

# Memphis Botanic Garden Foundation, Inc.

FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

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*Memphis Botanic Garden Foundation, Inc.*  
*June 30, 2025 and 2024*

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## INDEPENDENT AUDITOR'S REPORT

To 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 statements of financial position as of June 30, 2025 and 2024, 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 the Foundation as of June 30, 2025 and 2024, 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 (U.S. GAAP).

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation 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 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 the 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 the 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*

October 13, 2025

## STATEMENTS OF FINANCIAL POSITION

*Memphis Botanic Garden Foundation, Inc.*  
*June 30, 2025 and 2024*

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	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,592,061	\$ 2,327,097
Receivables:		
Contributions, net	857,800	1,827,563
Rental and other	154,136	53,964
Investments, at fair value	7,679,766	6,906,414
Prepaid expenses	138,958	147,228
Inventories	23,340	17,942
Equipment, net	132,728	135,638
Sculptures, net	92,091	110,884
	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 13,670,880</u>	<u>\$ 11,526,730</u>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	\$ 309,880	\$ 169,269
Accrued salaries and vacations	230,603	199,415
Deferred revenue	3,507,439	2,682,666
	<u>                    </u>	<u>                    </u>
Total liabilities	<u>4,047,922</u>	<u>3,051,350</u>
Net assets		
Without donor restrictions	6,827,533	2,702,735
With donor restrictions	2,795,425	5,772,645
	<u>                    </u>	<u>                    </u>
Total net assets	<u>9,622,958</u>	<u>8,475,380</u>
	<u>                    </u>	<u>                    </u>
Total liabilities and net assets	<u>\$ 13,670,880</u>	<u>\$ 11,526,730</u>

*See notes to financial statements.*

## STATEMENT OF ACTIVITIES

*Memphis Botanic Garden Foundation, Inc.*  
*Year Ended June 30, 2025*

	Without Donor Restrictions	With Donor Restrictions	Total
Garden support and revenue:			
Membership dues and admissions	\$ 1,269,092	\$ -	\$ 1,269,092
Education fees	371,431	-	371,431
Management fees	153,737	-	153,737
Contributions	203,180	578,923	782,103
Gifts in-kind	471,137	-	471,137
Facility rental	1,498,088	-	1,498,088
Food and beverage	45,357	-	45,357
Art sales	61,450	-	61,450
Special event income	646,498	-	646,498
Grant income	6,735	-	6,735
Other income	405,140	-	405,140
Net assets released from restrictions	3,556,143	(3,556,143)	-
Total garden support and revenue	<u>8,687,988</u>	<u>(2,977,220)</u>	<u>5,710,768</u>
Program expenses:			
Garden activities	4,968,289	-	4,968,289
Rental activities	394,933	-	394,933
Support expenses:			
Management and general	578,570	-	578,570
Fundraising	176,102	-	176,102
Total program and support expenses	<u>6,117,894</u>	<u>-</u>	<u>6,117,894</u>
Change in net assets from garden operations	<u>2,570,094</u>	<u>(2,977,220)</u>	<u>(407,126)</u>
Music operations:			
Music revenues	3,997,015	-	3,997,015
Music expenses	3,251,129	-	3,251,129
Change in net assets from music operations	<u>745,886</u>	<u>-</u>	<u>745,886</u>
Nonoperating activities:			
Gain on disposal of equipment	2,400	-	2,400
Net realized and unrealized gains on investments	734,355	-	734,355
Interest income	72,063	-	72,063
Total change in net assets	<u>4,124,798</u>	<u>(2,977,220)</u>	<u>1,147,578</u>
Net assets, beginning of year	<u>2,702,735</u>	<u>5,772,645</u>	<u>8,475,380</u>
Net assets, end of year	<u>\$ 6,827,533</u>	<u>\$ 2,795,425</u>	<u>\$ 9,622,958</u>

