses and Deposits	31,416	30,267
Inventory	9,176	10,022
Total Current Assets	136,258	381,458
PROPERTY AND EQUIPMENT, NET	2,308,662	1,474,550
OTHER ASSETS:		
Long-Term Investments	3,528,113	4,020,207
Beneficial Interest in Charitable Unitrust	232,782	296,838
Pre-Development Costs	437,280	196,370
Total Other Assets	4,198,175	4,513,415
TOTAL ASSETS	$ 6,643,095	$ 6,369,423

LIABILITIES AND NET ASSETS

	2022	2021
CURRENT LIABILITIES:		
Current Portion of Note Payable	$ 11,171	$ -
Accounts Payable and Accrued Expenses	77,477	76,134
Accrued Payroll	26,466	-
Deferred Revenue	108,684	97,895
Total Current Liabilities	223,798	174,029
NON-CURRENT LIABILITIES:		
Note Payable, Net of Current Portion	670,579	-
Deferred Revenue	1,337,500	1,375,000
Total Non-Current Liabilities	2,008,079	1,375,000
TOTAL LIABILITIES	2,231,877	1,549,029
NET ASSETS:		
Net Assets Without Donor Restrictions:		
Undesignated Net Assets	459,068	333,886
Board Designated Net Assets	3,528,113	4,020,207
Total Net Assets Without Donor Restrictions	3,987,181	4,354,093
Net Assets With Donor Restrictions	424,037	466,301
Total Net Assets	4,411,218	4,820,394
TOTAL LIABILITIES AND NET ASSETS	$ 6,643,095	$ 6,369,423

MARTHA'S VINEYARD CAMP MEETING ASSOCIATION

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL ACTIVITIES	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL ACTIVITIES
SUPPORT, REVENUES AND RECLASSIFICATIONS:						
Support and Revenues:						
Cottage Land Lease and Other Residential Income	$ 697,136	$ -	$ 697,136	$ 690,693	$ -	$ 690,693
Commercial Lot Lease Income	276,591	-	276,591	264,867	-	264,867
Tabernacle House Income	41,331	-	41,331	72,102	-	72,102
Program Income	78,079	-	78,079	55,105	-	55,105
Museum Shop Income, Net	17,972	-	17,972	16,074	-	16,074
Gifts, Grants and Contributions	181,351	28,765	210,116	207,374	71,516	278,890
Investment Return	(376,569)	(571)	(377,140)	222,014	(70)	221,944
Change in Value of Beneficial Interest in Charitable Unitrust	-	(64,056)	(64,056)	-	17,476	17,476
Interest and Other Income	3,731	-	3,731	13,296	-	13,296
Reclassifications of Net Assets:						
Net Assets Released from Restrictions	6,402	(6,402)	-	3,260	(3,260)	-
TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS	**926,024**	**(42,264)**	**883,760**	**1,544,785**	**85,662**	**1,630,447**
FUNCTIONAL EXPENSES:						
Program Services	856,866	-	856,866	752,406	-	752,406
Administrative	410,402	-	410,402	251,715	-	251,715
Fundraising	25,668	-	25,668	-	-	-
TOTAL FUNCTIONAL EXPENSES	**1,292,936**	**-**	**1,292,936**	**1,004,121**	**-**	**1,004,121**
CHANGE IN NET ASSETS	**(366,912)**	**(42,264)**	**(409,176)**	**540,664**	**85,662**	**626,326**
NET ASSETS - BEGINNING OF YEAR	**4,354,093**	**466,301**	**4,820,394**	**3,813,429**	**380,639**	**4,194,068**
NET ASSETS - END OF YEAR	**$ 3,987,181**	**$ 424,037**	**$ 4,411,218**	**$ 4,354,093**	**$ 466,301**	**$ 4,820,394**

