

Lewis Ginter Botanical Garden, Inc.

Combined Financial Statements

March 31, 2025 and 2024



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LEWIS GINTER BOTANICAL GARDEN, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Lewis Ginter Botanical Garden, Inc.
Richmond, Virginia

Opinion

We have audited the accompanying combined financial statements of Lewis Ginter Botanical Garden, Inc., its subsidiary, and its related organization (collectively, the "Organization"), which comprise the combined statements of financial position as of March 31, 2025 and 2024, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Lewis Ginter Botanical Garden, Inc., its subsidiary, and its related organization as of March 31, 2025 and 2024, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Basis for Opinion

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

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 generally accepted auditing standards 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 combined financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined 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 Organization'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.



September 30, 2025
Glen Allen, Virginia

LEWIS GINTER BOTANICAL GARDEN, INC.

Combined Statements of Financial Position March 31, 2025 and 2024

<u>Assets</u>	<u>2025</u>	<u>2024</u>
Cash and cash equivalents:		
Without donor restrictions	\$ 7,826,383	\$ 7,020,421
With donor restrictions	325,212	9,444,866
Unconditional promises to give	2,806,158	1,091,901
Accounts and other receivables	82,254	202,613
Inventory, gift shop	337,032	319,083
Prepaid expenses	113,249	86,279
Investments:		
Without donor restrictions	12,109,760	11,725,373
With donor restrictions	17,861,429	19,992,714
Real estate with life interest	1,053,534	1,053,534
Assets held in trust - gift annuities	71,772	439,792
Property and equipment, net	<u>29,190,389</u>	<u>16,963,409</u>
Total assets	<u>\$ 71,777,172</u>	<u>\$ 68,339,985</u>
<u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable	\$ 65,547	\$ 108,479
Accrued expenses	273,319	234,594
Security deposits and deferred rent	226,809	165,565
Deferred membership revenue	783,644	734,471
Deferred education and other revenue	896,373	626,222
Real estate with life interest - deferred use revenue	117,617	125,909
Liability under deferred compensation plans	-	6,851
Liability under gift annuities	<u>65,711</u>	<u>349,857</u>
Total liabilities	<u>2,429,020</u>	<u>2,351,948</u>
Net assets:		
Without donor restrictions:		
Undesignated	35,303,615	22,722,474
Board designated	<u>12,109,760</u>	<u>11,725,373</u>
Total without donor restrictions	47,413,375	34,447,847
With donor restrictions	<u>21,934,777</u>	<u>31,540,190</u>
Total net assets	<u>69,348,152</u>	<u>65,988,037</u>
Total liabilities and net assets	<u>\$ 71,777,172</u>	<u>\$ 68,339,985</u>

See accompanying notes to combined financial statements.

LEWIS GINTER BOTANICAL GARDEN, INC.

Combined Statement of Activities Year Ended March 31, 2025, with Summarized Financial Information for 2024

	Without Donor Restrictions					2024
	Undesignated	Board Designated	Total Without Donor Restrictions	With Donor Restrictions	2025 Total	Comparative Total
Revenues, gains and other support:						
Public support:						
Contributions	\$ -	\$ -	\$ -	\$ 5,117,697	\$ 5,117,697	\$ 5,162,351
Grants	-	-	-	274,190	274,190	185,000
Trust income	321,839	-	321,839	-	321,839	324,933
Revenues:						
Memberships	1,622,088	-	1,622,088	-	1,622,088	1,309,229
Admissions	2,760,914	-	2,760,914	-	2,760,914	2,819,855
Educational	352,107	-	352,107	-	352,107	356,206
Sponsorships and special events	271,402	-	271,402	-	271,402	274,000
Gift shop and plant sales, net of discounts and costs of sales of \$556,303	454,594	-	454,594	-	454,594	642,139
Facility and rental income	606,035	-	606,035	47,747	653,782	491,370
Investment income, net of fees	395,349	28,378	423,727	382,520	806,247	781,451
Net realized and unrealized gain on investments	35,059	837,882	872,941	881,870	1,754,811	3,116,957
Deferred use revenue - real estate with life interest	-	-	-	8,292	8,292	666
Other	117,768	-	117,768	100,957	218,725	305,856
Total revenues, gains and other support	6,937,155	866,260	7,803,415	6,813,273	14,616,688	15,770,013
Net assets released from restrictions:						
Satisfaction of program and capital asset acquisition restrictions	12,904,194	-	12,904,194	(12,904,194)	-	-
Investment return designated for operations	3,888,688	(481,873)	3,406,815	(3,406,815)	-	-
Total net assets released from restrictions	16,792,882	(481,873)	16,311,009	(16,311,009)	-	-

See accompanying notes to combined financial statements.

