

THE ATLANTA BOTANICAL GARDEN, INC.

FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
and
SUPPLEMENTAL INFORMATION

with
INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

To The Board of Trustees of
The Atlanta Botanical Garden, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Atlanta Botanical Garden, Inc. (a not-for-profit organization) (the "Garden"), which comprise the statement of financial position as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets, 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 Garden as of December 31, 2021 and 2020, and the changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Garden 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP; this includes 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 Garden's ability to continue as a going concern for one year after the date of this report.

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 can arise from fraud or error and 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.

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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 Garden'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 Garden'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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures, in accordance with GAAS. In our opinion, the information is fairly stated in all material respects, in relation to the financial statements as a whole.

Smith and Howard

December 8, 2022

THE ATLANTA BOTANICAL GARDEN, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

ASSETS

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 20,305,477	\$ 10,707,736
Investments	68,226,087	60,071,978
Pledges receivable, net	5,550,783	9,573,916
Inventory	447,513	406,215
Property and equipment, net	102,673,108	96,873,680
Other assets	<u>1,621,237</u>	<u>1,381,987</u>
	<u>\$ 198,824,205</u>	<u>\$ 179,015,512</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued liabilities	\$ 3,607,246	\$ 2,643,488
Customer deposits	1,243,517	1,251,805
Deferred membership dues	2,022,519	492,026
Interest rate swap liability	1,538,220	2,503,459
Financing arrangements, net debt issuance costs	<u>30,825,976</u>	<u>33,444,137</u>
 Total Liabilities	 <u>39,237,478</u>	 <u>40,334,915</u>
 Net assets		
Without donor restrictions	118,997,156	108,417,017
With donor restrictions	<u>40,589,571</u>	<u>30,263,580</u>
 Total Net Assets	 <u>159,586,727</u>	 <u>138,680,597</u>
	<u>\$ 198,824,205</u>	<u>\$ 179,015,512</u>

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

THE ATLANTA BOTANICAL GARDEN, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support:						
Admissions	\$ 16,819,824	\$ -	\$ 16,819,824	\$ 11,238,425	\$ -	\$ 11,238,425
Food, beverage, and merchandise sales	6,421,604	-	6,421,604	3,934,042	-	3,934,042
Membership dues	4,249,134	-	4,249,134	4,685,205	-	4,685,205
Contributions and grants	1,794,888	11,301,827	13,096,715	1,325,808	4,659,895	5,985,703
Paycheck Protection Program grant (Note 1)	2,000,000	-	2,000,000	1,852,300	-	1,852,300
Facility rental and venue income	1,682,413	-	1,682,413	1,085,553	-	1,085,553
Auxiliary services and other	3,364,441	-	3,364,441	2,607,477	-	2,607,477
Investment return, net	7,112,369	502,682	7,615,051	6,246,116	583,303	6,829,419
Net assets released from restrictions	1,478,518	(1,478,518)	-	2,241,365	(2,241,365)	-
Total Revenue, Gains, and Other Support	44,923,191	10,325,991	55,249,182	35,216,291	3,001,833	38,218,124
Expenses:						
Program services:						
Improvement and maintenance of gardens	11,067,404	-	11,067,404	11,831,926	-	11,831,926
Education	1,865,511	-	1,865,511	1,725,406	-	1,725,406
Auxiliary services and exhibits	14,784,623	-	14,784,623	10,738,984	-	10,738,984
Total Program Services	27,717,538	-	27,717,538	24,296,316	-	24,296,316
Support services:						
General and administrative	3,001,554	-	3,001,554	3,241,883	-	3,241,883
Public relations	1,782,983	-	1,782,983	1,553,964	-	1,553,964
Fundraising	1,779,814	-	1,779,814	1,556,408	-	1,556,408
Membership development	1,026,402	-	1,026,402	888,234	-	888,234
Total Support Services	7,590,753	-	7,590,753	7,240,489	-	7,240,489
Total Expenses	35,308,291	-	35,308,291	31,536,805	-	31,536,805
Other Gains (Losses):						
Change in market value of interest rate swap	965,239	-	965,239	(662,580)	-	(662,580)
Change in Net Assets	10,580,139	10,325,991	20,906,130	3,016,906	3,001,833	6,018,739
Reclassification Based on Clarification of Donor Intent (Note 7)	-	-	-	(920,627)	920,627	-
Net Assets at Beginning of Year	108,417,017	30,263,580	138,680,597	106,320,738	26,341,120	132,661,858
Net Assets at End of Year	\$ 118,997,156	\$ 40,589,571	\$ 159,586,727	\$ 108,417,017	\$ 30,263,580	\$ 138,680,597

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

**THE ATLANTA BOTANICAL GARDEN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021**

	<u>Program Services</u>				<u>Support Services</u>					
	<u>Improvement and Maintenance of Gardens</u>	<u>Education</u>	<u>Auxiliary Services</u>	<u>Total Program</u>	<u>General and Administrative</u>	<u>Public Relations</u>	<u>Fundraising</u>	<u>Membership Development</u>	<u>Total Support</u>	<u>Total Expenses</u>
Salaries	\$ 2,720,147	\$ 1,127,148	\$ 4,967,076	\$ 8,814,371	\$ 1,136,857	\$ 382,529	\$ 1,040,262	\$ 165,213	\$ 2,724,861	\$ 11,539,232
Payroll taxes and benefits	543,386	249,616	647,505	1,440,507	218,235	69,078	138,428	42,639	468,380	1,908,887
Building and equipment maintenance	1,310,882	-	-	1,310,882	-	-	-	-	-	1,310,882
Garden maintenance	1,367,252	1,617	-	1,368,869	-	-	-	-	-	1,368,869
Professional fees	1,000	-	853	1,853	561,779	1,051,210	48,431	-	1,661,420	1,663,273
Development programs	243,233	227,661	6,798,437	7,269,331	23,934	250,084	503,870	804,599	1,582,487	8,851,818
Office and other expenses	109,381	33,712	1,142,172	1,285,265	890,005	991	9,572	81	900,649	2,185,914
Depreciation and amortization	4,642,698	113,498	587,003	5,343,199	76,357	13,899	25,381	-	115,637	5,458,836
Interest expense	129,425	112,259	641,577	883,261	94,387	15,192	13,870	13,870	137,319	1,020,580
Total	\$ 11,067,404	\$ 1,865,511	\$ 14,784,623	\$ 27,717,538	\$ 3,001,554	\$ 1,782,983	\$ 1,779,814	\$ 1,026,402	\$ 7,590,753	\$ 35,308,291