MARTHA'S VINEYARD CAMP MEETING ASSOCIATION

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022				2021		
	PROGRAM SERVICES	ADMINI-STRATIVE	FUND-RAISING	TOTAL FUNCTIONAL EXPENSES	PROGRAM SERVICES	ADMINI-STRATIVE	TOTAL FUNCTIONAL EXPENSES
Salaries and Wages	$ 207,480	$ 141,487	$ -	$ 348,967	$ 168,299	$ 134,087	$ 302,386
Payroll Taxes and Employee Benefits	40,681	33,051	-	73,732	32,806	43,112	75,918
Professional Fees	21,675	175,057	15,700	212,432	19,315	38,730	58,045
Equipment Expense	10,369	754	-	11,123	13,941	1,195	15,136
Historic Preservation	475	-	-	475	5,131	-	5,131
Real Estate Taxes	104,022	-	-	104,022	100,503	-	100,503
Utilities	54,372	8,215	-	62,587	57,266	7,006	64,272
Landscaping and Grounds Expenses	108,127	-	-	108,127	78,916	-	78,916
Repairs and Maintenance	32,823	4,360	-	37,183	31,300	1,305	32,605
Program Activities	-	-	-	-	14,541	-	14,541
Community Program Activities	24,281	-	-	24,281	-	-	-
Spiritual Life	17,743	-	-	17,743	15,738	-	15,738
Depreciation Expense	129,824	-	-	129,824	125,661	-	125,661
Advertising	9,180	5,685	-	14,865	13,356	873	14,229
Scholarships and Donations	12,850	-	-	12,850	11,005	-	11,005
Office Supplies and Expenses	22,980	17,561	9,968	50,509	6,808	12,213	19,021
Dues, Fees and Subscriptions	106	13,168	-	13,274	584	4,216	4,800
Information Technology	3,644	2,295	-	5,939	3,060	2,763	5,823
Insurance	56,234	7,109	-	63,343	54,176	6,215	60,391
Miscellaneous	-	1,660	-	1,660	-	-	-
Total Functional Expenses	**$ 856,866**	**$ 410,402**	**$ 25,668**	**$ 1,292,936**	**$ 752,406**	**$ 251,715**	**$ 1,004,121**

MARTHA'S VINEYARD CAMP MEETING ASSOCIATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	$ (409,176)	$ 626,326
Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:		
Investment Return	377,140	(221,944)
Change in Value of Beneficial Interest in Charitable Unitrust	64,056	(17,476)
Depreciation Expense	129,824	125,661
(Increase) Decrease in Current Assets:		
Accounts Receivable	(5,642)	(3,777)
Prepaid Expenses and Deposits	(1,149)	648
Inventory	846	4,087
Increase (Decrease) in Current Liabilities:		
Accounts Payable and Accrued Expenses	1,343	(8,572)
Accrued Payroll	26,466	-
Deferred Revenue	10,789	18,786
Increase (Decrease) in Non-Current Liabilities:		
Deferred Revenue	(37,500)	(37,500)
Net Adjustment	566,173	(140,087)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**156,997**	**486,239**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property and Equipment	(282,186)	(53,666)
Cash Outlay for Pre-Development Costs	(240,910)	(188,132)
Investments Transferred to Operations	114,954	-
Purchase of Investments	-	(75,687)
Net Cash Flows from Investing Activities	(408,142)	(317,485)
NET INCREASE (DECREASE) IN CASH BALANCES	**(251,145)**	**168,754**
CASH BALANCES - BEGINNING OF YEAR	**325,386**	**156,632**
CASH BALANCES - END OF YEAR	**$ 74,241**	**$ 325,386**
Non-Cash Financing Transaction:		
Property Acquisition	*$ 681,750*	*$ -*

NOTE 1 ORGANIZATION

Martha's Vineyard Camp Meeting Association (the "Association" or "MVCMA") was founded in 1835 for the purpose of holding a religious camp meeting on Martha's Vineyard, following the religious camp meeting movement of the 19th century. The camp meetings expanded in size, both in terms of attendance and area, and in 1864, the Association purchased the original 26 acres of land it had been renting. Formal governance was established, and the Association was incorporated in 1868 in the Commonwealth of Massachusetts "for the purpose of maintaining annual religious meetings on the island of Martha's Vineyard."

