

ALASKA BOTANICAL GARDEN, INC.

Audited Financial Statements

Year Ended December 31, 2020

ALASKA BOTANICAL GARDEN, INC.

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Independent Auditor's Report

Board of Directors
Alaska Botanical Garden, Inc.
Anchorage, Alaska

Report on the Financial Statements – We have audited the accompanying statement of financial position of Alaska Botanical Garden, Inc., (a nonprofit organization) as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. These financial statements are the responsibility of Alaska Botanical Garden, Inc.'s management.

Management's Responsibility for the Financial Statements – Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

Auditor's Responsibility – Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion – In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alaska Botanical Garden, Inc., as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Foster and Company, LLC

Foster and Company, LLC
Wasilla, Alaska

October 11, 2021

ALASKA BOTANICAL GARDEN, INC.

Statement of Financial Position

December 31, 2020

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$	345,558
Grants and Pledges Receivable		233
Inventory		4,087
Prepaid Expenses		<u>5,412</u>

TOTAL CURRENT ASSETS 355,290

Property, Plant, and Equipment	2,716,275
Less Accumulated Depreciation	<u>(725,885)</u>

EQUIPMENT, NET 1,990,390

Land - Held for Sale	115,000
Funds Held at the Alaska Community Foundation	<u>139,916</u>

TOTAL ASSETS \$ 2,600,596

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable and Accrued Liabilities	\$	26,731
Note Payable		<u>1,745</u>

TOTAL CURRENT LIABILITIES 28,476

NON-CURRENT LIABILITIES

Note Payable - PPP Loan	<u>123,155</u>
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Total liabilities 151,631

NET ASSETS

Without Donor Restrictions:

Operations	369,075
Board Designated - Property, Plant, and Equipment	<u>1,990,390</u>
SUBTOTAL, without donor restriction	<u>2,359,465</u>

With Donor Restrictions:

Restricted for Time	<u>89,500</u>
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TOTAL NET ASSETS 2,448,965

TOTAL LIABILITIES AND NET ASSETS \$ 2,600,596

See Independent Auditor's Report and accompanying notes to financial statements.

ALASKA BOTANICAL GARDEN, INC.

Statement of Activities

Year Ended December 31, 2020

NET ASSETS WITHOUT DONOR RESTRICTIONS

Support:

Individuals	\$	126,793
Foundations		48,500
Corporations		17,301
Governmental		10,000
CARES Act and PPP Grants		253,841
Total Support		<u>456,435</u>

Revenues:

Memberships	65,858
Fees and Services	152,146
Sales, Net of Cost of Goods Sold	65,224
Special Events and Fundraising	51,333
Unrealized Gains (Losses)	1,216
Interest Income	21
Total Revenue	<u>335,798</u>

Total Support and Revenue 792,233

Expenses:

Program Services	498,561
Management and General	33,955
Fundraising	24,015
Depreciation	108,516
Total Expenses	<u>665,047</u>

Increase (Decrease) in Unrestricted Net Assets 127,186

NET ASSETS WITH DONOR RESTRICTIONS

Restrictions Satisfied by Payments	<u>(34,500)</u>
Decrease in Net Assets With Donor Restrictions	<u>(34,500)</u>

INCREASE (DECREASE) IN NET ASSETS 92,686

NET ASSETS - Beginning of Year 2,356,279

NET ASSETS - End of Year \$ 2,448,965

See Independent Auditor's Report and accompanying notes to financial statements.

ALASKA BOTANICAL GARDEN, INC.

Statement of Functional Expenses

Year Ended December 31, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Wages	\$ 317,374	25,391	7,240	\$ 350,005
Payroll Taxes	26,392	2,034	603	29,029
Other Payroll Benefits	4,552	91	26	4,669
Total salaries, taxes and benefits	<u>348,318</u>	<u>27,516</u>	<u>7,869</u>	<u>383,703</u>
Events	3,576	-	10,184	13,760
Program Supplies	46,818	79	-	46,897
Professional Fees	18,297	2,102	1,471	21,870
Occupancy	16,656	-	-	16,656
Advertising	8,774	-	65	8,839
Travel, Training, and Meetings	1,401	-	-	1,401
Insurance	14,556	4,065	-	18,621
Office Supplies	5,674	103	1,159	6,936
Postage	1,187	-	503	1,690
Printing and Copying	1,714	-	2,108	3,822
Bank and Credit Card Fees	13,564	90	-	13,654
Dues, Fees and Subscriptions	7,187	-	100	7,287
Equipment	10,839	-	-	10,839
Other	-	-	556	556
	<u>498,561</u>	<u>33,955</u>	<u>24,015</u>	<u>556,531</u>
Depreciation	103,149	5,367	-	108,516
Total Expenses \$	<u><u>601,710</u></u>	<u><u>39,322</u></u>	<u><u>24,015</u></u>	<u><u>\$ 665,047</u></u>

See Independent Auditor's Report and accompanying notes to financial statements.