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

**THE ATLANTA BOTANICAL GARDEN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020**

	Program Services				Support Services					
	Improvement and Maintenance of Gardens	Education	Auxiliary Services	Total Program	General and Administrative	Public Relations	Fundraising	Membership Development	Total Support	Total Expenses
Salaries	\$ 2,748,457	\$ 1,041,706	\$ 4,255,171	\$ 8,045,334	\$ 1,068,667	\$ 363,394	\$ 994,211	\$ 137,045	\$ 2,563,317	\$ 10,608,651
Payroll taxes and benefits	560,180	203,316	533,655	1,297,151	222,251	62,663	131,936	35,730	452,580	1,749,731
Building and equipment maintenance	1,111,076	-	-	1,111,076	-	-	-	-	-	1,111,076
Garden maintenance	1,310,157	-	-	1,310,157	-	-	-	-	-	1,310,157
Professional fees	1,000	29	1,430	2,459	568,541	912,896	22,776	-	1,504,213	1,506,672
Development programs	1,054,478	190,901	3,612,549	4,857,928	15,739	182,513	363,884	699,049	1,261,185	6,119,113
Office and other expenses	77,163	29,012	978,394	1,084,569	1,177,312	348	1,077	227	1,178,964	2,263,533
Depreciation and amortization	4,818,407	117,794	609,219	5,545,420	79,246	14,425	26,341	-	120,012	5,665,432
Interest expense	151,008	142,648	748,566	1,042,222	110,127	17,725	16,183	16,183	160,218	1,202,440
Total	\$ 11,831,926	\$ 1,725,406	\$ 10,738,984	\$ 24,296,316	\$ 3,241,883	\$ 1,553,964	\$ 1,556,408	\$ 888,234	\$ 7,240,489	\$ 31,536,805

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

THE ATLANTA BOTANICAL GARDEN, INC.
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 20,906,130	\$ 6,018,739
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized gains on investments	(6,114,226)	(5,489,976)
Provision for doubtful pledges	-	326,872
Change in discount on pledges receivable	(50,840)	(394,956)
Contributions of property and equipment	(4,108,600)	-
Depreciation and amortization	5,458,836	5,650,235
Change in fair market value of interest rate swap	(965,239)	662,580
Amortization of debt issuance costs	15,191	15,197
Contributions restricted for long-term investment	(11,267,200)	(3,552,862)
Changes in net assets and liabilities:		
Pledges receivable	2,673,973	(1,107,033)
Inventory	(41,298)	1,253
Other assets	(239,250)	(199,798)
Accounts payable and accrued liabilities	738,109	(2,085,295)
Customer deposits	(8,288)	153,294
Deferred membership dues	1,530,493	33,186
Net Cash Provided by Operating Activities	<u>8,527,791</u>	<u>31,436</u>
Cash Flows from Investing Activities:		
Purchases of investments	(4,711,370)	(7,728,860)
Proceeds from sales of investments	2,671,487	5,050,000
Purchases of property and equipment	<u>(5,524,015)</u>	<u>(2,307,566)</u>
Net Cash Provided Required By Investing Activities	<u>(7,563,898)</u>	<u>(4,986,426)</u>
Cash Flows from Financing Activities:		
Payments under financing arrangements	(2,633,352)	(3,143,356)
Proceeds from financing arrangements	-	9,404,542
Net proceeds from contributions restricted for long-term investment	<u>11,267,200</u>	<u>3,552,862</u>
Net Cash Provided by Financing Activities	<u>8,633,848</u>	<u>9,814,048</u>
Change in Cash and Cash Equivalents	9,597,741	4,859,058
Cash and Cash Equivalents at Beginning of Year	<u>10,707,736</u>	<u>5,848,678</u>
Cash and Cash Equivalents at End of Year	<u>\$ 20,305,477</u>	<u>\$ 10,707,736</u>

Supplemental Disclosure of Cash Flow Information

Cash paid for interest	\$ <u>1,020,580</u>	\$ <u>1,202,440</u>
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Schedule of Non-Cash Investing and Financing Activities:

At December 31, 2021 and 2020, the Garden was financing certain property and equipment with accounts payable in the amounts of \$225,649 and \$125,815, respectively.

During 2021, the Garden received certain property and equipment valued at \$5,508,600 for the payment of a previously outstanding pledge recorded at \$1,400,000.

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

**THE ATLANTA BOTANICAL GARDEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

The Atlanta Botanical Garden, Inc. (the “Garden”) was formed to develop and maintain plant collections in the metropolitan Atlanta area and a satellite location for display, education, research, conservation and enjoyment. The Garden was incorporated under the laws of the state of Georgia on January 28, 1976. In 2002, 168 acres of land located in Gainesville, Georgia was donated to the Garden. In 2015, the Garden opened the Atlanta Botanical Gardens Gainesville (“ABGG”) satellite location.

The Garden conducts various lecture series and seminars on botanical topics and displays and conducts tours of its botanical gardens to carry out its mission. Admission and program service fees are received for certain of these activities.

Auxiliary services and exhibits maintained by the Garden include admissions, facility rentals and a gift shop. Additional sources of revenue include contributions and grants from agencies, foundations, corporations and individuals, membership dues from Garden members, functions, fundraisers and building rental for parties and weddings.

Basis of Accounting

The Garden follows accounting standards set by the Financial Accounting Standards Board (“FASB”). The FASB sets accounting principles generally accepted in the United States of America (“GAAP”).

