

Memphis Botanic Garden Foundation, Inc.

FINANCIAL STATEMENTS

JUNE 30, 2023

TABLE OF CONTENTS

Memphis Botanic Garden Foundation, Inc.
June 30, 2023

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7



INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Memphis Botanic Garden Foundation, Inc.
Memphis, Tennessee

Opinion

We have audited the accompanying financial statements of Memphis Botanic Garden Foundation, Inc. (the Foundation) (a nonprofit organization), which comprise the statement of financial position as of June 30, 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 the Foundation as of June 30, 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 (U.S. GAAP).

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 the Foundation 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 U.S. GAAP, 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 the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



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 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 Foundation'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 Foundation'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.

Reynolds, Bone & Griesbeck PLC

November 10, 2023

STATEMENT OF FINANCIAL POSITION

Memphis Botanic Garden Foundation, Inc.
June 30, 2023

ASSETS

Cash and cash equivalents	\$ 2,953,493
Receivables:	
Contributions, net	2,104,120
Rental and other	35,223
Investments, at fair value	6,766,771
Prepaid expenses	28,533
Equipment, net	80,939
Sculptures, net	122,772
	<hr/>
Total assets	\$ 12,091,851

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 673,892
Accrued salaries and vacations	197,733
Deferred revenue	2,368,780
	<hr/>
	3,240,405
	<hr/>
Net assets	
Without donor restrictions	3,068,051
With donor restrictions	5,783,395
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Total net assets	8,851,446
	<hr/>
Total liabilities and net assets	\$ 12,091,851

STATEMENT OF ACTIVITIES

Memphis Botanic Garden Foundation, Inc.
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Garden support and revenue:			
Membership dues and admissions	\$ 1,273,458	\$ -	\$ 1,273,458
Education fees	301,285	-	301,285
Management fees	170,819	-	170,819
Contributions	1,276,583	1,756,779	3,033,362
Facility rental	1,348,008	-	1,348,008
Food and beverage	40,373	-	40,373
Art sales	56,712	-	56,712
Special event income	396,347	-	396,347
Grant income	289,852	-	289,852
Other income	475,716	-	475,716
Net assets released from restrictions	455,086	(455,086)	-
Total garden support and revenue	<u>6,084,239</u>	<u>1,301,693</u>	<u>7,385,932</u>
Program expenses:			
Garden activities	5,115,825	-	5,115,825
Rental activities	701,680	-	701,680
Support expenses:			
Management and general	1,096,280	-	1,096,280
Fundraising	758,572	-	758,572
Total program and support expenses	<u>7,672,357</u>	<u>-</u>	<u>7,672,357</u>
Change in net assets from garden operations	<u>(1,588,118)</u>	<u>1,301,693</u>	<u>(286,425)</u>
Music operations:			
Music revenues	4,281,932	-	4,281,932
Music expenses	3,331,716	-	3,331,716
Change in net assets from music operations	<u>950,216</u>	<u>-</u>	<u>950,216</u>
Nonoperating activities - net realized and unrealized gains	404,570	-	404,570
Total change in net assets	(233,332)	1,301,693	1,068,361
Net assets, beginning of year	<u>3,301,383</u>	<u>4,481,702</u>	<u>7,783,085</u>
Net assets, end of year	<u>\$ 3,068,051</u>	<u>\$ 5,783,395</u>	<u>\$ 8,851,446</u>

