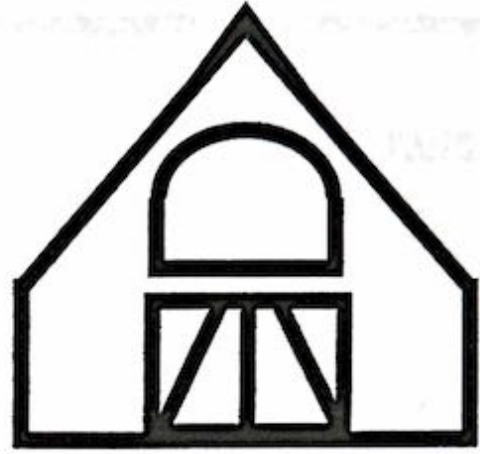




Gorfine Schiller Gardyn

Certified Public Accountants and Consultants



PIKESVILLE
ARMORY FOUNDATION

PIKESVILLE ARMORY FOUNDATION, INC.

**FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

PIKESVILLE ARMORY FOUNDATION, INC.
TABLE OF CONTENTS
December 31, 2023 and 2022

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	3
FINANCIAL STATEMENTS	
Statements of Financial Position	6
Statements of Activities	7
Statements of Cash Flows	8
Notes to Financial Statements	9



INDEPENDENT AUDITORS' REPORT

**Board of Directors
Pikesville Armory Foundation, Inc.
Baltimore, Maryland**

Opinion

We have audited the financial statements of Pikesville Armory Foundation, Inc. , Inc.(a nonprofit organization), which comprise the statements of financial position as of December 31, 2023, 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 financial statements referred to above present fairly, in all material respects, the financial position of Pikesville Armory Foundation, Inc. as of December 31, 2023, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pikesville Armory Foundation, 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.

Other Matter

The 2022, financial statements were reviewed by us and our report thereon, dated June 30, 2023, stated we were not aware of any material modifications that should be made to those statements for them to be in accordance with accounting principles generally accepted in the United States of America. A review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements as a whole.

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 Pikesville Armory Foundation, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are 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 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 Pikesville Armory Foundation, 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 Pikesville Armory Foundation, 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.

Martino, Schiller & Galdyn, P.A.

October 6, 2024
Owings Mills, Maryland

FINANCIAL STATEMENTS

STATEMENT OF ASSETS

For the year ended 31/12/2012

REPUBLIC OF SOUTH AFRICA: REPUBLIC OF SOUTH AFRICA: REPUBLIC OF SOUTH AFRICA: REPUBLIC OF SOUTH AFRICA: REPUBLIC OF SOUTH AFRICA

ASSETS

	2013	2012
	<u>Amount</u>	<u>Amount</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,610,265	\$ 95,368
Debtors receivable	872,616	1,233,624
Prepaid expenses	85,011	-
Total current assets	<u>4,567,892</u>	<u>1,329,000</u>
PROPERTY AND EQUIPMENT		
Construction in progress	1,136,056	-
Land	4,240,000	-
Total property and equipment	<u>5,376,056</u>	<u>-</u>
Total Assets	<u>\$ 9,943,948</u>	<u>\$ 1,329,000</u>

FINANCIAL STATEMENTS

LIABILITIES AND NET ASSETS

LIABILITIES

Accruals payable and accrued expenses

\$ 191,211 \$ 5,500

NET ASSETS

Without donor restrictions

5,198,498 158,794

With donor restrictions

4,744,203 1,170,206

Total net assets

9,942,701 1,329,000

TOTAL LIABILITIES AND NET ASSETS

\$ 9,943,948 \$ 1,329,000

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

PIKESVILLE ARMORY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and 2022

<u>ASSETS</u>		
	<u>2023</u>	<u>2022</u>
	<u>Audited</u>	<u>Reviewed</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,610,267	\$ 95,368
Grants receivable	822,616	1,245,924
Prepaid expenses	85,043	-
Total current assets	<u>4,517,926</u>	<u>1,341,292</u>
PROPERTY AND EQUIPMENT		
Construction in progress	1,136,066	-
Land	4,240,000	-
Total property and equipment	<u>5,376,066</u>	<u>-</u>
Total Assets	<u>\$ 9,893,992</u>	<u>\$ 1,341,292</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
LIABILITIES		
Accounts payable and accrued expenses	\$ 191,211	\$ 5,500
NET ASSETS		
Without donor restrictions	5,398,498	158,798
With donor restrictions	4,304,283	1,176,994
Total net assets	<u>9,702,781</u>	<u>1,335,792</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,893,992</u>	<u>\$ 1,341,292</u>