Financial Statement Presentation

The Garden prepares its financial statements in accordance with GAAP. Under GAAP, the Garden is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions, based on stipulations made by the donor, and net assets without donor restrictions.

To ensure observance of limitations and restrictions placed on the use of resources available to the Garden, the resources are classified for accounting and reporting purposes into categories established according to their nature and purpose.

**THE ATLANTA BOTANICAL GARDEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

The assets, liabilities and net assets of the Garden are reported in three self-balancing categories 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 Garden. The only limits on net assets without donor restrictions are those resulting from the nature of the Garden and its purposes.
- Net Assets with Donor Restrictions - Net assets whose use by the Garden is limited by donor-imposed restrictions that either expire by the passage of time or can be removed by the actions of the Garden. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that such resources be maintained in perpetuity. These types of net assets with donor restrictions maintained in perpetuity consist of certain endowment funds and land restricted for development.

Use of Estimates in Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid investments that are readily convertible into cash and have a maturity of ninety days or less when purchased. At times, cash and cash equivalent balances may exceed federally insured amounts. The Garden believes it mitigates any risks by depositing cash and investing in cash equivalents with major financial institutions.

Investments

Investments are carried at fair value. Investment income and gains and losses on investments are recorded as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

The investments primarily consist of mutual funds which are comprised of equity securities, bonds, and alternative funds. Investment securities are exposed to various risks, such as interest rate risk, market risk and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the accompanying financial statements.

THE ATLANTA BOTANICAL GARDEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

Approximately 3% of the long-term investments held at fair value by the Garden at December 31, 2021 and 2020 are alternative investments including private equity funds, real estate investment funds and hedge funds. Some of these alternative investments are not liquid and the determination of the fair value of these investments is determined by the portfolio managers and management of the Garden. These estimates of fair value may differ significantly from the values that would have been used had a ready market existed for the investment.

Donated investments are recognized as contributions at their estimated fair values at the date of donation.

Property and Equipment

Property and equipment are stated at cost, if purchased, or estimated fair value at the date of gift, if donated. The Garden capitalizes items with a purchase price or estimated fair value greater than \$3,000 and a useful life greater than one year. Depreciation is calculated using the straight-line method over the estimated useful lives of the individual assets. General grounds improvements, gardens and permanent plantings are depreciated over ten to fifteen years; buildings are depreciated over thirty years; and furniture and equipment are depreciated over three to twenty-five years.

Collections

The Garden's collections include living plants, books, prints and herbarium specimens. The Garden has not capitalized the collections; instead the cost of collection items is reported as a decrease in the appropriate class of net assets and insurance recoveries of lost or destroyed collection items are reported as an increase in the appropriate class of net assets in the accompanying statement of activities and changes in net assets. The Garden's collections are maintained for display, education, conservation and enjoyment rather than for financial gain. In the event of a collection sale, the proceeds would be used to acquire new collections or to care for existing collections. Collections are important assets of the Garden and are protected, kept unencumbered, cared for and preserved.

Donated Materials, Equipment, Services, and Other Assets

A substantial number of volunteer hours have been donated by individuals in the Garden's program services and, to a lesser extent, its fundraising campaigns and administration. No amounts have been recorded in the accompanying statement of activities and changes in net assets for these donated services. Under GAAP, donations of services that create or enhance nonfinancial assets, or require specialized skills that would otherwise typically be purchased, are recorded as support and expense.

THE ATLANTA BOTANICAL GARDEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Materials, Equipment, Services, and Other Assets (Continued)

Donated materials, equipment and services, including contributions of services that can be measured by the creation or enhancement of a nonfinancial asset, are recognized as contributions at their estimated fair values at the date of donation. These amounts approximated \$104,000 and \$124,000 during 2021 and 2020, respectively.

Donated financial assets are recorded at fair value at the date of receipt. Fair value is based on quoted market prices or other objective valuation techniques. During 2021 and 2020, contributions of marketable securities of approximately \$86,000 each year have been recorded in the accompanying statement of activities and changes in net assets.

Impairment

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When indicators of impairment are present, the Garden evaluates the carrying amount of such assets in relation to the operating performance and future estimated undiscounted net cash flows expected to be generated by the assets or underlying businesses. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount which the carrying amount of the assets exceeds the fair value of assets. The assessment of the recoverability of assets will be impacted if estimated future operating cash flows are not achieved. In the opinion of management, no long-lived assets were impaired as of December 31, 2021 and 2020.

Revenue Recognition

Admissions - Admissions revenue is associated with tickets sold for entry to the Garden. Admissions revenue ticket price is based upon established levels for individuals and groups. The Garden primarily recognizes revenue for admissions at point of sale.

Food, beverage, and merchandise sales - Revenue related to food, beverage, and merchandise sales activities is primarily recognized at point of sale as the goods and services have been provided in full by the Garden.

Membership Dues - Membership dues pertaining to all membership categories are recognized as revenue upon receipt for the portion of the dues that are considered a contribution to the Garden, while the portion of the dues that relates to the service the Garden will provide the member is recognized as revenue ratably over the term of the membership period, up to 24 months. Amounts not yet earned by the end of the fiscal year are reported as deferred membership dues. For the years ending December 31, 2021 and 2020, approximately \$1,676,000 and \$3,546,000, respectively, of membership dues were considered contributions to the Garden.

THE ATLANTA BOTANICAL GARDEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Contributions and grants - Contributions and grants (including unconditional promises to give, i.e., pledges) are recognized as revenue in the year they are received or pledged, with allowances provided by pledges estimated to be uncollectible. Unconditional pledges that are expected to be collected within one year are recorded at net realizable value. Unconditional pledges that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts on unconditional pledges is included in contributions in the accompanying statement of activities and changes in net assets. Conditional pledges, 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.

From time to time, the Garden is the beneficiary of certain beneficial interest trusts held and administered by others. The present value of the estimated future cash receipts from the trusts is recognized as an asset and contribution revenue in the appropriate class of net assets at the date such trusts are established. The carrying value of the assets is adjusted annually for changes in the estimates of future receipts. Investment income (loss) associated with such perpetual trusts is recognized when earned.