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

Memphis Botanic Garden Foundation, Inc.
Year Ended June 30, 2023

	Garden	Rental	Management and General	Fundraising	Music	Total
Salaries and benefits	\$ 1,738,358	\$ 359,499	\$ 668,337	\$ 111,270	\$ 20,881	\$ 2,898,345
Bank and credit card fees	5,788	263	85,728	15,814	-	107,593
Art commissions	-	-	-	39,645	-	39,645
Special Events	-	-	-	384,051	1,861	385,912
Cultivation	-	-	205	15,621	-	15,826
Depreciation	25,227	2,705	2,398	-	-	30,330
Dues and subscriptions	563	-	10,791	4,196	-	15,550
Equipment rental	47,556	281,809	5,941	4,225	-	339,531
Materials and supplies	380,369	10,467	13,041	12,235	-	416,112
Food and beverage	-	3,245	-	4,128	-	7,373
Insurance	80,630	10,096	88,666	5,215	421,658	606,265
Advertising	5,405	26,257	25,143	3,075	40,196	100,076
Repairs and maintenance	215,509	921	573	-	-	217,003
Other administrative	72,115	4,234	121,732	9,434	40	207,555
Office supplies	923	614	6,587	804	-	8,928
Postage	23	-	4,334	5,662	-	10,019
Printing	3,787	450	9,775	20,137	-	34,149
Professional fees	-	-	42,421	-	-	42,421
Music production	-	-	-	119,924	2,847,080	2,967,004
Travel and training	13,529	-	10,608	636	-	24,773
Bad debts	-	1,120	-	2,500	-	3,620
Capital improvements	2,526,043	-	-	-	-	2,526,043
Total expenses	<u>\$ 5,115,825</u>	<u>\$ 701,680</u>	<u>\$ 1,096,280</u>	<u>\$ 758,572</u>	<u>\$ 3,331,716</u>	<u>\$ 11,004,073</u>

See notes to financial statements.

STATEMENT OF CASH FLOWS

Memphis Botanic Garden Foundation, Inc.
Year Ended June 30, 2023

Operating activities	
Change in net assets	\$ 1,068,361
Adjustments to reconcile the change in net assets to net cash and cash equivalents used for operating activities	
Depreciation	30,330
Provision for bad debts	3,620
Present value discounts	26,490
Net realized and unrealized gains on investments	(404,570)
Contributions restricted for long-term purposes	(1,756,779)
Changes in operating assets and liabilities:	
Receivables	(1,462,918)
Prepaid expenses	45,295
Accounts payable and accrued expenses	185,807
Accrued salaries and vacations	5,498
Deferred revenue	(428,150)
Net cash used for operating activities	<u>(2,687,016)</u>
Investing activities	
Purchases of investments	(900,758)
Sales of investments	1,337,290
Purchases of equipment and sculptures	<u>(37,931)</u>
Net cash provided by investing activities	<u>398,601</u>
Financing activity - Collections on contributions restricted for long-term purposes	<u>1,756,779</u>
Net change in cash and cash equivalents	(531,636)
Cash and cash equivalents at beginning of year	<u>3,485,129</u>
Cash and cash equivalents at end of year	<u><u>\$ 2,953,493</u></u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Memphis Botanic Garden Foundation, Inc.
June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Memphis Botanic Garden Foundation, Inc. (the Foundation) is a non-profit corporation in Memphis, Tennessee. The purpose of the Foundation is to stimulate interest and promote education in horticulture, to promote public interest in the conservation of natural resources, and to assist in the preservation, development and management of the Memphis Botanic Garden (the "Garden"), which is owned by the City of Memphis.

Financial Statements

The Foundation prepares its financial statements on the accrual basis of accounting to focus on the Foundation as a whole by presenting balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of balances and transactions into two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the board of directors.

Net Assets With Donor Restrictions - Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds by maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Use of Estimates

Accounting principles generally accepted in the United States of America (U.S. GAAP) require 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. Management considers the fair value of investments to be a significant estimate. See Note 3 for discussions of fair value measurements. Management believes that its estimates provided in the financial statements are reasonable.

NOTES TO FINANCIAL STATEMENTS

Memphis Botanic Garden Foundation, Inc.
June 30, 2023

Concentrations of Credit Risk

Due to the nature of its business and the volume of revenue activity, the Foundation can accumulate, from time to time, bank balances in excess of the insurance provided by federal deposit insurance authorities. The risk of maintaining deposits in excess of amounts insured by federal deposit authorities is managed by maintaining such deposits in high quality financial institutions.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less when purchased.

Investments, at Fair Value

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for discussion of fair value measurements.

Purchases, including income reinvestments, and sales of securities are recorded on a trade-date basis. Interest and dividend income is recorded on an accrual basis. Realized gains (losses) on the sales of securities are calculated based on the specific identification of the securities sold. Net realized and unrealized losses includes the Foundation's net unrealized gains (losses) on investments held during the year, net realized gains (losses), and interest and dividend income.

Equipment, Sculptures and Capital Improvements

Equipment is stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which is 3 to 5 years. Repair and maintenance costs are expensed as incurred. Accumulated depreciation related to equipment at June 30, 2023 was \$388,538.