The Association qualifies as a tax-exempt, not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code ("IRC"). The Association is classified as a private operating foundation under IRC Section 4942(j)(3); accordingly, contributions made to the Association qualify for the maximum charitable deduction for federal income tax purposes.

NOTE 2 PROGRAM SERVICES

The land and buildings owned and operated by the MVCMA in support of its religious mission are known as "the Campground", located in the center of the town of Oak Bluffs, Massachusetts. Today, the Campground is on 34 acres of land and includes five buildings owned by the MVCMA. There is over 300 privately-owned nineteenth century cottages and other residential and commercial buildings on leased lots. The MVCMA governs the activities of the Campground to further its religious mission and to ensure the continuing preservation and educational opportunities to the public of this historically significant area. The land and buildings owned by the MVCMA are listed in the records of the Massachusetts Historical Commission and included as a National Historic Landmark by the National Park Service.

The five buildings owned by the MVCMA used in support of its religious programming and in furtherance of its mission include the Tabernacle, the MVCMA Administration Building, the Tabernacle House, the Museum, 4 Montgomery Square, and a storage facility located across Dukes County Avenue. Also located in the Campground is the Trinity Methodist Church (the Church) and the Parish House under a special lease arrangement. Ownership of the Church and the Parish House buildings reverts to the MVCMA should the Church no longer intend to use the buildings. There are also fourteen private businesses located partially or wholly in the Campground. The buildings are owned by the respective businesses, and the land on which they are located is leased from the MVCMA. The largest of these properties is known as the Summercamp Hotel, located on Lake Avenue overlooking Oak Bluffs Harbor.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting:

The financial statements of the Martha's Vineyard Camp Meeting Association have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles ("GAAP") and accordingly, reflect all significant receivables, payables and other liabilities.

NOTE 3 *(Continued)*

Estimates:

The preparation of financial statements in conformity with GAAP 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; however, adherence to generally accepted accounting principles, has in management's opinion, resulted in reliable and consistent financial reporting by the Association.

Fair Value of Financial Instruments:

The Association reports its fair value measures by using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by generally accepted accounting principles, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

Level 1 - Quoted prices for identical assets or liabilities in active markets to which the Association has access at the measurement date.

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in markets that are not active; observable inputs other than quoted prices for the asset or liability (for example, interest rate and yield curves); and inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3 - Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

The primary use of fair value measures in the Association's financial statements is the recurring measurement of the Association's investments and its beneficial interest in a charitable remainder unitrust.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Association's assessment of the quality, risk, or liquidity profile of the asset or liability.

A significant portion of the Association's investment assets are classified within Level 1 because they comprise open-end mutual funds and exchange-traded products with readily determinable fair values based on daily redemption values. The Association also invests in U.S. government obligations, which are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions, and are classified within Level 2. The fair values of beneficial interests in charitable remainder trusts are determined by using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the underlying assets and are based on the fair values of trust investments as reported by the trustees. These are considered to be Level 3 measurements.

NOTE 3 *(Continued)*

Financial Statement Presentation:

The Association reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. These classifications are related to the existence or absence of donor-imposed restrictions as defined below.

> *Net Assets Without Donor Restrictions* - Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. In addition, net assets within this classification include funds which represent resources designated by the Board of Directors for specific purposes.
>
> *Net Assets With Donor Restrictions* - Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature, such as those that are restricted by a donor that the resources be maintained in perpetuity. As of December 31, 2022 and 2021, the Association has no net assets that are required to be maintained in perpetuity. The Association's unspent contributions are reported in net assets with donor restrictions if the donor limited their use, as are promised contributions that are not yet due. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

Accounts Receivable:

Accounts Receivable primarily represents amounts which are due from land and apartment rental fees. Management periodically reviews receivables to determine if any balances are uncollectible. The allowance for uncollectible receivables is determined based on historical collection experience and a review of the current status of tenant accounts receivable. As of December 31, 2022 and 2021, Management believes that all receivables are fully collectible; accordingly, these financial statements do not contain a provision for uncollectible accounts. For the years presented, the Association did not report any bad debts for uncollected rents.