The Garden recognizes contributions and grants as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor-imposed restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and presented in the accompanying statement of activities and changes in net assets as net assets released from restrictions.

The Garden recognizes contributions of property and equipment as without donor restricted support unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-term assets with explicit restrictions that specify how the assets are to be used and contributions of cash and other assets that must be used to acquire long-term assets are recognized as with donor restricted support. In the absence of explicit donor stipulations about how long those long-term assets must be maintained, the Garden reports expirations of donor-imposed restrictions when the donated or acquired long-term assets are placed in service.

Paycheck Protection Program Grant - In April 2020, the Garden obtained a Small Business Administration loan under the Paycheck Protection Program (“PPP”) totaling \$1,852,300. The PPP loan bore interest at 1% and may have required repayment as outlined by the CARES Act and Payroll Protection Program Flexibility Act (“PPPFA”). During 2020, the Garden used all PPP proceeds to cover certain payroll expenses as outlined in the CARES Act and the PPPFA and was notified in December 2020 that its application for complete loan forgiveness was approved. Accordingly, the Garden has recognized all PPP proceeds as grant revenue within the statement of activities and changes in net assets.

THE ATLANTA BOTANICAL GARDEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Paycheck Protection Program 2 Grant - In April 2021, the Garden obtained a Small Business Administration loan under the Paycheck Protection Program (“PPP”) totaling \$2,000,000. The PPP loan bore interest at 1% and may have required repayment as outlined by the CARES Act and Payroll Protection Program Flexibility Act (“PPPFA”). During 2021, the Garden used all PPP proceeds to cover certain payroll expenses as outlined in the CARES Act and the PPPFA and was notified that its application for complete loan forgiveness was approved. Accordingly, the Garden has recognized all PPP proceeds as grant revenue within the statement of activities and changes in net assets.

Facility rental, venue income, and auxiliary services - These revenues are generated from the parking garage, venue rental, educational classes, special events, and other items. The revenue from these activities are recognized at a point in time once performance obligations are satisfied. Amounts not earned by the end of the fiscal year are reported as customer deposits.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited on the basis of square footage, payroll, or other relevant basis.

Income Tax Status

The Garden has been granted tax-exempt status under Section 501 (a)(3) of the Internal Revenue Code (the “Code”) as an organization described in Section 501 (c)(3) whereby only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to Federal income tax. The Garden had no significant unrelated business taxable income during 2021 and 2020; accordingly, no provision or benefit for income taxes has been included in the accompanying financial statements.

The Garden annually evaluates all federal and state income tax positions. This process includes an analysis of whether these income tax positions the Garden takes meet the definition of an uncertain tax position under the Income Taxes Topic of the Financial Accounting Standards Codification. The Garden believes it is no longer subject to tax examinations for tax years ending before December 31, 2018.

Major Donors and Vendors

At December 31, 2021, approximately 81% of pledges receivable related to three major donors. During 2021, approximately 69% of contributions were from two major donors.

At December 31, 2020, approximately 79% of pledges receivable related to four major donors. During 2020, approximately 59% of contributions were from one major donor.

THE ATLANTA BOTANICAL GARDEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentrations of Credit Risk

Financial instruments that potentially subject the Garden to concentrations of credit risk consist principally of cash and cash equivalents, investments and receivables. If liquidity issues arise in the global credit and capital markets, it is at least reasonably possible that changes in risks could materially affect the amounts reported in the accompanying financial statements.

Endowment Fund

GAAP requires the following financial statement disclosures for the Garden:

- Classification of net assets

Endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions and policies established by the Board of Trustees.

- Interpretation of Relevant Law

The Garden has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as enacted in the state of Georgia, 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.

- Interpretation of Relevant Law (Continued)

As a result of this interpretation, the Garden classifies as net assets with donor restrictions (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulations to the donor-restricted 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, if any, is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Garden in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Garden considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Garden and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Garden
- (7) The investment policies of the Garden

THE ATLANTA BOTANICAL GARDEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Endowment Fund (Continued)

- Return Objectives and Risk Parameters

The Garden 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. Endowment assets include those assets of donor-restricted funds that the Garden must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Garden, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

- Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Garden relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Garden targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

- Underwater Endowment Funds

The Garden considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. There were no underwater endowment funds at December 31, 2021 or 2020.

- Spending Policy

The Board of Trustees has approved a spending policy for the Garden whereby a certain percentage (generally not to exceed 4.5% of the three year rolling average of the fair value of investments) of investments may be expended. During the years ended December 31, 2021 and 2020, earnings from the endowment fund used in operations were \$1,538,319 and \$1,529,457, respectively.

**THE ATLANTA BOTANICAL GARDEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Endowment Fund (Continued)

- Spending Policy (Continued)

Changes in endowment net assets for the years ended December 31 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment, December 31, 2019	\$ 19,016,459	\$ 11,723,619	\$ 30,740,078
Investment income, net	4,147,137	583,303	4,730,440
Contributions	-	25,000	25,000
Reclassification (Note 7)	-	920,627	920,627
Appropriations for expenditure	<u>(946,154)</u>	<u>(583,303)</u>	<u>(1,529,457)</u>
Endowment, December 31, 2020	22,217,442	12,669,246	34,886,688
Investment income, net	4,940,091	502,682	5,442,773
Contributions	-	9,911	9,911
Appropriations for expenditure	<u>(1,035,637)</u>	<u>(502,682)</u>	<u>(1,538,319)</u>
Endowment, December 31, 2021	<u>\$ 26,121,896</u>	<u>\$ 12,679,157</u>	<u>\$ 38,801,053</u>

Fair Values Measured on Recurring Basis

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs in which little or no market data exists (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, assets or liabilities;

Level 2 - Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Total liabilities at fair value classified within Level 3 were (\$1,538,220) and (\$2,503,459) as of December 31, 2021 and 2020, respectively, which consists of investments in an interest rate swap with a financial institution.