The Foundation also has sculptures that were purchased with restricted contributions. The restrictions state that the sculptures will remain property of the Foundation and not donated to the City of Memphis. Therefore, sculptures are recorded as assets of the Foundation at cost and depreciated using the straight-line method over the estimated useful lives of the assets, which is 15 years. Accumulated depreciation related to sculptures at June 30, 2023 was \$55,548.

The Foundation's capital improvements for buildings and grounds are expensed as incurred since the assets ultimately pass to the City of Memphis. For tax purposes these assets are capitalized and expensed over their tax depreciable life.

NOTES TO FINANCIAL STATEMENTS

Memphis Botanic Garden Foundation, Inc.
June 30, 2023

Support and Revenue

The Foundation receives support and revenue from a variety of sources including private contributions. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending upon the existence and/or nature of any donor restrictions. Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Restricted contributions, and investment income that is limited to specific uses by donor-imposed restrictions, are reported as increases in net assets with donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions when the restriction expires. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Membership dues are deferred over the term of the membership, typically one year. The performance obligations of the membership are simultaneously received and consumed by members; therefore, the revenue is recognized ratably over the course of the membership period using a straight-line method. Unearned dues are included in deferred revenue.

Fees paid for admission to the Garden or to attend special events are paid in full upon purchase of the initial ticket and recognized as during customers' admittance to the garden or events. Fees paid in advance are deferred and recognized over time when during customers' admittance to the Gardens or the special event, both typically occur within a single day.

The Garden enters into contracts to rent out portions of their facilities. Pricing and rental dates are set in a signed contract with the customer. Deposit and required prepayments are deferred and recognized over time during the designated facility rental, which typically occurs within a single day.

The Garden provides various educational programs. Fees charged for the educational programs are deferred until the classes are held. Revenue is recognized over time as classes occur.

Advance ticket sales relating to the Garden Concert Series are deferred over the period of the concert series.

Advertising

Advertising costs are expensed as incurred. Advertising expense for the year ended June 30, 2023 was \$59,880.

NOTES TO FINANCIAL STATEMENTS

Memphis Botanic Garden Foundation, Inc.
June 30, 2023

Income Taxes

The Internal Revenue Service has ruled that the Foundation qualifies under Section 501(c)(3) of the Internal Revenue Code and is, therefore, not subject to federal income tax under present income tax laws. However the Foundation is subject to unrelated business income taxes, related to the Garden Series and facility rentals. The Foundation has net operating loss carryforwards that can be carried forward and utilized in future years.

In accordance with U.S. GAAP, if applicable, the Foundation recognizes interest expense and penalties related to uncertain tax positions as interest expense and penalties in operating expenses. No amounts have been recognized in operating expenses for 2023. The Foundation is subject to routine audits by taxing authorities; however, there are currently no audits for any tax periods in progress.

Functional Allocation of Expenses

The costs of providing programs and other supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the various programs and supporting services based on estimates made by management. Salaries and benefits have been allocated based on time and effort.

Adoption of Accounting Principle

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842), which is intended to increase transparency and comparability among organizations by recording lease assets and lease liabilities on the statements of financial position and disclosing key information about leasing arrangements. The effective date for the Association of this new guidance is for reporting periods beginning after December 15, 2021. Early implementation is permitted. The Foundation adopted Topic 842 with a date of the initial application of July 1, 2022, the effects of which were insignificant.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326)*, which requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts and requires enhanced disclosures related to the significant estimates and judgments used in estimating credit losses. The new guidance is effective for reporting periods beginning after December 15, 2022. Early adoption of ASU No. 2016-13 is permitted for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Foundation has elected not to early implement ASU No. 2016-13 at this time. The effects of adopting ASU No. 2016-13 have not been determined.

NOTES TO FINANCIAL STATEMENTS

Memphis Botanic Garden Foundation, Inc.
June 30, 2023

Subsequent Events

Management has reviewed events occurring through November 10, 2023, the date the financial statements were available to be issued, noting no subsequent events occurred requiring accrual or disclosure.

2. CONTRIBUTIONS RECEIVABLE, NET

Unconditional promises to give, related to capital campaigns, at June 30, 2023, are as follows:

Receivable in less than one year	\$ 1,464,110
Receivable in one to five years	675,667
Thereafter	-
	<u>2,139,777</u>
Less discount to net present value	<u>(35,657)</u>
	<u><u>\$ 2,104,120</u></u>

Contributions receivable are discounted at a rate ranging from 1.51% to 5.50% during the year ended June 30, 2023; based on a risk-free U.S. treasury rate.