Inventory:

Inventory is valued at the lower of cost (determined on the first-in, first-out basis) or market. For the years presented, *Inventory* consists primarily of museum gift shop items that are available for sale.

Property and Equipment:

Martha's Vineyard Camp Meeting Association records land improvements, buildings, and building improvements in excess of $5,000 and furniture and equipment in excess of $2,500 at cost, if purchased, or if donated, at the fair value on the date of receipt. Expenditures for maintenance, repairs and renewals are charged to expense as incurred, whereas major betterments are capitalized as additions to property and equipment.

Depreciation of property and equipment is computed using the straight-line method and is charged against support and revenues over the following estimated useful lives of the assets, as expressed in terms of years.

NOTE 3 *(Continued)*

Asset Category	Life
Buildings and Improvements	40
Land Improvements	10
Equipment	5 - 10
Furniture	5

The Association reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indications of asset impairment during the years presented.

Leases:

The Association determines if an arrangement is a lease at inception. When the standards apply, operating leases are included in operating lease right-of-use ("ROU") assets and operating lease liabilities in the Statement of Financial Position. ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term.

The operating lease ROU asset includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Association will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Association has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on a straight-line basis.

For the years presented, there were no arrangements which met the criteria for application of the lease accounting standards.

Pre-Development Costs:

As of December 31, 2022 and 2021, cumulative costs for architect, project management fees, land surveying, zoning and legal costs totaling $437,280 and $196,370, respectively, were incurred in connection with the Phase V Tabernacle renovation project. During this phase of the project, these costs are carried as *Pre-Development Costs* on the Statements of Financial Position. When financing and capital campaign funding is secured and the project proceeds into construction, the deferred costs will be reclassified as Construction in Progress to be capitalized as part of the Tabernacle improvement cost.

NOTE 3 *(Continued)*

Investments:

The Association maintains a professionally managed investment portfolio which primarily includes cash, money market funds, U.S. Treasury securities, exchange-traded funds and mutual funds that are reported at fair value. Investment purchases are recorded at cost, or if donated at fair value on the date of donation. Thereafter, investments are reported at their fair values in the Statements of Financial Position. Net investment return (loss) is reported in the Statements of Activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. Cash held in brokerage accounts is reported as investments for purposes of these financial statements. Investments are classified as either short-term or long-term depending on the underlying intentions. *Long-Term Investments* are classified as such because those assets are not intended for use in the current operating budget. Any remaining investments are classified as current, as they may be available for current activities.

Beneficial Interest in Charitable Unitrust:

The Association has been named as an irrevocable beneficiary of a charitable remainder trust that is held and administered by an independent institutional trustee. This trust was created independently by a donor and is administered by outside agents designated by the donors. Therefore, the Association has neither possession nor control over the assets of the trust. At the date the Association receives notice of a beneficial interest, a contribution with donor restrictions is recorded in the Statements of Activities, and a beneficial interest in charitable trusts held by others is recorded in the Statements of Financial Position at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the expected distributions to be received under the agreement. Thereafter, beneficial interests in the trusts are reported at fair value in the Statements of Financial Position, with changes in fair value recognized in the Statements of Activities. During the term of the trust, the Association will not receive distributions from the trust. Upon termination of the trust, as defined within the trust instrument, the Association will receive its proportionate share of the remaining balance.

The Association reports the fair value of its beneficial interest in a charitable remainder trust as a long-term asset as required. The *Beneficial Interest in Charitable Unitrust* is reported at its fair value, which is estimated at the value of the underlying Trust assets and are classified within Level 3 of the fair value hierarchy. The *Change in the Value of Beneficial Interest in Charitable Unitrust* is reported as an increase or decrease in net assets with donor restrictions.

The Association learned that events occurred during 2022 which would trigger the termination of the trust and ultimate distribution of trust assets. As of the date of this report, the assets have not yet been received. Once received, the assets will be reclassified to net assets without donor restrictions.