ALASKA BOTANICAL GARDEN, INC.

Statement of Cash Flows

Year Ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 92,686
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	108,516
(Increase) decrease in assets:	
Grants and Pledges Receivable	3,945
Inventory	767
Prepaid Expenses and Deposits	(583)
Funds Held at the Alaska Community Foundation	(2,213)
Increase (decrease) in liabilities:	
Accounts Payable and Accrued Liabilities	<u>(183)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>202,935</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Property and Equipment	<u>(63,610)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(63,610)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from Note Payable	<u>124,900</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>124,900</u>
NET CHANGE IN CASH	264,225
CASH, beginning of year	<u>81,333</u>
CASH, end of year	<u><u>\$ 345,558</u></u>

See Independent Auditor's Report and accompanying notes to financial statements.

ALASKA BOTANICAL GARDEN, INC.

Notes to the Financial Statements

Year Ended December 31, 2020

NOTE 1 – NATURE OF OPERATIONS

The Alaska Botanical Garden, Inc. (the Garden) is a private, non-profit corporation, incorporated in the State of Alaska in 1986 and located in Anchorage, Alaska. The Garden is dedicated to education, science and research. The Garden is situated on a 110-acre parcel of land under a land use lease agreement with the Municipality of Anchorage. This agreement includes a \$600 per year lease fee through January 2058. Garden operations are sustained through donations, memberships, gate fees, gaming revenue, a small retail and nursery shop, consulting and program fees.

The Garden receives funding for capital projects from Foundations, Federal, State and Municipal grant programs and receives Foundation funds to support specific programs. The Garden does not receive Municipal, State or Federal grant funds to support Garden programs.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of the financial statements of the Garden are presented to aid in understanding the Garden's financial statements. The financial statements and notes are the representation of the Garden's management, which is responsible for their integrity and objectivity. These accounting principles conform to generally accepted accounting principles.

Basis of Presentation

The Garden's accounting records are maintained on the accrual basis of accounting under which revenues are recognized when earned and expenses when incurred.

The financial statements of the Garden have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Garden to report information regarding its financial position and activities according to the following net asset classifications:

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. These net assets may be used at the discretion of The Garden'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 Garden or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

See Independent Auditor's Report

ALASKA BOTANICAL GARDEN, INC.

Notes to the Financial Statements

Year Ended December 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

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.

Advertising

Advertising is expensed when incurred.

Program Activities

The Garden pursues its mission of education, science and recreation through various activities. Educational workshops, courses, lectures, docent tours, field trips and in-school programs are offered to youth and adults. The Garden collaborates on research projects with partner organizations and agencies and hosts a variety of recreational events designed to introduce Anchorage residents and visitors to the Garden, its mission and programs.

Support Service

Support Service includes:

Administrative – Provides for the overall coordination and articulation of the Garden's mission and strategies through the Executive Director, facilitates administrative functioning of the Board of Directors; arrange legal services necessary for program administration; and provides business and financial management for all the Garden's activities.

Fundraising – Encourages and secures financial support from individuals, foundations, and other organizations. Facilitates special events designed to raise funds for specific program purposes or in support of general operations.

Use of Estimate

The preparation of financial statements in conformity with generally accepted accounting principles 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. Actual results could differ from those estimates.

Concentration of Credit Risk

The Garden maintains its cash in bank deposit accounts, which at time may exceed federally insured limits. The Garden has not experienced any losses in such accounts and believe it is not exposed to any significant credit risk on cash and cash equivalents.

Inventories

Inventories are items for resale in the gift shop and are stated at the lower of cost or market determined by the first-in, first-out method.

See Independent Auditor's Report

ALASKA BOTANICAL GARDEN, INC.

Notes to the Financial Statements

Year Ended December 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond the December 31st year end are recorded as prepaid items.

Investments

Investments in debt securities and equity security with readily determinable fair values are carried at fair value. The fair value of an asset is the amount at which the asset could be bought or sold in a current transaction between willing parties, that is, other than a forced liquidation sale. The fair value of a liability is the amount which that liability could be incurred or settled in a current transaction between willing parties, that is, other than in a forced or liquidation sale.

Pledges and Grants Receivable

Accounts receivable consist primarily of amounts due from grant proceeds. Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. Grants receivable consist of amounts due for reimbursable expenses not received by year end.

The Garden provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of clients to meet their obligations. It is the Garden's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. Management believes all receivables are collectable; therefore, no allowance was established.

Cash and Cash Equivalent

For the purposes of the Statement of Cash Flows, the Garden considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Property, Plant, and Equipment

Items of property, plant, and equipment, in excess of \$1,000, are capitalized at cost, if purchased, or at fair market value at the date of donation. Donation of property, plant, and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets purchased with explicit restrictions regarding their use are reported as restricted support. Absent donor stipulation regarding how long those donated assets must be maintained, the Garden reports expirations of donor restrictions when the donated assets are placed in service as instructed by the donor. Depreciation is provided over the estimated useful lives of the assets on a straight-line basis. Property, plant, equipment, and leasehold improvements are depreciated over a range of 5 to 30 years.