*See notes to financial statements.*

## STATEMENT OF ACTIVITIES

*Memphis Botanic Garden Foundation, Inc.*  
*Year Ended June 30, 2024*

	Without Donor Restrictions	With Donor Restrictions	Total
Garden support and revenue:			
Membership dues and admissions	\$ 1,125,058	\$ -	\$ 1,125,058
Education fees	292,995	-	292,995
Management fees	249,445	-	249,445
Contributions	314,207	2,142,766	2,456,973
Facility rental	1,456,435	-	1,456,435
Food and beverage	44,600	-	44,600
Art sales	49,906	-	49,906
Special event income	500,361	-	500,361
Grant income	33,326	-	33,326
Other income	422,649	-	422,649
Net assets released from restrictions	2,153,516	(2,153,516)	-
Total garden support and revenue	<u>6,642,498</u>	<u>(10,750)</u>	<u>6,631,748</u>
Program expenses:			
Garden activities	7,368,924	-	7,368,924
Rental activities	322,853	-	322,853
Support expenses:			
Management and general	586,790	-	586,790
Fundraising	247,160	-	247,160
Total program and support expenses	<u>8,525,727</u>	<u>-</u>	<u>8,525,727</u>
Change in net assets from garden operations	<u>(1,883,229)</u>	<u>(10,750)</u>	<u>(1,893,979)</u>
Music operations:			
Music revenues	3,582,448	-	3,582,448
Music expenses	2,742,281	-	2,742,281
Change in net assets from music operations	<u>840,167</u>	<u>-</u>	<u>840,167</u>
Nonoperating activities:			
Net realized and unrealized gains on investments	647,124	-	647,124
Interest income	30,622	-	30,622
	<u>677,746</u>	<u>-</u>	<u>677,746</u>
Total change in net assets	<u>(365,316)</u>	<u>(10,750)</u>	<u>(376,066)</u>
Net assets, beginning of year	<u>3,068,051</u>	<u>5,783,395</u>	<u>8,851,446</u>
Net assets, end of year	<u>\$ 2,702,735</u>	<u>\$ 5,772,645</u>	<u>\$ 8,475,380</u>

*See notes to financial statements.*

## STATEMENT OF FUNCTIONAL EXPENSES

*Memphis Botanic Garden Foundation, Inc.*  
*Year Ended June 30, 2025*

	Garden	Rental	Management and General	Fundraising	Music	Total
Salaries and benefits	\$ 3,297,676	\$ -	\$ -	\$ -	\$ -	\$ 3,297,676
Bank and credit card fees	2,954	(474)	105,382	8,392	4,901	121,155
Art commissions	43,970	-	-	-	-	43,970
Special events	507,417	-	(425)	(75)	5,345	512,262
Cultivation	1,573	-	1,812	3,969	-	7,354
Depreciation	49,979	5,358	4,750	-	-	60,087
Dues and subscriptions	3,026	3,990	14,047	5,669	1,812	28,544
Equipment rental	18,775	327,213	13,084	-	222	359,294
Materials and supplies	315,675	7,452	23,498	138,823	1,695	487,143
Food and beverage	10,854	7,301	5,038	-	511	23,704
Insurance	101,311	10,386	92,077	472	254,200	458,446
Advertising	251,703	21,367	65,789	-	44,482	383,341
Repairs and maintenance	84,728	4,672	5,287	-	5,440	100,127
Other administrative	176,742	2,940	151,338	274	2,875	334,169
Office supplies	6,112	18	3,427	23	-	9,580
Postage	64	-	4,008	2,026	-	6,098
Printing	6,037	-	22,885	12,112	165	41,199
Professional fees	-	-	37,014	3,119	-	40,133
Music production	8,305	-	5,625	-	2,929,481	2,943,411
Travel and training	7,042	3,960	23,002	1,298	-	35,302
Bad debts	-	750	932	-	-	1,682
Capital improvements	74,346	-	-	-	-	74,346
<b>Total expenses</b>	<b>\$ 4,968,289</b>	<b>\$ 394,933</b>	<b>\$ 578,570</b>	<b>\$ 176,102</b>	<b>\$ 3,251,129</b>	<b>\$ 9,369,023</b>