NOTE 3 *(Continued)*

Revenue Recognition:

Rental Income

Rental income consists of land rental revenue from the leasing of over 300 residential cottages and commercial leases. In addition, rental income is received from the short-term leasing of apartments located on the Campground as well as parking and storage. Revenue from rent is recognized when earned based upon occupancy dates, and with one exception, lease terms coincide with the calendar year. Land rental income for the cottages and most commercial leases are assessed on an annual basis on January 1 and recognized ratably over the course of the year. Land rental income from one commercial tenant is due and payable annually on September 1 and recognized ratably over the subsequent 12-month period. Rent collected in advance is unearned, and such amounts are presented as deferred revenue, a liability, in the accompanying Statements of Financial Position.

The Association leases land to cottages on an annual basis, while commercial land lease terms are typically three years. One significant commercial lease is for a 40-year term, expiring in 2060. At the inception of the lease, in 2019, the tenant paid additional rent in the amount of $1,500,000. The additional rent has been recorded as deferred revenue and will be recognized ratably over the term of the lease. The portion that will be recognized as rental income in the upcoming year is classified as a current liability, while the remaining balance is classified as a long-term liability.

Museum Gift Shop Sales

Revenue from *Museum Gift Shop Sales* includes income from sale of merchandise related to the Campground and souvenir items, net of cost of goods sold in the amount of $23,878 and $24,280 for the years ended December 31, 2022 and 2021, respectively.

Program Service Income

The Association receives program revenue and participation fees for a wide range of religious and other program activities which is recognized at the point in time the services are delivered. When applicable, deposits received in advance are recognized as *Deferred Revenue*, a contract liability, in the accompanying Statements of Financial Position.

Gifts, Grants and Contributions

The Association is the beneficiary of contributions in the form of grants from other organizations, governmental agencies, donations of cash and financial assets from individuals and, occasionally, contributions of nonfinancial assets. Contributions, including promises to give, without donor conditions are recognized as revenue at their estimated fair value at the date of donation and classified as either with or without donor restrictions depending on the donor's stipulations or lack thereof. Unconditional, multi-year commitments are recognized in the year during which the initial commitment is made at the amount that the Association reasonably expects to collect. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved when such amounts are considered material.

NOTE 3 *(Continued)*

Conditional donations are those that have a measurable performance or other barrier and include a right of return of the assets or right of release of the donor from further obligation if the conditions are not met. Conditional donations are not recognized until the associated barriers are met. Any cash received before the conditions or barriers are met is reported as a refundable grant advance. When the conditions are met the revenue is reported as contributions without donor restrictions unless there are further restrictions over and above those associated with the donor conditions.

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions until the restrictions are met, at which time the net assets are reclassified to net assets without donor restrictions. In such cases, when the conditions and restrictions are met within the same reporting period, the support is recognized as contributions or grants without donor restrictions.

In addition to the land rent on the residential cottages, the Association imposes a mandatory contribution of two percent of the sales price upon transfers of ownership for cottages that are sold. These contributions are added to a board-designated investment fund, which is used to maintain the property, with the excess invested. The board reserves the right within its investment policy to redirect the funds for other purposes associated with the Tabernacle. For the years ended December 31, 2022 and 2021, such contributions amounted to $151,760 and $194,546, respectively, and are reported as contributions without donor restrictions.

Donations of Nonfinancial Assets

Contributed nonfinancial assets may include donated professional services, equipment and other in-kind contributions which are recorded at the respective fair values of the goods or services received. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Association.

Functional Expenses:

The Association allocates its expenses on a functional basis among various programs and support services. In the accompanying Statements of Functional Expenses, *Salaries and Wages* and *Payroll Taxes and Employee Benefits* are allocated on the basis of estimated time and effort. Supporting services are those related to operating and managing the Association and its religious and other programs on a day-to-day basis. Supporting services have been sub-classified as follows:

Administrative - includes all activities related to MVCMA's internal management and accounting for program services.

Fundraising - includes all activities related to maintaining contributor information, writing grant proposals, direct mail solicitation, distribution of materials and other similar projects related to the procurement of funds. For the year ended December 31, 2021, all fundraising activities were performed on a volunteer basis by members of the Board of Directors and other volunteers.