LEWIS GINTER BOTANICAL GARDEN, INC.

Combined Statement of Activities, Continued Year Ended March 31, 2025, with Summarized Financial Information for 2024

	Without Donor Restrictions				2024
	Undesignated	Board Designated	Total Without Donor Restrictions	With Donor Restrictions	Comparative Total
Expenses and losses:					
Program services:					
Operations	\$ 1,347,266	\$ -	\$ 1,347,266	\$ -	\$ 1,269,725
Horticulture	2,520,259	-	2,520,259	-	2,401,668
Education	2,019,746	-	2,019,746	-	2,140,970
Volunteer programs	60,844	-	60,844	-	64,303
Visitor services	1,864,903	-	1,864,903	-	1,740,859
Public relations and events	743,900	-	743,900	-	757,588
Total program services	8,556,918	-	8,556,918	-	8,375,113
Management and general	2,176,298	-	2,176,298	-	1,938,833
Fundraising	415,680	-	415,680	-	332,196
Total expenses	11,148,896	-	11,148,896	-	10,646,142
Loss on disposition of property and equipment	-	-	-	-	334,605
Loss on gift annuities liability adjustment	-	-	-	107,677	21,881
Total expenses and losses	11,148,896	-	11,148,896	107,677	11,002,628
Change in net assets	12,581,141	384,387	12,965,528	(9,605,413)	4,767,385
Net assets at beginning of year	22,722,474	11,725,373	34,447,847	31,540,190	61,220,652
Net assets at end of year	\$ 35,303,615	\$ 12,109,760	\$ 47,413,375	\$ 21,934,777	\$ 65,988,037

See accompanying notes to combined financial statements.

LEWIS GINTER BOTANICAL GARDEN, INC.

Combined Statement of Activities Year Ended March 31, 2024

	Without Donor Restrictions			With Donor	
	Undesignated	Board Designated	Total Without Donor Restrictions	Restrictions	Total
Revenues, gains and other support:					
Public support:					
Contributions	\$ -	\$ -	\$ -	\$ 5,162,351	\$ 5,162,351
Grants	-	-	-	185,000	185,000
Trust income	324,933	-	324,933	-	324,933
Revenues:					
Memberships	1,309,229	-	1,309,229	-	1,309,229
Admissions	2,819,855	-	2,819,855	-	2,819,855
Educational	356,206	-	356,206	-	356,206
Sponsorships and special events	215,000	-	215,000	59,000	274,000
Gift shop and plant sales, net of discounts and costs of sales of \$619,564	642,139	-	642,139	-	642,139
Facility and rental income	439,508	-	439,508	51,862	491,370
Investment income, net of fees	431,435	6,459	437,894	343,557	781,451
Net realized and unrealized gain on investments	232,228	1,596,435	1,828,663	1,288,294	3,116,957
Change in value of real estate with life interest	-	-	-	666	666
Other	176,058	-	176,058	129,798	305,856
Total revenues, gains and other support	6,946,591	1,602,894	8,549,485	7,220,528	15,770,013
Net assets released from restrictions:					
Satisfaction of program and capital asset acquisition restrictions	(5,535,906)	10,789,280	5,253,374	(5,253,374)	-
Investment return designated for operations	16,383,047	(7,550,288)	8,832,759	(8,832,759)	-
Total net assets released from restrictions	10,847,141	3,238,992	14,086,133	(14,086,133)	-

See accompanying notes to combined financial statements.

LEWIS GINTER BOTANICAL GARDEN, INC.

Combined Statement of Activities, Continued
Year Ended March 31, 2024

	Without Donor Restrictions			With Donor	
	Undesignated	Board Designated	Total Without Donor Restrictions	Restrictions	Total
Expenses and losses:					
Program services:					
Operations	\$ 1,269,725	\$ -	\$ 1,269,725	\$ -	\$ 1,269,725
Horticulture	2,401,668	-	2,401,668	-	2,401,668
Education	2,140,970	-	2,140,970	-	2,140,970
Volunteer programs	64,303	-	64,303	-	64,303
Visitor services	1,740,859	-	1,740,859	-	1,740,859
Public relations and events	757,588	-	757,588	-	757,588
Total program services	8,375,113	-	8,375,113	-	8,375,113
Management and general	1,938,833	-	1,938,833	-	1,938,833
Fundraising	332,196	-	332,196	-	332,196
Total expenses	10,646,142	-	10,646,142	-	10,646,142
Loss on disposition of property and equipment	334,605	-	334,605	-	334,605
Loss on gift annuities liability adjustment	-	-	-	21,881	21,881
Total expenses and losses	10,980,747	-	10,980,747	21,881	11,002,628
Change in net assets	6,812,985	4,841,886	11,654,871	(6,887,486)	4,767,385
Net assets at beginning of year	15,909,489	6,883,487	22,792,976	38,427,676	61,220,652
Net assets at end of year	\$ 22,722,474	\$ 11,725,373	\$ 34,447,847	\$ 31,540,190	\$ 65,988,037