*See notes to financial statements.*

## STATEMENT OF FUNCTIONAL EXPENSES

*Memphis Botanic Garden Foundation, Inc.*  
*Year Ended June 30, 2024*

	Garden	Rental	Management and General	Fundraising	Music	Total
Salaries and benefits	\$ 2,998,212	\$ -	\$ -	\$ -	\$ -	\$ 2,998,212
Bank and credit card fees	5,876	823	83,318	10,346	-	100,363
Art commissions	-	-	-	34,452	-	34,452
Special events	400,725	-	868	-	1,328	402,921
Cultivation	-	-	-	10,091	-	10,091
Depreciation	35,637	3,821	3,387	-	-	42,845
Dues and subscriptions	857	-	6,651	4,180	-	11,688
Equipment rental	17,186	254,712	5,913	-	-	277,811
Materials and supplies	352,253	13,289	60,447	5,252	-	431,241
Food and beverage	-	11,265	12	4,802	3,275	19,354
Insurance	85,327	9,920	110,844	3,177	430,439	639,707
Advertising	10,080	22,713	40,265	1,600	35,108	109,766
Repairs and maintenance	61,187	-	39,618	-	-	100,805
Other administrative	196,544	5,104	93,522	80	-	295,250
Office supplies	6,637	76	5,849	-	-	12,562
Postage	-	-	4,026	4,915	-	8,941
Printing	7,617	-	10,349	21,986	-	39,952
Professional fees	-	-	106,362	-	-	106,362
Music production	-	-	-	143,779	2,272,131	2,415,910
Travel and training	11,423	-	15,359	-	-	26,782
Bad debts	-	1,130	-	2,500	-	3,630
Capital improvements	3,179,363	-	-	-	-	3,179,363
<b>Total expenses</b>	<b>\$ 7,368,924</b>	<b>\$ 322,853</b>	<b>\$ 586,790</b>	<b>\$ 247,160</b>	<b>\$ 2,742,281</b>	<b>\$ 11,268,008</b>

*See notes to financial statements.*

## STATEMENTS OF CASH FLOWS

*Memphis Botanic Garden Foundation, Inc.*  
*Years Ended June 30, 2025 and 2024*

	<u>2025</u>	<u>2024</u>
Operating activities		
Change in net assets	\$ 1,147,578	\$ (376,066)
Adjustments to reconcile the change in net assets to net cash and cash equivalents provided by (used for) operating activities:		
Depreciation	60,087	42,845
Gain on sale of equipment	(2,400)	-
Provision for bad debts	1,682	3,630
Increase (decrease) in present value discounts	(26,403)	10,992
Net realized and unrealized gains on investments	(734,355)	(647,124)
Contributions restricted for long-term purposes	-	(2,142,766)
Changes in operating assets and liabilities:		
Receivables	894,312	243,194
Prepaid expenses	8,270	(118,695)
Inventories	(5,398)	(17,942)
Accounts payable and accrued expenses	140,611	(504,623)
Accrued salaries and vacations	31,188	1,682
Deferred revenue	824,773	313,886
Net cash provided by (used for) operating activities	<u>2,339,945</u>	<u>(3,190,987)</u>
Investing activities		
Purchases of investments	(200,756)	(430,875)
Sales of investments	161,759	938,356
Purchases of equipment and sculptures	(38,384)	(85,656)
Proceeds from sale of equipment	2,400	-
Net cash provided by (used for) investing activities	<u>(74,981)</u>	<u>421,825</u>
Financing activity - collections on contributions restricted for long-term purposes	<u>-</u>	<u>2,142,766</u>
Net change in cash and cash equivalents	2,264,964	(626,396)
Cash and cash equivalents at beginning of year	<u>2,327,097</u>	<u>2,953,493</u>
Cash and cash equivalents at end of year	<u><u>\$ 4,592,061</u></u>	<u><u>\$ 2,327,097</u></u>

*See notes to financial statements.*

## NOTES TO FINANCIAL STATEMENTS

*Memphis Botanic Garden Foundation, Inc.  
June 30, 2025 and 2024*

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Organization*

Memphis Botanic Garden Foundation, Inc. (the Foundation) is a nonprofit organization 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 statements 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, 2025 and 2024*

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### *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.