NOTE 3 *(Continued)*

Tax Position:

The Association currently evaluates all tax positions and makes a determination regarding the likelihood of those positions being upheld under review. The primary tax positions taken by the Association includes unrelated business income, its tax-exempt status under IRC Section 501(c)(3), and the fact that changes may result from the closing of the statute of limitations on tax returns, new legislation, and clarification of existing legislation through government pronouncements, the courts, and through the examination process. For the years presented, the Association has not recognized any tax benefits or loss contingencies for uncertain tax positions based on these evaluations.

NOTE 4 INVESTMENTS

As of December 31, 2022 and 2021, the Association held a professionally managed investment portfolio with the following composition:

	December 31, 2022		
Investment Type	Total Fair Value	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Money Market Funds	$ 340,150	$ -	$ -
Mutual Funds - Stock Funds	292,755	292,755	-
Mutual Funds - Bond Funds	231,907	231,907	-
Exchange-Traded Equity Funds	997,246	997,246	-
Government Bonds	1,666,055	-	1,666,055
Total Investments	$3,528,113	$1,521,908	$1,666,055

	December 31, 2021		
Investment Type	Total Fair Value	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Money Market Funds	$ 338,552	$ -	$ -
Mutual Funds - Stock Funds	433,377	433,377	-
Mutual Funds	279,570	279,570	-
Exchange-Traded Equity Funds	1,124,386	1,124,386	-
Government Bonds	1,844,322	-	1,844,322
Total Investments	$4,020,207	$1,837,333	$1,844,322

NOTE 4 *(Continued)*

The Association uses the following way to determine the fair value of investments:

Mutual Funds and Exchange-Traded Equity Funds: Traded on national securities exchanges and are determined by the published closing price on the last business day of the fiscal year.

Government Bonds: Valued at the market quotations provided by brokers and dealers who used quotations for similar securities in active markets, which represents a market approach.

For the years presented, investments are considered long-term and further classified as follows:

Classification	2022	2021
Investments, Board Designated	$ 908,168	$ 816,058
Investments, Capital Projects	2,598,676	3,182,309
Investments, Murdoch Fund	21,269	21,840
Total	$3,528,113	$4,020,207

NOTE 5 PROPERTY AND EQUIPMENT

The following is a summary of property and equipment as of December 31, 2022 and 2021:

	2022	2021
Land	$ -	$ -
Land Improvements	316,897	311,920
Tabernacle	1,656,319	1,656,319
Buildings and Improvements	1,074,520	130,383
Furniture, Fixtures and Equipment	213,530	198,707
Total Property and Equipment	3,261,266	2,297,329
Less: Accumulated Depreciation	(952,604)	(822,779)
Property and Equipment, Net	$2,308,662	$1,474,550

As required by GAAP, property and equipment is recorded using historical cost information. As such, the value of the land acquired in 1864, consisting of approximately 34 acres in Oak Bluffs, is not recognized within the accompanying financial statements. The above values of property and equipment reflect the remaining book value following the policies described in Note 3 of buildings, improvements and equipment purchased or acquired within the past 40 years.

Building Acquisition:

In December 2022, the Association purchased the building located at 4 Montgomery Square for $909,000. The acquisition was primarily financed with a loan from Martha's Vineyard Bank *(See Note 6)*.

NOTE 6 DEBT

Line-of-Credit:

During the years presented, the Association had a $400,000 working capital line-of-credit with Rockland Trust. Outstanding borrowings are subject to annual interest at the Wall Street Journal prime rate (7.50% and 3.25% as of December 31, 2022 and 2021, respectively). There were no draws on the line-of-credit during the years presented and the line carried a zero balance as of December 31, 2022 and 2021.