See accompanying notes to combined financial statements.

LEWIS GINTER BOTANICAL GARDEN, INC.

Combined Statement of Functional Expenses Year Ended March 31, 2025

	Program Services						Supporting Services				Totals
	Operations	Horticulture	Education	Volunteer Programs	Visitor Services	Public Relations and Events	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries, wages, and employee benefits	\$ 753,601	\$ 1,371,813	\$ 1,055,272	\$ 2,477	\$ 1,067,544	\$ 367,610	\$ 4,618,317	\$ 1,403,636	\$ 414,347	\$ 1,817,983	\$ 6,436,300
Advertising	-	-	-	-	-	299,712	299,712	-	-	-	299,712
Computer services	82,177	10,707	50,409	7,419	62,038	35,575	248,325	50,423	-	50,423	298,748
Contracted labor	8,262	79,484	-	-	-	-	87,746	49,225	-	49,225	136,971
Equipment rent	1,225	2,239	5,672	1,206	3,618	1,206	15,166	2,411	-	2,411	17,577
Insurance	(22,085)	7,607	32,727	4,953	22,821	7,607	53,630	15,214	-	15,214	68,844
Licenses, permits, and fees	732	1,713	317	739	1,028	4,608	9,137	782	-	782	9,919
Maintenance	326,996	63,865	4,676	495	9,817	495	406,344	1,349	-	1,349	407,693
Meals and entertainment	246	730	1,471	1,429	730	1,016	5,622	7,324	-	7,324	12,946
Membership	129	258	2,681	-	74	1,278	4,420	17,256	-	17,256	21,676
Other	134	1,583	1,421	26,171	311	470	30,090	28,958	-	28,958	59,048
Outreach	-	-	-	-	-	-	-	23,333	-	23,333	23,333
Professional fees	-	-	150	-	-	60	210	341,845	-	341,845	342,055
Security	29,571	-	(200)	-	13,040	-	42,411	-	-	-	42,411
Service charges	-	-	12,632	679	132,685	-	145,996	45,729	-	45,729	191,725
Special events	-	-	480,037	7,551	24,173	-	511,761	63,357	-	63,357	575,118
Supplies	58,462	222,659	39,508	1,853	28,801	2,648	353,931	71,942	-	71,942	425,873
Taxes	63	11	55	11	33	11	184	22	-	22	206
Training	7,182	8,217	9,633	234	6,242	1,618	33,126	15,445	-	15,445	48,571
Travel	4,990	8,753	13,326	-	9,433	1,905	38,407	8,572	-	8,572	46,979
Utilities	58,456	96,976	81,993	3,400	174,967	14,891	430,683	25,206	-	25,206	455,889
	1,310,141	1,876,615	1,791,780	58,617	1,557,355	740,710	7,335,218	2,172,029	414,347	2,586,376	9,921,594
Depreciation and amortization	37,125	643,644	227,966	2,227	307,548	3,190	1,221,700	4,269	1,333	5,602	1,227,302
	<u>\$ 1,347,266</u>	<u>\$ 2,520,259</u>	<u>\$ 2,019,746</u>	<u>\$ 60,844</u>	<u>\$ 1,864,903</u>	<u>\$ 743,900</u>	<u>\$ 8,556,918</u>	<u>\$ 2,176,298</u>	<u>\$ 415,680</u>	<u>\$ 2,591,978</u>	<u>\$ 11,148,896</u>

See accompanying notes to combined financial statements.

LEWIS GINTER BOTANICAL GARDEN, INC.