### *Receivables*

Receivables are stated at face value. The contractual terms of each account determine its past due status. After exhausting all collection efforts, accounts deemed uncollectible are then charged-off.

### *Allowance for Credit Losses*

The allowance for credit losses is calculated under the current expected credit loss (CECL) model described below, which was introduced under Accounting Standards Codification (ASC) Topic 326, *Financial Instruments – Credit Losses*.

The CECL model requires an entity to reflect expected credit losses over the remaining contractual term of the asset. As the large majority of the Foundation's receivables settle within 30 days, the forecast period is considered to be a relatively short horizon. The Foundation calculates its allowance based on a systematic, ongoing review and the credit evaluation process which comprises of historical loss experience, the size and composition of the portfolios, current economic events and conditions, the estimated fair value and adequacy of collateral, forward-looking information.

### *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 discussions 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 gains (losses) includes the Foundation's net unrealized gains (losses) on investments held during the year, net realized gains (losses), and interest and dividend income.

## NOTES TO FINANCIAL STATEMENTS

*Memphis Botanic Garden Foundation, Inc.*  
*June 30, 2025 and 2024*

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### *Inventories*

Inventories, consisting principally of gift shop merchandise, are stated at the lower of current costs (which approximates the first-in, first-out basis of inventory valuation) or net realizable value.

### *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 was \$444,926 and \$419,495 at June 30, 2025 and 2024, respectively.

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 was \$79,028 and \$67,436 at June 30, 2025 and 2024, respectively.

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.

### *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.

## NOTES TO FINANCIAL STATEMENTS

*Memphis Botanic Garden Foundation, Inc.*  
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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 expenses were \$383,341 and \$109,766 for the years ended June 30, 2025 and 2024, respectively.

### *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 2025 and 2024. 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 statements 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.

## NOTES TO FINANCIAL STATEMENTS

*Memphis Botanic Garden Foundation, Inc.*  
*June 30, 2025 and 2024*

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### *Recent Accounting Pronouncement*

In May 2025, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2025-05 which amends ASC Topic 326, *Financial Instruments – Credit Losses* to establish streamlined credit loss measurement guidance specifically for accounts receivable and contract assets of private companies and certain non-for-profit entities. The new guidance introduces a simplified method that relies on a practical, less complex expected credit loss model tailored to these entities, enhancing comparability and reducing operational burden. It is effective for fiscal years beginning after December 15, 2025, including interim periods, with prospective application required for eligible receivables and contract assets; early adoption is permitted. The Foundation has elected not to early implement ASU No. 2025-05 at this time, and the effects of the adoption have not been determined.

### *Reclassifications*

Certain amounts in the June 30, 2024 financial statements have been reclassified to conform to the June 30, 2025 financial reporting presentation without any effect on the previously reported change in net assets or net assets.

### *Subsequent Events*

Management has reviewed events occurring through October 13, 2025, the date the financial statements were available to be issued, noting no subsequent events occurred requiring accrual or disclosure.

## **2. CONTRIBUTIONS RECEIVABLE, NET**

Contributions receivable, net, related to capital campaigns, at June 30 are as follows:

	2025	2024
Receivable in less than one year	\$ 543,046	\$ 1,250,846
Receivable in one to five years	335,000	623,366
	<u>878,046</u>	<u>1,874,212</u>
Less discount to net present value	(20,246)	(46,649)
	<u>\$ 857,800</u>	<u>\$ 1,827,563</u>

Contributions receivable are discounted at a rate ranging from 1.51% to 5.15% during the years ended June 30, 2025 and 2024; based on a risk-free U.S. treasury rate.