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

PIKEVILLE ARMORY FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2023 and 2022

	2023			2022		
	Audited			Reviewed		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE						
Grants revenue	\$ 507,788	\$ 4,304,283	\$ 4,812,071	\$ 50,000	\$ 1,401,000	\$ 1,451,000
In-kind donation	4,240,000	-	4,240,000	-	-	-
Interest income	24,767	-	24,767	1,171	-	1,171
Total revenue before net assets released from restrictions	4,772,555	4,304,283	9,076,838	51,171	1,401,000	1,452,171
Net assets released from restrictions	1,176,994	(1,176,994)	-	224,006	(224,006)	-
Total revenue	5,949,549	3,127,289	9,076,838	275,177	1,176,994	1,452,171
START-UP EXPENSES						
Advertising	117	-	117	500	-	500
Contracts and professional fees	421,818	-	421,818	220,257	-	220,257
Insurance	105,807	-	105,807	830	-	830
Legal	-	-	-	14,306	-	14,306
Office expenses	8,906	-	8,906	613	-	613
Other	10,849	-	10,849	-	-	-
Staffing	130,184	-	130,184	58,637	-	58,637
Supplies	15,880	-	15,880	1,063	-	1,063
Repairs and Maintenance	16,288	-	16,288	-	-	-
Total expenses	709,849	-	709,849	296,206	-	296,206
CHANGES IN OPERATING NET ASSETS	5,239,700	3,127,289	8,366,989	(21,029)	1,176,994	1,155,965
NET ASSETS – Beginning of year	158,798	1,176,994	1,335,792	179,827	-	179,827
NET ASSETS – End of year	\$ 5,398,498	\$ 4,304,283	\$ 9,702,781	\$ 158,798	\$ 1,176,994	\$ 1,335,792

PIKESVILLE ARMORY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 8,366,989	\$ 1,155,965
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
In-kind contribution of land	(4,240,000)	-
Changes in operating assets and liabilities:		
Grants receivable	423,308	(1,245,924)
Prepaid expenses	(85,043)	-
Accounts payable	185,711	5,500
Net cash provided by (used in) operating activities	4,650,965	(84,459)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(1,136,066)	-
NET CHANGES IN CASH AND CASH EQUIVALENTS	3,514,899	(84,459)
CASH AND CASH EQUIVALENTS – Beginning of year	95,368	179,827
CASH AND CASH EQUIVALENTS – End of year	\$ 3,610,267	\$ 95,368

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

PIKESVILLE ARMORY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE A – ORGANIZATION

Pikesville Armory Foundation, Inc. (the "Organization") is a Maryland non-stock corporation formed as an Internal Revenue Code (IRC) Section 501(c)(3) organization in December 2020. The Organization's mission is to redevelop the Pikesville Armory historic buildings and property for recreation, art, youth development, education, and community gathering purposes and to manage charitable and educational programs and activities at the Pikesville Armory after redevelopment is completed.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, whereby support and revenue are recognized when committed or earned and expenses and purchases are recognized when the related obligations are incurred.

2. Net Assets

Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

3. 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 amount of assets and liabilities and disclosure of contingent assets and liabilities at 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.

4. Contributions and Grants

All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose 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. However, if a restriction is fulfilled in the same fiscal year in which the support is received, the Organization reports the support as an increase in net assets without donor restrictions.

5. Cash and Cash Equivalents

The Organization considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents. Cash consists of amounts in deposit accounts.

6. In-Kind Donations

The Organization records in-kind donations at fair value as of the date of the donation. The Organization received in-kind donations of land with a total estimated fair market value of \$4,240,000. These in-kind donations are recognized in the financial statements as land under property and equipment. The valuation of in-kind donations was determined based on an appraisal.