Combined Statement of Functional Expenses Year Ended March 31, 2024

	Program Services							Supporting Services			Totals
	Operations	Horticulture	Education	Volunteer Programs	Visitor Services	Public Relations and Events	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries, wages, and employee benefits	\$ 718,410	\$ 1,219,058	\$ 963,138	\$ 1,288	\$ 923,852	\$ 305,382	\$ 4,131,128	\$ 1,328,922	\$ 330,781	\$ 1,659,703	\$ 5,790,831
Advertising	-	-	-	-	-	364,516	364,516	17	-	17	364,533
Computer services	9,408	9,435	27,442	7,357	27,272	39,308	120,222	51,071	-	51,071	171,293
Contracted labor	21,993	71,127	-	-	-	-	93,120	36,000	-	36,000	129,120
Equipment rent	1,464	5,905	3,757	1,247	3,724	1,247	17,344	2,494	-	2,494	19,838
Insurance	9,636	9,636	28,908	114	28,908	9,636	86,838	19,272	-	19,272	106,110
Licenses, permits, and fees	1,448	1,657	332	188	2,345	5,757	11,727	931	-	931	12,658
Maintenance	309,798	95,388	9,530	523	6,035	907	422,181	3,912	-	3,912	426,093
Meals and entertainment	432	1,925	1,398	1,638	2,209	1,318	8,920	6,478	-	6,478	15,398
Membership	129	690	2,998	75	180	993	5,065	20,380	-	20,380	25,445
Other	590	1,217	1,692	26,788	421	129	30,837	12,599	-	12,599	43,436
Outreach	-	-	-	-	-	-	-	33,186	-	33,186	33,186
Professional fees	2,095	1,025	1,082	-	6,084	360	10,646	142,718	-	142,718	153,364
Security	28,815	741	9,320	1,020	7,667	-	47,563	1,384	-	1,384	48,947
Service charges	-	95	33,170	1,680	149,409	-	184,354	37,671	-	37,671	222,025
Special events	9	-	694,770	12,337	30,699	905	738,720	51,072	-	51,072	789,792
Supplies	63,423	183,159	24,297	2,514	25,713	5,370	304,476	111,282	-	111,282	415,758
Taxes	138	86	258	86	258	86	912	172	-	172	1,084
Training	4,580	9,471	7,412	566	4,348	1,660	28,037	14,789	-	14,789	42,826
Travel	-	5,016	4,999	-	7,001	1,362	18,378	31,178	-	31,178	49,556
Utilities	57,950	102,821	84,485	4,518	188,280	15,267	453,321	28,773	-	28,773	482,094
	<u>1,230,318</u>	<u>1,718,452</u>	<u>1,898,988</u>	<u>61,939</u>	<u>1,414,405</u>	<u>754,203</u>	<u>7,078,305</u>	<u>1,934,301</u>	<u>330,781</u>	<u>2,265,082</u>	<u>9,343,387</u>
Depreciation and amortization	39,407	683,216	241,982	2,364	326,454	3,385	1,296,808	4,532	1,415	5,947	1,302,755
	<u>\$ 1,269,725</u>	<u>\$ 2,401,668</u>	<u>\$ 2,140,970</u>	<u>\$ 64,303</u>	<u>\$ 1,740,859</u>	<u>\$ 757,588</u>	<u>\$ 8,375,113</u>	<u>\$ 1,938,833</u>	<u>\$ 332,196</u>	<u>\$ 2,271,029</u>	<u>\$ 10,646,142</u>

See accompanying notes to combined financial statements.

LEWIS GINTER BOTANICAL GARDEN, INC.

Combined Statements of Cash Flows
Years Ended March 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Change in net assets	\$ 3,360,115	\$ 4,767,385
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	1,227,302	1,302,755
Net realized and unrealized gains on investments	(1,754,811)	(3,116,957)
Net gains (reinvested earnings) on investments	(806,247)	(781,451)
Gain on net present value of real estate with life interest	(8,292)	(666)
Loss on disposition of property and equipment	-	334,605
(Increase) decrease in assets:		
Unconditional promises to give	(1,714,257)	258,052
Accounts and other receivables	120,359	(202,613)
Inventory, gift shop	(17,949)	(1,077)
Prepaid expenses	(26,970)	218,391
Increase (decrease) in liabilities:		
Accounts payable	(42,932)	(42,641)
Accrued expenses	38,725	31,554
Security deposits and deferred rent	61,244	48,760
Deferred membership revenue	49,173	318,801
Deferred travel, education, and other revenue	270,151	276,665
Liability under deferred compensation plans	<u>(6,851)</u>	<u>(65,000)</u>
Net cash provided by operating activities	<u>748,760</u>	<u>3,346,563</u>
Cash flows from investing activities:		
Purchase of property and equipment	(13,454,282)	(2,467,476)
Net sales of investments	<u>4,307,956</u>	<u>2,898,272</u>
Net cash (used in) provided by investing activities	<u>(9,146,326)</u>	<u>430,796</u>

See accompanying notes to combined financial statements.