At June 30, 2025, approximately 77% of the Foundation's contributions receivable balance was due from four donors. At June 30, 2024, approximately 67% of the Foundation's contributions receivable was due from five donors.

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## NOTES TO FINANCIAL STATEMENTS

*Memphis Botanic Garden Foundation, Inc.*  
*June 30, 2025 and 2024*

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### 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 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.

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.

## NOTES TO FINANCIAL STATEMENTS

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

*Mutual and exchange traded funds:* Mutual 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.

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

*United States treasury notes:* Valued using quoted market prices in active markets for identical assets.

*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.

Information pertaining to investments measured at fair value as of June 30, on a reoccurring basis aggregated by valuation input level follows:

### Assets at Fair Value as of June 30, 2025

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 565,305	\$ -	\$ -	\$ 565,305
Exchange traded funds	1,927,478	-	-	1,927,478
United States treasury notes	158,249	-	-	158,249
Corporate bonds	-	330,843	-	330,843
CFGM funds	-	-	4,697,891	4,697,891
	<u>\$ 2,651,032</u>	<u>\$ 330,843</u>	<u>\$ 4,697,891</u>	<u>\$ 7,679,766</u>

### Assets at Fair Value as of June 30, 2024

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 584,997	\$ -	\$ -	\$ 584,997
Exchange traded funds	1,200,850	-	-	1,200,850
Corporate bonds	-	760,522	-	760,522
CFGM funds	-	-	4,360,045	4,360,045
	<u>\$ 1,785,847</u>	<u>\$ 760,522</u>	<u>\$ 4,360,045</u>	<u>\$ 6,906,414</u>

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## NOTES TO FINANCIAL STATEMENTS

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For the years ended June 30, 2025 and 2024, there were no significant transfers into or out of Level 3 of the fair value hierarchy. Purchases of Level 3 assets were approximately \$200,000 during the year ended June 30, 2024, with no purchases during the year ended June 30, 2025. Sales of Level 3 assets were approximately \$162,000 and \$200,000 for the years ended June 30, 2025 and 2024, respectively.

#### 4. LINE OF CREDIT

The Foundation has a \$500,000 line of credit agreement with a bank, of which no amounts were outstanding at June 30, 2025 and June 30, 2024. The line, which bears interest at the bank's prime rate (7.5% at June 30, 2025), is collateralized by the assets of the Foundation and expires on April 15, 2026.

#### 5. NATURE AND AMOUNT OF NET ASSETS

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

	<u>2025</u>	<u>2024</u>
Subject to passage of time:		
Unconditional promises to give that have met donor restrictions but have not yet been collected	\$ 857,800	\$ 1,419,062
Purpose restrictions:		
Nourish: GreenPrint 2021 Campaign	-	2,040,808
Rooted 2023 Campaign	-	325,150
Herb Garden	-	50,000
Endowment funds not subject to appropriation or expenditure	<u>1,937,625</u>	<u>1,937,625</u>
Total net assets with donor restrictions	<u>\$ 2,795,425</u>	<u>\$ 5,772,645</u>

The Foundation also has board designated endowment funds of \$2,760,266 and \$2,422,420 at June 30, 2025 and 2024, respectively, which are included in net assets without donor restrictions.

## NOTES TO FINANCIAL STATEMENTS

*Memphis Botanic Garden Foundation, Inc.*  
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Net assets were released from donor restrictions by incurring expenses satisfying the purpose specified by donors. The amounts released during the years ended June 30, are as follows:

	<u>2025</u>	<u>2024</u>
Purpose releases:		
Rooted 2023 Campaign	\$ 1,518,856	\$ 2,153,516
Herb Garden	50,000	-
Nourish GreenPrint 2021	<u>1,987,287</u>	<u>-</u>
	<u>\$ 3,556,143</u>	<u>\$ 2,153,516</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, 2025 and 2024, all of the endowment funds are invested in the Community Foundation as further discussed in Note 3.