Approximately 89% of the Foundation's contribution receivable balance at June 30, 2023 was due from four donors.

3. FAIR VALUE MEASUREMENTS

In 1999, the Foundation created the Memphis Botanic Garden Community Foundation Fund (the Fund) with the Community Foundation of Greater Memphis, Inc. ("CFGM"). The Foundation can request distributions of interest and/or principal related to the transfer of assets to the Community Foundation. The balance in the Fund at June 30, 2023 represents principal and accumulated net investment earnings.

The Foundation also has additional investment accounts at a separate institution in order to invest excess capital campaign funds.

U.S. GAAP defines fair value and establishes a framework for measuring fair value. Fair value measurements apply to financial assets and liabilities, as well as non-financial assets and liabilities which are re-measured at least annually.

NOTES TO FINANCIAL STATEMENTS

Memphis Botanic Garden Foundation, Inc.
June 30, 2023

U.S. GAAP establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable market data, when available, and minimizes the use of unobservable inputs when determining fair value. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources. Unobservable inputs reflect the Foundation's assumptions about the assumptions market participants would use in pricing an asset or liability based on the best information available in the circumstances.

The Foundation groups its assets and liabilities measured at fair value in three levels based on the reliability of valuation inputs used to determine fair value. The proper level of fair value measurement is determined based on the lowest level of significant input. The levels are as follows:

- ◆ Level 1 valuations are based on quoted prices in active markets for identical assets or liabilities.
- ◆ Level 2 valuations are based on inputs other than quoted prices included in Level 1 that are observable for assets or liabilities, either directly or indirectly. These inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active (i.e. markets in which there are few transactions for the assets or liabilities, the prices are not current, or price quotes vary substantially either over time or among market makers), and modeling techniques based on inputs that are observable for the assets or liabilities.
- ◆ Level 3 valuations are based on modeling techniques using significant assumptions that are not observable in the market. The assumptions reflect the Foundation's own assumptions that market participants would use in pricing the assets or liabilities.

The availability of observable inputs varies from product to product and is affected by a variety of factors, including the type of product, whether the product is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Foundation in determining fair value is greatest for instruments categorized in Level 3.

Financial assets and liabilities measured at fair value on a recurring basis include the following:

Mutual and exchange traded funds: Mutual funds and exchange traded funds are publicly traded investments and are valued daily at the closing prices reported on the active market on which the funds are traded.

Negotiable certificates of deposit: Investments are held at financial institutions and have a stated interest rate and maturity and are able to be traded. Fair values are based on quoted market prices for similar assets in an active market.

Corporate bonds: Valued at quoted prices from less active markets and/or quoted prices of securities with similar characteristics.

NOTES TO FINANCIAL STATEMENTS

Memphis Botanic Garden Foundation, Inc.
June 30, 2023

CFGM Funds: There is no limited or no observable market data for some of the prices of investments that are held in the Community Foundation Balanced Pool (the “Pool”), and the resulting fair values of these securities are categorized as Level 3. The Pool is invested in equities, fixed income securities, cash equivalents, alternative investments, and real estate securities. Management of Community Foundation calculated fair value using valuations received from the underlying managers.

The following table sets for the by level, within the fair value hierarchy, the Foundation’s financial assets and liabilities accounted for at fair value on a reoccurring basis at June 30, 2023.

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 401,642	\$ -	\$ -	\$ 401,642
Exchange traded funds	867,735	-	-	867,735
Negotiable certificates of deposit	-	148,869	-	148,869
Corporate bonds	-	1,408,318	-	1,408,318
CFGM Funds	-	-	3,940,207	3,940,207
	<u>\$ 1,269,377</u>	<u>\$ 1,557,187</u>	<u>\$ 3,940,207</u>	<u>\$ 6,766,771</u>

4. NOTE PAYABLES

The Foundation has a \$500,000 line of credit agreement with a bank, of which no amounts were outstanding at June 30, 2023. The line, which bears interest at the bank's prime rate (8.25% at June 30, 2023), is collateralized by the assets of the Foundation and expires on April 15, 2024.