LEWIS GINTER BOTANICAL GARDEN, INC.

Combined Statements of Cash Flows, Continued
Years Ended March 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from financing activities:		
Assets held in trust - gift annuities	\$ 368,020	\$ (4,480)
Liability under gift annuities	<u>(284,146)</u>	<u>(9,968)</u>
Net cash provided by (used in) financing activities	<u>83,874</u>	<u>(14,448)</u>
Change in cash and cash equivalents	(8,313,692)	3,762,911
Cash and cash equivalents:		
Beginning of year:		
Without donor restrictions	7,020,421	139,712
With donor restrictions	<u>9,444,866</u>	<u>12,562,664</u>
	<u>16,465,287</u>	<u>12,702,376</u>
End of year:		
Without donor restrictions	7,826,383	7,020,421
With donor restrictions	<u>325,212</u>	<u>9,444,866</u>
	<u>\$ 8,151,595</u>	<u>\$ 16,465,287</u>

See accompanying notes to combined financial statements.

LEWIS GINTER BOTANICAL GARDEN, INC.

Notes to Combined Financial Statements

1. Summary of Significant Accounting Policies:

Nature of Organization: Lewis Ginter Botanical Garden, Inc. is a Virginia non-stock corporation located in Richmond, Virginia, established by court decree to create, operate, manage and improve the Lewis Ginter Botanical Garden as a public park and botanical garden consistent with the charitable intent expressed under the will of Grace E. Arents. Lewis Ginter Botanical Garden, Inc. is supported through contributions, trust income and grants, in addition to its membership, admissions and income from plant sales, gift shop operations, and similar activities.

During 2000, Lewis Ginter Botanical Garden Foundation was established as a 509(a)(3) supporting organization to exclusively support Lewis Ginter Botanical Garden, Inc. and its operations. During June 2017, Ericaceae, LLC (the "Company") was formed as a single member limited liability company under the laws of the Commonwealth of Virginia for the purpose of receiving and holding donated real estate. Lewis Ginter Botanical Garden, Inc. is the sole member of the Company.

The accompanying combined financial statements include the resources and the financial activities of Lewis Ginter Botanical Garden, Inc., its subsidiary, Ericaceae, LLC, and its related organization, Lewis Ginter Botanical Garden Foundation (collectively, the "Organization"). The activities conducted by the subsidiary and the related organization are reflected in the accompanying combined financial statements. All significant intercompany transactions and accounts are eliminated.

Basis of Accounting: The combined financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("GAAP").

Use of Estimates: The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents: The Organization considers as cash equivalents all short-term, highly liquid investments with maturities of three months or less at date of acquisition.

LEWIS GINTER BOTANICAL GARDEN, INC.

Notes to Combined Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

Classification of Net Assets: The combined financial statements are presented in accordance with Financial Accounting Standards Board ("FASB") accounting guidance for financial statements of not-for-profit organizations, which establishes standards for financial statements issued by nonprofit organizations. It requires that net assets and related revenue and expenses be classified in two classes of net assets – net assets without donor restrictions and net assets with donor restrictions, based upon the existence or absence of donor-imposed restrictions. A definition and description of each net asset class follows:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions include the revenues and expenses of the primary operations of the Organization. Donor-restricted contributions, sponsorships and grants whose restrictions are met in the same reporting period are reported as net assets without donor restrictions. Board designated endowment funds as assessed by the Board of Directors are a component of net assets without donor restrictions and consist of amounts included within the endowment for use of future mission related projects. Additions to the board endowment funds occur as determined necessary by the Board of Directors and disbursements from the board endowment funds follow the endowment spending policy (see Note 11), but may depart from this policy if warranted by specific facts and circumstances at the discretion of the Board of Directors.

Net Assets With Donor Restrictions: Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. Some net assets with donor restrictions include donor-imposed stipulations for specific operating purposes or for the acquisition of property or equipment. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statements of activities as net assets released from restrictions. Other donor-imposed restrictions are perpetual in nature, whereby the donor stipulates that they be maintained permanently by the Organization to use all or part of the income earned on any related investments for general or specific purposes, in accordance with the conditions of each specific donation.

Recognition of Contributions and Grants Revenue: Contributions and grants are recognized when the donor makes a promise to give to the Organization that is in substance unconditional. All other donor-restricted contributions and grants are reported as an increase in net assets with donor restrictions unless the restrictions are met in the same reporting period in which case they are reported as net assets without donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions.