Note Payable:

In connection with the above noted purchase of 4 Montgomery Square on December 19, 2022, the Association executed a Promissory Note with Martha's Vineyard Bank with a principal amount of $681,750. The loan will be repaid using a 25-year amortization schedule with a 10-year term, which includes a balloon payment at maturity. Beginning in January 2023, the Association is required to make monthly payments of $4,808, which includes principal and interest, through maturity in December 2032. The note bears interest at 6.875% for the first five years of the term and then adjusts to the 5-Year Federal Home Loan Bank of Boston Classic Advanced Rate plus 2.25% in years 6 - 10. The note is secured by the underlying real estate. While the ultimate use of the property has not been determined, Management believes the annual debt service and maintenance of the building would be covered by the rental value of the units within the building, should it choose to rent such units.

As of December 31, 2022, the outstanding balance on the preceding debt was $681,750. The principal portion scheduled for payment in 2023 is $11,171, and the remaining non-current portion due in subsequent years is presented on the following table.

Year Ending	Amount
December 31, 2024	$ 11,964
December 31, 2025	12,813
December 31, 2026	13,722
December 31, 2027	14,696
Thereafter*	617,384
Total Long-Term Debt	$670,579

*Includes a balloon payment

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

Net Assets With Donor Restrictions includes unexpended contributions and grants restricted by donors and accumulated investment income earned on restricted funds for the following purposes as of December 31, 2022 and 2021:

Nature of Restriction	2022	2021
Tabernacle Restoration	$147,543	$127,163
Memorial Funds	43,712	42,300
Beneficial Interest in Charitable Unitrust	232,782	296,838
Total	$424,037	$466,301

NOTE 7 *(Continued)*

Net assets released from restrictions by incurring expenses which satisfied the restricted purpose, by the passage of time or by the occurrence of events specified by the donors during the years presented were as follows:

Nature of Restriction	2022	2021
Spiritual Life Programs	$5,150	$ -
Memorial Funds	466	2,786
Other Restricted Funds	786	474
Total	$6,402	$3,260

Beneficial Interest in Charitable Unitrust:

The following schedule summarizes the change in the *Beneficial Interest in Charitable Unitrust* for the years ended December 31, 2022 and 2021:

	Amount
Balance as of January 1, 2021	$279,362
Change in Value of Beneficial Interest in Perpetual Trust	17,476
Balance as of December 31, 2021	296,838
Change in Value of Beneficial Interest in Perpetual Trust	(64,056)
Balance as of December 31, 2022	$232,782

NOTE 8 TABERNACLE RENOVATION PROJECT

The MVCMA has approved a bid to replace the roof of the Tabernacle, the MVCMA's building used primarily for religious programming and as a community event venue located on its grounds. The roof replacement would be the fifth and final stage of the Tabernacle restoration initiative that began in 2002. The accepted bid for the roof replacement project is $5,732,413, which will be funded from a combination of existing MVCMA funds designated for such restoration projects, public grants, private contributions, and other fundraising initiatives. Subsequent to year end, construction on the Tabernacle officially commenced in September 2023.

The Tabernacle was originally built of corrugated iron in 1879. The approximately 17,000 square foot roof was replaced with corrugated cement sheeting in the early 1900's. A survey in 2020 conducted by Hoffmann Architects, Inc. of Hamden CT, indicated that the roof has reached the end of its useful life and should be replaced. In 2005, the Martha's Vineyard Camp Meeting grounds, of which the Tabernacle is a key component, was designated as a National Historic Landmark.

Conditional Grants:

In connection with the Tabernacle roof renovation project, the Association has received the following conditional grant commitments.

NOTE 8 *(Continued)*

The U.S. Department of the Interior through the National Park Service ("NPS") awarded a grant of $500,000 under the Save America's Treasures program. The grant has a project period of October 1, 2022 through September 30, 2025, is conditional upon incurring eligible construction costs and subject to a 100% nonfederal match. As of December 31, 2022, the NPS grant had not been drawn upon, leaving the full award as conditional future funding.