5. NATURE AND AMOUNT OF NET ASSETS

Net assets with donor restrictions are restricted for the following purposes at June 30, 2023:

Subject to passage of time:	
Unconditional promises to give that have met donor restrictions but have not yet been collected	\$ 614,913
Purpose restrictions:	
Nourish: GreenPrint 2021 Campaign	2,038,991
Rooted 2023 Campaign	1,141,866
Herb Garden	50,000
Endowment funds not subject to appropriation or expenditure	<u>1,937,625</u>
Total net assets with donor restrictions	<u>\$ 5,783,395</u>

Continued

13

NOTES TO FINANCIAL STATEMENTS

Memphis Botanic Garden Foundation, Inc.
June 30, 2023

The Foundation also has board designated endowment funds of \$2,002,582 at June 30, 2023 which are included in net assets without donor restrictions.

Net assets were released from donor restrictions by incurring expenses satisfying the purpose specified by donors. The amounts released during the year ended June 30, 2023 are as follows:

Purpose releases:	
Moongazing Pavilion	\$ 48,558
Nourish: GreenPrint 2021 Campaign	<u>406,528</u>
	<u>\$ 455,086</u>

6. ENDOWMENT

The Foundation's endowment consists of three individual funds established for a variety of purposes. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Foundation has interpreted the State Prudent Management of Institutional Funds Act ("SPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions in perpetuity is classified as board designated net assets without donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. At June 30, 2023, all of the endowment funds are invested in the Community Foundation as further discussed in Note 3.

NOTES TO FINANCIAL STATEMENTS

Memphis Botanic Garden Foundation, Inc.
June 30, 2023

Changes in Endowment Net Assets for the Year Ended June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2022	\$ 1,696,193	\$ 1,937,625	\$ 3,633,818
Realized and unrealized losses	193,842	-	193,842
Reinvested interest and dividend income	78,892	-	78,892
Purchase of investments	220,355	-	220,355
Sale of investments	(186,700)	-	(186,700)
Endowment net assets, June 30, 2023	<u>\$ 2,002,582</u>	<u>\$ 1,937,625</u>	<u>\$ 3,940,207</u>

7. SPONSORSHIP AGREEMENT

During the year ended June 30, 2020, the Foundation entered into a 10-year sponsorship agreement for naming right of the Live at the Garden Stage. The total sponsorship is \$750,000, to be paid over the life of the 10-year agreement. Sponsorship revenue for this agreement is recognized on a straight-line basis over the life of the agreement. For the year ended June 30, 2023, \$75,000 was recognized in the statement of activities, and \$118,750 is included in deferred revenue in the statement of financial position at June 30, 2023. The remaining payments per the agreement are as follows:

Year	
2024	\$ 125,000
2025	150,000
2026	25,000
2027	25,000
2028	25,000
Thereafter	25,000
	<u>\$ 375,000</u>

8. RETIREMENT PLAN

The Foundation sponsors a defined contribution retirement plan (the "401(k) Plan") covering employees meeting certain age and service requirements. The Foundation has the option to make matching contributions to the Plan on behalf of each participant. Foundation matching contributions to the 401(k) Plan were \$20,024 for the year ended June 30, 2023.

Continued

15

NOTES TO FINANCIAL STATEMENTS

Memphis Botanic Garden Foundation, Inc.
June 30, 2023

9. CONTRIBUTED SERVICES

Volunteers, as well as employees of the City of Memphis, have made significant contributions of their time to the ongoing maintenance of the Garden and the operations of the Foundation. The value of contributed services meeting the requirements for recognition in the financial statements is not material and has not been recorded.

10. RELATED PARTY TRANSACTIONS

The Foundation received management fees from the City of Memphis in the amount of \$170,819 during the year ended June 30, 2023.

11. EXHIBIT COLLECTION

In conformity with the practice of many not-for-profit organizations, items donated for use in the permanent or teaching collections of the Foundation are not included in the statement of financial position or statement of activities.

12. AVAILABILITY OF RESOURCES AND LIQUIDITY

The following represents the Foundation's financial assets at June 30, 2023:

Cash and cash equivalents	\$ 2,953,493
Contributions receivables, net	2,104,120
Rental and other receivables	35,223
Investments, at fair value	<u>6,766,771</u>
Total financial assets	<u>\$ 11,859,607</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	\$ 5,783,395
Less net assets with purpose restrictions to be met within one year	(2,100,000)
Long term contributions receivable	640,010
Board designated net assets	<u>2,002,582</u>
	<u>6,325,987</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 5,533,620</u>

The Foundation also maintains a \$500,000 line of credit to meet cash flow needs if necessary.