LEWIS GINTER BOTANICAL GARDEN, INC.

Notes to Combined Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

Allowance for Credit Losses: The Organization uses the reserve method of accounting for bad debts. No allowance for credit losses was considered necessary at March 31, 2025 and 2024.

Recognition of Membership and Admissions Revenue: Amounts charged by the Organization to members for the general rights of membership include admission to the garden, discounts in the gift shop and on certain classes and programs, borrowing privileges at the Organization's library, and invitations to certain special events. Performance obligations are satisfied over the membership period. Membership revenue is recognized ratably over the term of the membership which is one year and fees are collected at the start of membership. There are no initiation fees or other upfront charges for membership. Contract liabilities relate to the remaining period of membership for each member and are shown as deferred membership revenue on the combined statements of financial position. Contract liabilities were \$783,644 as of March 31, 2025, \$734,471 as of March 31, 2024, and \$415,670 as of March 31, 2023. There are no contract assets. Admission revenue is recognized upon admittance.

Recognition of Facility and Rental Income: The Organization charges non-refundable security deposits on rental of facilities and receives refundable advance payments in order to reserve facilities for the dates requested. The security deposits and advance payments are considered contract liabilities and are shown as security deposits and deferred rent on the combined statements of financial position. Contract liabilities were \$226,809 as of March 31, 2025, \$165,565 as of March 31, 2024, and \$116,805 as of March 31, 2023. There are no contract assets. Revenue is recognized when the event occurs and upon completion of the rental.

Recognition of Educational Program Revenue: The Organization hosts educational classes. Educational program revenue is recognized at the time the program occurs. Contract liabilities relate to fees received in advance of the class and are shown as a component of deferred education and other revenue on the combined statements of financial position. Contract liabilities were \$146,373 as of March 31, 2025, \$126,222 as of March 31, 2024, and \$99,557 as of March 31, 2023.

Recognition of Gift Shop and Plant Sales Revenue: The Organization recognizes revenue from the gift shop and plant sales at the time of the sale.

Investments: Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the combined statements of financial position (See Notes 4 and 7). Certain less marketable investments are generally carried at values determined by the respective investment managers. Investments are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the risks in the near term could materially affect amounts reported on the combined financial statements. Unrealized gains and losses are included in the combined statements of activities.

LEWIS GINTER BOTANICAL GARDEN, INC.

Notes to Combined Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

Concentrations of Credit Risk: Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and unconditional promises to give. The Organization places its cash and cash equivalents with financial institutions located in Richmond, Virginia. At times, these balances are in excess of the FDIC insurance limit.

Promises to give are from individuals, corporations and foundations located primarily in the Richmond metropolitan area. The Organization believes its credit risk related to these promises to give is limited due to the nature of its donors.

Inventory: Inventory is stated at the lower of average cost or net realizable value.

Real Estate: Donated real estate is carried at the lower of cost or fair value. Management evaluates the real estate for impairment in accordance with GAAP. The Organization did not identify any impairments during 2025 and 2024.

Property and Equipment: Purchased property and equipment is stated at cost. The Organization follows the practice of capitalizing all material expenditures for property and equipment. Material donated assets are stated at the lower of appraised or market value at the time of the donation. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets.

Estimated useful lives by asset class are as follows:

Antiques	Nondepreciable
Buildings	40 years
Leasehold improvements	15 years
Furniture and fixtures	5 years
Equipment	5 years
Library books	Nondepreciable
Master plan development	40 years
Vehicles	3 years

Advertising Expenses: All costs related to marketing and advertising are charged to operations as incurred and amounted to \$299,712 in 2025 and \$364,533 in 2024.

LEWIS GINTER BOTANICAL GARDEN, INC.

Notes to Combined Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

Contributed Materials and Services: The Organization recognizes as revenue the value of contributed materials and the value of contributed services that either (a) create or enhance a nonfinancial asset or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if they had not been contributed. There was no value of contributed materials or services material to the combined financial statements during 2025 or 2024. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs, campaign solicitations and various committee assignments. The value of these services are not recognized in the combined financial statements, but are estimated by management to amount to \$775,130 in 2025 and \$778,630 in 2024.

Tax Status: Lewis Ginter Botanical Garden, Inc. is exempt from income taxes under Section 509(a)(2) of the Internal Revenue Code, and Lewis Ginter Botanical Garden Foundation is exempt from income taxes under Section 509(a)(3) of the Internal Revenue Code. Lewis Ginter Botanical Garden, Inc. and Lewis Ginter Botanical Garden Foundation have been determined to be charitable organizations which qualifies contributions, bequests, and legacies as deductions by the donor for income, estate and gift tax purposes.