**THE ATLANTA BOTANICAL GARDEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Values Measured on Recurring Basis (Continued)

The tables below represent fair value measurement hierarchy of the assets (liabilities) at fair value as of December 31:

	<u>Total</u>	<u>Level 1</u>	<u>2021</u> <u>Level 2</u>	<u>Level 3</u>	<u>NAV (*)</u>
Cash and Cash Equivalents	\$ 617,638	\$ 617,638	\$ -	\$ -	\$ -
Mutual Funds:					
Corporate bond	9,509,477	9,509,477	-	-	-
Short-term bond	7,936,266	7,936,266	-	-	-
Diversified emerging markets	4,158,223	4,158,223	-	-	-
	<u>21,603,966</u>	<u>21,603,966</u>	<u>-</u>	<u>-</u>	<u>-</u>
Equities:					
Domestic	24,769,157	24,769,157	-	-	-
International	19,308,654	-	19,308,654	-	-
	<u>44,077,811</u>	<u>24,769,157</u>	<u>19,308,654</u>	<u>-</u>	<u>-</u>
Investment Funds	<u>1,926,672</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,926,672</u>
Total Investments	<u>68,226,087</u>	<u>46,990,761</u>	<u>19,308,654</u>	<u>-</u>	<u>1,926,672</u>
Interest Rate Swap	<u>(1,538,220)</u>	<u>-</u>	<u>-</u>	<u>(1,538,220)</u>	<u>-</u>
	<u>\$ 66,687,867</u>	<u>\$ 46,990,761</u>	<u>\$ 19,308,654</u>	<u>\$ (1,538,220)</u>	<u>\$ 1,926,672</u>

THE ATLANTA BOTANICAL GARDEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Values Measured on Recurring Basis (Continued)

	<u>Total</u>	<u>Level 1</u>	<u>2020</u> <u>Level 2</u>	<u>Level 3</u>	<u>NAV (*)</u>
Cash and Cash Equivalents	\$ 312,680	\$ 312,680	\$ -	\$ -	\$ -
Mutual Funds:					
Corporate bond	7,861,748	7,861,748	-	-	-
Short-term bond	8,756,194	8,756,194	-	-	-
Diversified emerging markets	<u>4,717,628</u>	<u>4,717,628</u>	-	-	-
	<u>21,335,570</u>	<u>21,335,570</u>	-	-	-
Equities:					
Domestic	21,683,402	21,683,402	-	-	-
International	<u>14,812,225</u>	-	<u>14,812,225</u>	-	-
	<u>36,495,627</u>	<u>21,683,402</u>	<u>14,812,225</u>	-	-
Investment Funds	<u>1,928,101</u>	-	-	-	<u>1,928,101</u>
Total Investments	<u>60,071,978</u>	<u>43,331,652</u>	<u>14,812,225</u>	-	<u>1,928,101</u>
Interest Rate Swap	<u>(2,503,459)</u>	-	-	<u>(2,503,459)</u>	-
	<u>\$ 57,568,519</u>	<u>\$ 43,331,652</u>	<u>\$ 14,812,225</u>	<u>\$ (2,503,459)</u>	<u>\$ 1,928,101</u>

(*) In accordance with GAAP, certain investments that are measured using the net asset value (“NAV”) per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the carrying values disclosed in the accompanying statement of financial position.

**THE ATLANTA BOTANICAL GARDEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Values Measured on Recurring Basis (Continued)

Below is a summary of the terms of the investment funds valued at NAV at December 31:

	<u>2021</u> <u>Fair Value</u>	<u>2020</u> <u>Fair Value</u>	<u>Redemption</u> <u>Frequency</u>	<u>Redemption</u> <u>Notice Period</u>
Distressed Hedge Funds:				
Davidson Kempner Long-Term Distressed Opportunities Int. Fund II LP (a)	\$ 175,789	\$ 231,817	N/A*	N/A*
Sigular Guff Distressed Opportunities Fund IV LP (b)	<u>303,872</u>	<u>336,926</u>	N/A*	N/A*
	<u>479,661</u>	<u>568,743</u>		
Equity Long/Short Hedge Funds:				
Cross Shore Investors LTD (c)	<u>58,002</u>	<u>58,506</u>	Monthly	30 days
Fund of Funds:				
RCP Fund VIII LP (d)	<u>512,393</u>	<u>499,219</u>	N/A*	N/A*
Natural Resources Hedge Fund:				
Park Street Capital Natural Resource Fund V LP (e)	<u>423,961</u>	<u>333,957</u>	N/A*	N/A*
Private Equity Hedge Funds:				
Landmark Equity Partners XIV LP (f)	209,392	148,152	N/A*	N/A*
Landmark Equity Partners XV LP (f)	<u>114,401</u>	<u>198,599</u>	N/A*	N/A*
	<u>323,793</u>	<u>346,751</u>		
Real Estate Hedge Fund:				
Metro. Real Estate Partners Global III (g)	<u>128,862</u>	<u>120,925</u>	N/A*	N/A*
	<u>\$ 1,926,672</u>	<u>\$ 1,928,101</u>		

* Not applicable - No redemption as this is a close ended partnership.

(a) This fund's investment objective is to invest in less liquid and/or longer duration private and public equity securities and other financial instruments of companies that are 1) experiencing financial distress, 2) attempting to complete an out-of-court restructuring, 3) involved in a bankruptcy, liquidation or similar proceeding, 4) involved in substantial litigation, and/or 5) expected to have an investment horizon greater than two years. Portfolio investments may also include, among other things, corporate investments, real estate, asset-backed and structured products, longer-date liquidations, private lending, and other opportunities in distressed investments.