7. Grants Receivable

Accounts and contributions receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to valuation allowance. Management has determined that at December 31, 2023 and 2022, an allowance was not necessary.

8. Property and Equipment

Property and equipment are recorded at cost or, if received as a gift, at fair value when received. Depreciation is computed on the straight-line basis over the assets' useful lives, which range from three to forty years. Property and equipment purchases with a cost in excess of \$2,500 are capitalized; all others are expensed as incurred. Ordinary repairs and maintenance costs are expensed as incurred and repairs and maintenance costs in excess of \$2,500 that extend the useful life of the asset are capitalized.

9. Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accounting Standards Codification (ASC) topic, *Accounting for Income Taxes* requires the Organization to recognize or disclose any tax positions that would result in unrecognized tax benefits. The Organization has no positions that would require disclosure or recognition under the topic.

10. Advertising

The Organization expenses advertising costs as they are incurred. Advertising expense was \$117 and \$500, respectively, for the years ended December 31, 2023 and 2022, respectively.

11. Changes in Accounting Principle

Effective January 1, 2023, the Organization adopted Accounting Standards Update (ASU) 2016-13 *Financial Instruments – Credit Losses*. The new standard introduces a new credit loss methodology, Current Expected Credit Losses (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. Since its original issuance the Financial Accounting Standards Board has issued several updates to the original ASU. Adoption of the standard did not result in any adjustments to the Organization's financial statements.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

12. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 6, 2024, the date the financial statements were available to be issued. On June 6, 2024, the Organization purchased property at 116- 118 and 120-122 Slade Avenue, Pikesville, Maryland 21208 for a contract sale price of \$5,040,000. The Organization is expected to close on the 116-118 Slade Avenue, Pikesville, Maryland 21208 property on November 4, 2024.

NOTE C – PROPERTY PLANT AND EQUIPMENT

Property plant and equipment consist of the following as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Construction in progress	\$ 1,136,066	\$ -
Land	4,240,000	-
Total	<u>\$ 5,376,066</u>	<u>\$ -</u>

During 2023, the Organization was gifted the property at the Pikesville Armory located at 610 Reisterstown Road, Pikesville, MD 21208, as a gift with the appraisal value at \$4,240,000 by the Baltimore County Government. This value was determined by the estimated market value of the property. In recognition of the property, the Organization has begun construction efforts for the redevelopment of the Pikesville Armory historic buildings and property for recreational and community use. As December 31, 2023, the construction in progress was \$1,136,066.

NOTE D – NET ASSETS WITH DONOR RESTRICTONS

Assets are classified as with donor restrictions when donors have placed restrictions on their use based on the passage of time or compliance with other restrictions.

Net assets with donor restrictions as of December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Capital Support	\$ 198,609	\$ 775,994
NCO capital	-	400,000
NCO operations	-	1,000
Baltimore County	3,820,006	-
Maryland Historic Trust	100,000	-
Baltimore Regional Neighborhood Initiative Program	185,668	-
Total	<u>\$ 4,304,283</u>	<u>\$ 1,176,994</u>

NOTE E – LIQUIDITY AND AVAILABILITY

The following represents the Organization’s financial assets at December 31:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 3,610,267	\$ 95,368
Contributions receivable	<u>822,616</u>	<u>1,245,924</u>
Financial assets available	<u>4,432,883</u>	<u>1,341,292</u>
Less those unavailable for general expenditure within one year, due to:		
Restricted by donor for construction and land acquisitions	<u>(4,304,283)</u>	<u>(1,176,994)</u>
Financial assets available for general use within one year	<u>\$ 128,601</u>	<u>\$ 164,298</u>

The Organization has cash and cash equivalents and grants receivable available within one year of December 31, 2023 and 2022, respectively, to meet the cash needs for general expenditures. These amounts include \$4,304,283 and \$1,176,994, respectively, of assets subject to donor restrictions as disclosed in Note C. The restriction is to fund the construction of the Organization. These assets along with receipts from additional contributions and grants are expected to be sufficient to cover ongoing expenditures.