No provision for income taxes has been provided in these combined financial statements for Ericaceae, LLC since all income, losses, deductions, and credits are passed to and are reported by the member on its respective income tax return.

Management has evaluated the effect of guidance surrounding uncertain income tax positions and concluded that the Organization has no significant combined financial statement exposure to uncertain income tax positions at March 31, 2025 and 2024. The Organization is not currently under audit by any tax jurisdiction.

Functional Allocation of Expenses: The cost of providing various program and support activities have been summarized on a functional basis in the combined statements of activities. The combined statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among various functional areas on several bases and estimates. Costs related to personnel are allocated amongst functions based upon the percent of time each employee spends performing each function. Building costs are allocated to the department occupying the space and utilities are allocated based on square footage. Certain supplies and services have been allocated based on usage. Vehicle costs and maintenance have been allocated between operations and horticulture based on usage. Most other costs are evaluated on a per invoice basis to determine what functions have been served.

LEWIS GINTER BOTANICAL GARDEN, INC.

Notes to Combined Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

Reclassification: Certain prior year balances have been reclassified to conform with the current year presentation.

Subsequent Events: Management has evaluated subsequent events through September 30, 2025, the date the combined financial statements were available to be issued, and has determined that other than the expiration of the line of credit, as discussed in Note 9, there are no subsequent events to be reported in the accompanying combined financial statements.

2. Unconditional Promises to Give:

At March 31, 2025 and 2024, unconditional promises to give were as follows:

	2025	2024
Receivable in less than one year	\$ 1,124,814	\$ 478,569
Receivable in one to four years	1,877,475	659,800
	3,002,289	1,138,369
Less discount (5.36% in 2025 and 4.97% in 2024)	195,107	46,468
Total unconditional promises to give	<u>\$ 2,807,182</u>	<u>\$ 1,091,901</u>

Unconditional promises to give have been recognized as net assets with donor restrictions. Uncollectible promises are expected to be insignificant.

3. Conditional Promise to Give:

The Organization received a pledge for \$7,500,000 during 2019 that was conditional in nature. The pledge provided matching donations for funds raised by the Organization that were gifted towards matching the conditional promise to give. Payments were received annually beginning December 2019 for a maximum amount of \$1,500,000 each year through December 2023 with a total of \$7,480,000 being restricted for the conservatory expansion and \$20,000 being available for the annual fund. The Organization has received \$7,493,000 as of March 31, 2025, and had received \$7,483,000 as of March 31, 2024.

LEWIS GINTER BOTANICAL GARDEN, INC.

Notes to Combined Financial Statements, Continued

4. Investments:

At March 31, 2025 and 2024, the carrying value and market value of investments were as follows:

	2025		2024	
	Cost	Market	Cost	Market
	Value	Value	Value	Value
Cash and cash equivalents	\$ 2,370,035	\$ 2,370,783	\$ 3,381,290	\$ 3,380,463
Equities	497,868	590,679	1,319,612	1,437,196
Fixed income	1,171,787	1,189,937	2,789,639	2,813,364
Limited partnerships	<u>21,204,266</u>	<u>25,819,790</u>	<u>20,728,733</u>	<u>24,087,064</u>
	<u>\$ 25,243,956</u>	<u>\$ 29,971,189</u>	<u>\$ 28,219,274</u>	<u>\$ 31,718,087</u>

The Organization invests its assets to preserve the purchasing power of the principal, and to earn a fair return relative to the risks of investing under the overall balanced approach to include cash equivalents, equities, and fixed income securities. A reasonable time frame is generally considered a full market or economic cycle, or a five-to seven-year period. Due in part to the University of Richmond's (the "University") performance record in accomplishing these objectives with its own endowment, in 2011, the Organization entered into an investment partnership with the University called The Richmond Fund, L.P. (the "Richmond Fund"). The general partner of the Richmond Fund is the Richmond Fund Management Company, LLC, a subsidiary of Spider Management Company, LLC ("SMC"), the investment company for the University's endowment. A rate of return agreement is used to equalize the quarterly rate of return of the University's pooled endowment managed by SMC and the Richmond Fund's rate of return. The Richmond Fund undergoes a semi-annual independent audit.