THE ATLANTA BOTANICAL GARDEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Values Measured on Recurring Basis (Continued)

- (b) This fund is comprised of diversified portfolios that invest in the securities and other interests of companies, structures or assets undergoing financial distress, operating difficulties or restructuring.
- (c) This fund seeks to provide investors with capital appreciation through the allocation of its assets among a diverse group of money managers that direct the investments in offshore funds with a long/short equity strategy.
- (d) This fund, a fund-of-funds, was formed to make private equity investments in small-to-middle market, buyout-focused private equity funds. A fund-of-funds is a vehicle for private equity investing by which, instead of making direct investments in companies or in a single private equity partnership, the fund-of-funds makes investments among a number of private equity funds, whose managers in turn invest the capital directly.
- (e) This fund invests in portfolios of natural resource-related assets with the goal of delivering competitive, long-term returns and important diversification benefits.
- (f) These funds' investment strategy is to acquire portfolios of interests in private equity funds through secondary transactions.
- (g) This fund invests in private real estate funds in the United States of America, Europe, and Asia.

Quantitative Information and Fair Value Sensitivities Related to Level 3 Unobservable Inputs

Interest Rate Swaps – The interest rate swap dealers determine fair values for the interest rate swap liability by constructing mid-market forward curves with available market data from external and internal sources. Once constructed, the mid-market forward curves generate a nominal amount for each of a transaction's expected future payments. The interest rate swap dealers discount those expected future payments at the respective zero rate, and the sum of all discounted payments equals fair value of the interest rate swaps. The interest rate swap dealers do not account for nonperformance risk in their determination of the fair value. Management of the Garden finds this risk to be negligible.

Derivative Financial Instruments

The Garden accounts for derivative financial instruments in accordance with GAAP which requires that all derivative instruments be recorded on the statement of financial position at their respective fair values.

The Garden uses an interest rate swap agreement in the management of interest rate risk and carries this derivative instrument on the statement of financial position at fair value. The interest rate swap agreement effectively fixes the interest rate at 3.70% on \$30,000,000 of variable rate borrowings under the Garden's financing arrangements. The initial fair value and subsequent changes in the fair value of the agreement are reported as a gain or loss in the accompanying statement of activities and changes in net assets.

**THE ATLANTA BOTANICAL GARDEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through the date of this report, which is the date the financial statements were available to be issued.

NOTE 2 – INVESTMENTS

The components of the investment return, net for 2021 and 2020 included in the accompanying statement of activities and changes in net assets were as follows:

	<u>2021</u>	<u>2020</u>
Net realized and unrealized gains on investments, net of related fees	\$ 6,114,226	\$ 5,489,976
Dividend and interest income	1,500,825	1,339,443
	<u>\$ 7,615,051</u>	<u>\$ 6,829,419</u>

NOTE 3 – PLEDGES RECEIVABLE

At December 31, 2021 and 2020, pledges receivable were as follows:

	<u>2021</u>	<u>2020</u>
Capital campaigns	\$ 4,942,924	\$ 5,010,424
Land and buildings pledge	-	1,400,000
General	1,462,503	4,068,976
	<u>6,405,427</u>	<u>10,479,400</u>
Less: present value discount	(14,303)	(65,143)
Less: allowance for doubtful pledges	(840,341)	(840,341)
	<u>\$ 5,550,783</u>	<u>\$ 9,573,916</u>

The estimated future cash collections at December 31, 2021 are follows:

2022	\$ 397,093
2023	365,410
2024	350,000
2025	350,000
Thereafter	4,942,924
	<u>\$ 6,405,427</u>

At December 31, 2021 and 2020, pledges receivable were discounted to their present values using a 0.06% and 0.08% interest rate, respectively.

**THE ATLANTA BOTANICAL GARDEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
General grounds improvements	\$ 3,135,094	\$ 3,070,131
Gardens and permanent plantings	14,107,525	14,090,742
Buildings	105,615,724	100,733,822
Furniture and equipment	17,294,244	16,377,610
Land	16,063,162	14,221,522
Construction in progress	<u>4,295,956</u>	<u>774,812</u>
	160,511,705	149,268,639
Less: accumulated depreciation	<u>(57,838,597)</u>	<u>(52,394,959)</u>
	<u>\$ 102,673,108</u>	<u>\$ 96,873,680</u>

Depreciation and amortization expense totaled \$5,458,836 and \$5,650,235 in 2021 and 2020, respectively.

NOTE 5 – CONTRACT LIABILITIES

The following table provides details of the Garden’s contract liabilities at December 31:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contract Liabilities - Unearned Income:			
Deferred membership dues	\$ 2,022,519	\$ 492,026	\$ 458,840
Customer deposits	<u>1,243,517</u>	<u>1,251,805</u>	<u>1,098,511</u>
	<u>\$ 3,266,036</u>	<u>\$ 1,743,831</u>	<u>\$ 1,557,351</u>

NOTE 6 – FINANCING ARRANGEMENTS

Under a Trust Indenture, dated November 1, 2007, between The Atlanta Development Authority (Issuer) and a commercial bank (Trustee), Atlanta Development Authority Revenue Bonds (Atlanta Botanical Garden Improvements Project), Series 2007 Bonds totaling \$48,500,000 were issued on November 29, 2007. The issuer loaned the net proceeds of the sale of the Bonds to the Garden, pursuant to a Loan Agreement, dated November 1, 2007 between the Issuer and the Garden to enable the Garden to finance acquisition, construction and equipping of certain improvements to the facilities of the Garden. During the years ended December 31, 2010 and 2009, the Garden paid \$13,000,000 toward the principal of the Series 2007 Bonds. During 2010, the Garden converted the final \$35,500,000 of the Series 2007 bonds into a \$30,000,000 and \$5,500,000 term notes payable with a financial institution.

**THE ATLANTA BOTANICAL GARDEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 6 – FINANCING ARRANGEMENTS (Continued)

Notes Payable

A summary of all outstanding notes payable at December 31, 2021 and 2020 is as follows:

Note A - \$30,000,000 term note payable in twelve annual installments, each November, commencing in November 2018, and bears interest at 67% of LIBOR plus 1.85% (an effective rate of 1.59% at December 31, 2021) and matures on November 1, 2029. Note A had an outstanding balance of \$20,625,000 and \$23,125,000 at December 31, 2021 and 2020, respectively.