## NOTES TO FINANCIAL STATEMENTS

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### *Changes in Endowment Net Assets for the Year Ended June 30, 2025:*

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 2,422,420	\$ 1,937,625	\$ 4,360,045
Realized and unrealized gains	379,190	-	379,190
Reinvested interest and dividend income	120,415	-	120,415
Sale of investments	(161,759)	-	(161,759)
Endowment net assets, end of year	<u>\$ 2,760,266</u>	<u>\$ 1,937,625</u>	<u>\$ 4,697,891</u>

### *Changes in Endowment Net Assets for the Year Ended June 30, 2024:*

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 2,002,582	\$ 1,937,625	\$ 3,940,207
Realized and unrealized gains	325,968	-	325,968
Reinvested interest and dividend income	94,364	-	94,364
Purchase of investments	199,839	-	199,839
Sale of investments	(200,333)	-	(200,333)
Endowment net assets, end of year	<u>\$ 2,422,420</u>	<u>\$ 1,937,625</u>	<u>\$ 4,360,045</u>

## 7. SPONSORSHIP AGREEMENT

During the year ended June 30, 2020, the Foundation entered into a 10-year sponsorship agreement for naming rights 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 years ended June 30, 2025 and 2024, \$75,000 is recognized in the statements of activities, and \$243,750 and \$168,750 are included in deferred revenue in the statements of financial position at June 30, 2025 and 2024, respectively. The remaining payments per the agreement are as follows:

<u>June 30,</u>	
2026	\$ 25,000
2027	25,000
2028	25,000
2029	25,000
	<u>\$ 100,000</u>

## NOTES TO FINANCIAL STATEMENTS

*Memphis Botanic Garden Foundation, Inc.*  
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### 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 401(k) Plan on behalf of each participant. Foundation matching contributions to the 401(k) Plan were \$21,532 and \$21,340 for the years ended June 30, 2025 and 2024, respectively.

### 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.

For the year ended June 30, 2025, the Foundation received contributed nonfinancial assets consisting of rentals, marketing services, and various other services to support program and fundraising activities. The contributed services were provided by third parties and were used to promote the Foundation's mission, events, and community outreach efforts. The contributed rental space was used for events and programming throughout the year.

Contributed nonfinancial assets are recognized as gifts in-kind at their estimated fair value on the date of donation. Fair value of contributed marketing services was determined using current market rates for comparable professional services. Fair value of contributed rentals was determined based on prevailing market rental rates in the local area.

The Garden utilized these contributed nonfinancial assets in a manner consistent with its mission and did not monetize them during the year.

### 10. RELATED PARTY TRANSACTIONS

The Foundation received management fees from the City of Memphis in the amount of \$153,737 and \$249,445 during the years ended June 30, 2025 and 2024, respectively.

### 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 statements of financial position or statements of activities.

## NOTES TO FINANCIAL STATEMENTS

*Memphis Botanic Garden Foundation, Inc.*  
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### 12. AVAILABILITY OF RESOURCES AND LIQUIDITY

The following represents the Foundation's financial assets as of June 30:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 4,592,061	\$ 2,327,097
Contributions receivable, net	857,800	1,827,563
Rental and other receivables	154,136	53,964
Investments, at fair value	<u>7,679,766</u>	<u>6,906,414</u>
 Total financial assets	 <u>\$ 13,283,763</u>	 <u>\$ 11,115,038</u>
 Less amounts not available to be used within one year:		
Net assets with donor restrictions	\$ 2,795,425	\$ 5,772,645
Long-term contributions receivable	314,754	576,717
Board designated net assets	<u>2,760,266</u>	<u>2,422,420</u>
	<u>5,870,445</u>	<u>8,771,782</u>
 Financial assets available to meet general expenditures over the next twelve months	 <u>\$ 7,413,318</u>	 <u>\$ 2,343,256</u>

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