In 2021, the MVCMA granted the Town of Oak Bluffs a Historic Preservation deed restriction for the Tabernacle in exchange for an appropriation of Community Preservation Act Funds, which is considered conditional funding during the years presented. Collectively, six towns on Martha's Vineyard have awarded the Association conditional commitments for Community Preservation Act grants in the aggregate amount of $1,089,449. The funding is strictly conditional upon the incurrence of qualified costs in connection with the Tabernacle roof renovation project and administered on a cost-reimbursement basis. As of December 31, 2022, the Association had not incurred costs which were eligible for reimbursement.

The aggregate conditional funding commitment of $1,589,449 has not been recognized as revenue in the accompanying financial statements, as the conditions upon which it depends have not been met.

NOTE 9 LEASE INCOME AND DEFERRED REVENUE

For the years presented, the Association recognized residential and commercial rent from land leases with privately-owned cottages, parking space rentals, short-term rental of property owned by the Association, a hotel and multiple retail businesses situated on land owned by the Association. Land leases with privately-owned cottages are renewable annually and coincide with the Association's reporting period. The future minimum rent due under commercial leases is scheduled below:

Calendar Year	Amount
December 31, 2023	$ 229,770
December 31, 2024	231,660
December 31, 2025	155,306
December 31, 2026	121,022
December 31, 2027	110,954
Thereafter	7,743,041
Total	$8,591,753

Deferred revenue from commercial leases is scheduled below:

	2022	2021
Balance as of January 1	$1,472,895	$1,520,210
Amounts Included in Beginning Balance Recognized as Income	(97,895)	(107,710)
New Amounts Received	71,184	60,395
Balance as of December 31	$1,446,184	$1,472,895

NOTE 10 CONCENTRATIONS

Cash:

The Association is subject to concentrations in credit risk relating to uninsured cash deposits held at one financial institution. Cash balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000 per institution. There were no amounts in excess of insured limits as of December 31, 2022. As of December 31, 2021, the aggregate cash balance in excess of the FDIC coverage was $170,654. The Association has not experienced any losses on uninsured cash balances and is in the process of opening a bank account with another financial institution to help diversify its funds for purposes of uninsured limits in the future.

Investments:

Investments are primarily held at one brokerage firm and are invested in money market funds, equity and fixed income mutual funds as well as fixed income U.S. Treasury Obligations. These investments are exposed to interest rate, market, credit and other risks depending on the nature of the investment. Accordingly, it is at least reasonably possible that changes in the near term could materially affect investment balances. The brokerage service used by the Association is a member of the Securities Investor Protection Corporation ("SIPC"), which protects securities customers of its members up to $500,000, including $250,000 for cash claims.

NOTE 11 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As part of the Association's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The following table reflects the Association's financial assets as of December 31, 2022 and 2021 which are available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year of the Statement of Financial Position date.

	2022	2021
Financial Assets:		
Cash	$ 74,241	$ 325,386
Accounts Receivables	21,425	15,783
Investments	3,528,113	4,020,207
Beneficial Interest in Charitable Unitrust	232,782	296,838
Total Financial Assets as of December 31st	3,856,561	4,658,214
Less Amounts Not Available to be Used Within One Year:		
Beneficial Interest in Charitable Unitrust	(232,782)	(296,838)
Board Designated Investments	(908,168)	(816,058)
Financial Assets Available to Meet General Expenditures Within One Year	$2,715,611	$3,545,318

As part of the Association's liquidity management, the Board of Directors has a policy to structure the financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Association has long-term investment funds that, while the Association does not intend to spend these for operational purposes within the next year, these amounts could be made available for current operations, if necessary.

NOTE 11 *(Continued)*

For purposes of analyzing resources available to meet general expenditures over a twelve-month period, the Association considers all expenditures related to its ongoing activities of operating its religious and other programs, as described in Note 2, as well as the conduct of religious services undertaken to support those activities to be general expenditures.

NOTE 12 SUBSEQUENT EVENTS

Management is required to consider events subsequent to the financial statement date for potential adjustment to or disclosure in the financial statements. Therefore, Management has evaluated subsequent events through October 7, 2023, the date which the financial statements were available for issue, and other than the commencement of construction on the Tabernacle, as disclosed in Note 8, noted no events which met the criteria for recognition or disclosure.