Note B - \$550,000 promissory note agreement with a financial institution executed on November 25, 2013 to finance the purchase of a warehouse. The note is collateralized by the warehouse, payable in monthly installments of principal and interest totaling \$1,833, bears interest at LIBOR plus 1.50% (an effective interest rate of 1.50% at December 31, 2021) and matures on November 25, 2023. Note C had an outstanding balance of \$374,000 and \$396,000 at December 31, 2021 and 2020, respectively.

Note C - \$856,276 promissory note agreement with a financial institution executed on February 14, 2018 to refinance and combine previous notes payable. Note D is collateralized by various property and requires monthly principal payments of \$5,946 plus accrued interest beginning on March 1, 2018 through the maturity date of May 14, 2024. Note D bears interest at LIBOR plus 1.35% (an effective interest rate of 2.10% at December 31, 2021). Note D had an outstanding balance of \$582,743 and \$654,100 and at December 31, 2021 and 2020, respectively.

Principal maturities on the notes payable at December 31 are as follows:

2022	\$ 2,608,222
2023	2,938,222
2024	2,910,299
2025	2,500,000
2026	2,500,000
Thereafter	<u>8,125,000</u>
	21,581,743
Less: debt issuance costs, net of accumulated amortization	<u>(120,314)</u>
	<u>\$ 21,461,429</u>

THE ATLANTA BOTANICAL GARDEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 6 – FINANCING ARRANGEMENTS (Continued)

Commercial Note

On January 9, 2020, the Garden entered into a commercial note agreement with a financial institution which allows for maximum borrowings of \$30,000,000 to finance the purchase of capital expenditures. The outstanding principal balance under the note will be paid on an annual basis beginning January 9, 2023 to ensure the outstanding principal balance will be equal to or less than \$20,000,000 as of January 9, 2023 and equal to or less than \$10,000,000 as of January 9, 2024. All outstanding borrowings are due in full on January 9, 2025, the maturity date. The note bears interest at LIBOR plus 1.00% (an effective rate of 1.10% at December 31, 2021) and accrued interest is payable on the first day of each quarter, beginning April 1, 2020. The note is secured by substantially all of the Garden's investments and certain pledges receivable. The outstanding principal balance was \$9,364,542 and \$9,404,542 at December 31, 2021 and 2020, respectively.

The Garden's financing arrangements are subject to certain financial and nonfinancial covenants under the various agreements. The Garden was in compliance with its covenants as of December 31, 2021.

**THE ATLANTA BOTANICAL GARDEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions includes assets subject to certain spending and appropriation policies as well as certain investments and land to be held in perpetuity. The components of these net assets at December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Capital projects	\$ 9,698,887	\$ 24,279
General operations	<u>5,620,167</u>	<u>4,978,695</u>
	<u>15,319,054</u>	<u>5,002,974</u>
 Subject to spending policy and appropriation:		
Investments and pledges receivable in perpetuity, which once appropriated, are expendable to support:		
General operations	5,384,654	5,384,654
ABGG	5,050,292	5,050,292
Dorothy Chapman Fuqua Conservatory and Orchid Center	6,000,000	6,000,000
John Glenn memorial	200,000	200,000
Endowment pledge receivable, net	<u>3,727,333</u>	<u>3,727,333</u>
	<u>20,362,279</u>	<u>20,362,279</u>
 Endowments not held in perpetuity for purposes of supporting various Garden programs	 <u>508,238</u>	 <u>498,327</u>
 Land restricted in perpetuity:		
Gainesville land	<u>4,400,000</u>	<u>4,400,000</u>
	<u>\$ 40,589,571</u>	<u>\$ 30,263,580</u>

Reclassification

During 2020, it was determined that certain net assets totaling \$920,627 required reclassification to properly reflect donor intent. Accordingly, the Board of the Garden approved the reclassification of these funds, reflected as reclassifications based on clarification of donor intent on the accompanying statement of activities and changes in net assets.

THE ATLANTA BOTANICAL GARDEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Leases

The Garden leases land from the City of Atlanta located in Piedmont Park at no cost through August 2067. The Garden and its operating facilities are located on the land. The Garden is required to pay utilities, maintenance and insurance and to adhere to various covenants under the lease agreement, including the requirement to develop and maintain its facilities for the benefit of the citizens of the City of Atlanta. In the event the lease is terminated, improvements made to the property by the Garden become the property of the City of Atlanta.

Under GAAP, an explicit and unconditional promise for the use of property for a specified period of time should be recognized upon receipt as a receivable and as restricted support at its fair value. However, in the opinion of management, the lease is not unconditional since the terms of the lease limit the Garden's use of the property and because the lease is subject to termination by the City of Atlanta and other governmental entities; accordingly, no receivable has been recorded for the use of the property subject to the lease. Additionally, in management's opinion, the fair rental value of the property during 2021 and 2020 was not significant; accordingly, no values have been assigned for contributed use of the property or rental expense.

Construction Contracts

The Garden has entered into construction contracts for the development of ABGG, as described in Note 1, and various other projects. The remaining commitments for these contracts totaled approximately \$1,067,000 and \$3,432,000 at December 31, 2021 and 2020, respectively.

NOTE 9 – EMPLOYEE BENEFIT PLANS

The Garden offers its employees a deferred compensation plan qualified under Section 403(b) of the Internal Revenue Code ("IRC"). It permits substantially all eligible employees of the Garden to voluntarily contribute any portion of their compensation, up to the maximum allowed under the IRC. The Garden's contributions are discretionary. During the years ended December 31, 2021 and 2020, the Garden made contributions of approximately \$269,000 and \$241,000, respectively.

The Garden also has a defined contribution plan in which the employees participate. This is a tax deferred annuity plan. The Garden does not make contributions to this plan.

**THE ATLANTA BOTANICAL GARDEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 10 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The working capital and cash flows of the Garden have seasonal variations during the year attributable to a concentration of contributions received near calendar year-end. As part of the Garden's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Garden invests cash in excess of daily requirements in certain highly-liquid investment accounts.