See Independent Auditor's Report

ALASKA BOTANICAL GARDEN, INC.

Notes to the Financial Statements

Year Ended December 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

The Garden also capitalizes direct and indirect costs related to planting and developing its gardens during the development period, which varies by plantings and generally ranges from three to seven years. Depreciation commences in the year the garden development is completed.

Donated Services

The recorded services met the criteria of 1) The services performed create or enhance non-financial assets; or 2) The services require specialized skills and would typically need to be purchased by donation.

Support, Revenue, and Promise to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decrease of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and effort
Occupancy	Square footage
Office and board expense	Time and effort
Travel	Time and effort
Other	Time and effort

See Independent Auditor's Report

ALASKA BOTANICAL GARDEN, INC.

Notes to the Financial Statements

Year Ended December 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Income Taxes

The Garden is incorporated under the laws of the State of Alaska as a nonprofit corporation and is exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(c)(3). In addition, the Garden qualifies for the charitable contribution deduction under IRC Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under IRC Section 509(a)(2). The Garden's policy is to report interest and penalties associated with income tax expenses. With few exceptions, the Garden is no longer subject to examinations by federal and state tax authorities for years before December 31, 2015.

NOTE 3 – CASH

The Federal Deposit Insurance Corporation insures funds held in a banking institution to a maximum of \$250,000 in total. Amounts in excess of the FDIC insurance limit are neither insured nor collateralized throughout the year. As of December 31, 2020, deposits totaling \$94,957 were uninsured by FDIC.

NOTE 4 – FUNDS HELD AT THE ALASKA COMMUNITY FOUNDATION

At year end, funds held at the Alaska Community Foundation were for the support of Lile's Garden. The funds are used for the maintenance of Lile's Garden (a specific garden at the Garden), which was installed in memory of Lile Rasmuson. The fund supports annual ongoing maintenance of the garden including labor, plants, and other materials such as tools, fertilizers, compost, and other expenses related to Lile's Garden. These funds are considered net assets restricted by the donor.

The value of investments held in the ACF account was \$139,916 at December 31, 2020.

NOTE 5 – LAND USE AGREEMENT

The Garden leases all its land (110 acres) under a land use lease agreement with the Municipality of Anchorage. Eighty (80) acres are leased at \$600 per years through January 2058 and the remaining acreage under the land use agreement. The fair value of the lease or land use agreement is not reflected in the financial statements since management could not estimate the value.

See Independent Auditor's Report

ALASKA BOTANICAL GARDEN, INC.

Notes to the Financial Statements

Year Ended December 31, 2020

NOTE 6 – PROPERTY AND EQUIPMENT

A summary of property, plant and equipment and accumulated depreciation as of December 31, are as follows:

Land	\$	55,658
Buildings and Leasehold Improvements		2,543,532
Furniture and Fixtures		77,509
Vehicles		39,576
Less: Accumulated Depreciation		<u>(725,885)</u>
		<u>\$ 1,990,390</u>

Depreciation expense was \$108,516 for the year ended December 31, 2020.

NOTE 7 – AVAILABILITY AND LIQUIDITY

The following represents the Garden's financial assets at December 31, 2020:

Financial assets at year-end:		
Cash and cash equivalents	\$	345,558
Accounts and grants receivable		233
Inventory		4,087
Alaska Community Foundation		<u>139,916</u>
Total financial assets		489,794
Less amounts not available to be used within one year:		
Net assets with donor restrictions		(89,500)
Add back: Net assets with purpose restrictions to be met in less than a year		<u>11,500</u>
Financial assets available to meet general expenditures over the next twelve months	\$	<u>411,794</u>

NOTE 8 – CONTINGENCIES

Expenses made pursuant to grants and contracts are subject to audit by the granting agencies or their representatives. Accordingly, adjustments of amounts received under grants and contracts could result if the awards are audited by such agencies. Management believes the material terms and provisions of such awards have been accommodated and accordingly, no liabilities for amounts which may be payable have been recorded in the accompanying financial statements.

See Independent Auditor's Report

ALASKA BOTANICAL GARDEN, INC.

Notes to the Financial Statements

Year Ended December 31, 2020

NOTE 9 – CARES ACT

During FY20, the Garden received the \$180,391 from various governmental and non-profit organizations under the Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, in response to the economic fallout of the COVID-19 pandemic in the United States. Additionally, the Garden received a loan from the Small Business Administration PPP Loans program for \$124,900.

NOTE 10 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 11, 2021, that date which the financial statements were available for issue. No events were identified that would require disclosure according to generally acceptable accounting principles.

See Independent Auditor's Report