The following reflects the Garden's financial assets as of December 31, 2021 and 2020, reduced by amounts not available for general use within one year due to contractual or donor-imposed restrictions or internal designations. Amounts not available include amounts set aside for operating and other reserves that could be drawn upon if the Board of Trustees approves such action.

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 20,305,477	\$ 10,707,736
Investments	68,226,087	60,071,978
Pledges receivable, net	<u>5,550,783</u>	<u>9,573,916</u>
Total Financial Assets	<u>94,082,347</u>	<u>80,353,630</u>
Less those unavailable for general expenditures within one year, due to:		
Unrestricted investments subject to spending policy and appropriation	(26,121,896)	(22,217,442)
Unspent donor-imposed restrictions	<u>(31,893,615)</u>	<u>(25,088,768)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 36,066,836</u>	<u>\$ 33,047,420</u>

SUPPLEMENTAL INFORMATION

THE ATLANTA BOTANICAL GARDEN, INC.
STATEMENT OF FINANCIAL POSITION BY FUND
DECEMBER 31, 2021

	<u>General</u> <u>Fund</u>	<u>Endowment</u> <u>Fund</u>	<u>Plant</u> <u>Fund</u>	<u>Total All</u> <u>Funds</u>
ASSETS				
Cash and cash equivalents	\$ 20,305,477	\$ -	\$ -	\$ 20,305,477
Investments	-	46,715,677	21,510,410	68,226,087
Pledges receivable, less allowance for doubtful pledges and discount	1,461,235	-	4,089,548	5,550,783
Inventory	447,513	-	-	447,513
Property and equipment, net	-	-	102,673,108	102,673,108
Other assets	1,621,237	-	-	1,621,237
Interfund receivable (payable)	<u>26,012,282</u>	<u>(7,914,624)</u>	<u>(18,097,658)</u>	<u>-</u>
	<u>\$ 49,847,744</u>	<u>\$ 38,801,053</u>	<u>\$ 110,175,408</u>	<u>\$ 198,824,205</u>
LIABILITIES AND NET ASSETS				
Accounts payable and accrued liabilities	\$ 3,381,597	\$ -	\$ 225,649	\$ 3,607,246
Customer deposits	1,243,517	-	-	1,243,517
Deferred membership dues	2,022,519	-	-	2,022,519
Interest rate swap liability	-	-	1,538,220	1,538,220
Financing arrangements, net	<u>-</u>	<u>-</u>	<u>30,825,976</u>	<u>30,825,976</u>
Total Liabilities	<u>6,647,633</u>	<u>-</u>	<u>32,589,845</u>	<u>39,237,478</u>
Net Assets:				
Without donor restrictions	34,538,988	26,121,896	58,336,273	118,997,157
With donor restrictions	<u>8,661,123</u>	<u>12,679,157</u>	<u>19,249,290</u>	<u>40,589,570</u>
Total Net Assets	<u>43,200,111</u>	<u>38,801,053</u>	<u>77,585,563</u>	<u>159,586,727</u>
	<u>\$ 49,847,744</u>	<u>\$ 38,801,053</u>	<u>\$ 110,175,408</u>	<u>\$ 198,824,205</u>

THE ATLANTA BOTANICAL GARDEN, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS BY FUND
YEAR ENDED DECEMBER 31, 2021

	<u>General</u> <u>Fund</u>	<u>Endowment</u> <u>Fund</u>	<u>Plant</u> <u>Fund</u>	<u>Total All</u> <u>Funds</u>
Revenue, Gains, and Other Support				
Admissions	\$ 16,819,824	\$ -	\$ -	\$ 16,819,824
Food, beverage, and merchandise sales	6,421,604	-	-	6,421,604
Membership dues	4,249,134	-	-	4,249,134
Contributions and grants	3,379,638	9,911	9,707,166	13,096,715
Paycheck Protection Program grant (Note 1)	2,000,000	-	-	2,000,000
Facility rental and venue income	1,682,413	-	-	1,682,413
Auxiliary services and other	3,364,441	-	-	3,364,441
Investment return, net	<u>1,028</u>	<u>5,442,773</u>	<u>2,171,250</u>	<u>7,615,051</u>
Total Revenue, Gains, and Other Support	<u>37,918,082</u>	<u>5,452,684</u>	<u>11,878,416</u>	<u>55,249,182</u>
Expenses:				
Program Services:				
Improvement and maintenance of gardens	6,306,248	-	4,761,156	11,067,404
Education	1,629,754	-	235,757	1,865,511
Auxiliary services and exhibits	<u>13,556,043</u>	<u>-</u>	<u>1,228,580</u>	<u>14,784,623</u>
Total Program Services	<u>21,492,045</u>	<u>-</u>	<u>6,225,493</u>	<u>27,717,538</u>
Support Services:				
General and administrative	2,879,581	-	121,973	3,001,554
Public relations	1,753,892	-	29,091	1,782,983
Fundraising	1,694,201	-	85,613	1,779,814
Membership development	<u>1,012,532</u>	<u>-</u>	<u>13,870</u>	<u>1,026,402</u>
Total Support Services	<u>7,340,206</u>	<u>-</u>	<u>250,547</u>	<u>7,590,753</u>
Total Expenses	<u>28,832,251</u>	<u>-</u>	<u>6,476,040</u>	<u>35,308,291</u>
Other Gain:				
Change in market value of interest rate swap	<u>-</u>	<u>-</u>	<u>965,239</u>	<u>965,239</u>
Change in Net Assets	9,085,831	5,452,684	6,367,615	20,906,130
Net Assets at Beginning of Year	32,575,961	34,886,688	71,217,948	138,680,597
Interfund Transfers	<u>1,538,319</u>	<u>(1,538,319)</u>	<u>-</u>	<u>-</u>
Net Assets at End of Year	<u>\$ 43,200,111</u>	<u>\$ 38,801,053</u>	<u>\$ 77,585,563</u>	<u>\$ 159,586,727</u>