The Organization's investment in the Richmond Fund amounted to \$12,198,339 at March 31, 2025 and \$11,786,623 at March 31, 2024. The asset allocation of the Richmond Fund at March 31, 2025 is as follows:

Assets	Allocation
Equity	25 %
Private equity and venture capital	35
Absolute return	23
Real assets	12
Cash	<u>5</u>
	<u>100 %</u>

LEWIS GINTER BOTANICAL GARDEN, INC.

Notes to Combined Financial Statements, Continued

5. Grace E. Arents Trust:

The Organization was established by court decree to carry out the charitable intent of a trust under the will of Grace E. Arents. Lewis Ginter Botanical Garden, Inc. received \$321,839 in 2025 and \$324,933 in 2024 in bequests from the Grace E. Arents Trust under the will of Grace E. Arents. Based upon unaudited information from the trustee, assets and invested income in the Grace E. Arents Trust account carried a cost value of \$5,357,362 and a market value of \$6,496,250 at March 31, 2025. At March 31, 2024, the account carried a cost value of \$5,209,191 and a market value of \$6,573,582. The assets of the Grace E. Arents Trust are not included in the accompanying combined financial statements.

6. Real Estate with Life Interest:

As part of a life estate, the Organization was gifted approximately 80 acres of real estate in Rockville, Virginia. The deed of gift was dated July 20, 2015 and the Organization valued the real estate at \$1,053,534. The gift included use restrictions on the property in the form of maintaining the residence and grounds located on the property including certain gardens, nature trails, and the habitat of indigenous animals and wildlife. The Organization entered into a lease agreement for the property less the personal residence used by the donors, and are responsible for maintenance and repair of the leased premises in its current physical condition in lieu of rental payments. Under the lease, the Organization is not allowed to use the property for public purposes, unless otherwise approved by the lessors. The Organization recognized \$194,668 at the date of gift as deferred revenue for the use obligation of the leased residence. The use obligation is adjusted annually based on its estimated present value, and amounted to \$117,617 and \$125,909 as of March 31, 2025 and 2024, respectively.

7. Fair Value Measurements:

FASB has issued guidance for measurement and disclosure of fair value and establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The guidance defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal and most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The levels of the hierarchy are defined as follows:

Level 1 – Unadjusted quoted prices that are available in active markets for the identical assets or liabilities at the measurement date.

LEWIS GINTER BOTANICAL GARDEN, INC.

Notes to Combined Financial Statements, Continued

7. Fair Value Measurements, Continued:

Level 2 – Other observable inputs available at the measurement date, other than quoted prices included in Level 1, either directly or indirectly, including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 – Unobservable inputs that cannot be corroborated by observable market data and reflect the use of significant management judgment. These values are generally determined using pricing models for which the assumptions utilize management's estimates of market participant assumptions. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs. There were no changes in Level 3 classifications during 2024 or 2023.

The following is a description of the valuation methodologies used for assets and liabilities carried or disclosed at fair value:

Cash and cash equivalents: Valued at the realizable cash value equivalent to the specific sum of cash held by the Organization at year end.

Equities: Valued at closing prices reported on the active market on which the individual securities are traded.

Fixed income: Valued at quoted market prices of similar investments in active markets or quoted prices for identical or similar instruments in inactive markets.

Limited partnerships: Limited partnerships operate as a fund of funds and as such the general partner reviews the fair values of each underlying fund based on available information. The Organization values its investment in limited partnerships using NAV as a practical expedient, as the underlying calculation of NAV is fair value based and the NAV has been calculated as of the Organization's fiscal year end date.

Unconditional promises to give: Valued at the original gift amount, less payments and a discount to account for payments expected in future periods beyond one year.

Assets held in trust: Valued at the sum of underlying securities in the trust vehicle, which are valued at the closing price reported on the active market on which the individual securities are traded.

LEWIS GINTER BOTANICAL GARDEN, INC.

Notes to Combined Financial Statements, Continued

7. Fair Value Measurements, Continued:

Real estate with life interest – deferred use revenue: Valued at the net present value of the estimated fair value of rental revenue for the real estate, calculated using observable inputs including the IRC 7520 rate and the Internal Revenue Service mortality tables.

Liability under deferred compensation plans: Valued at the fair value of the related asset.

Liability under gift annuities: Valued at the sum of estimated future cash flows calculated using observable inputs including the IRC 7520 rate and the Internal Revenue Service mortality tables.

The following table summarizes investments measured at fair value based on NAV per share as of March 31, 2025:

<u>Investment</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
The Richmond Fund	\$12,198,339	No	Quarterly	60 calendar days advance written notice
Bespoke Capital Strategies, L.P.	\$13,621,451	Yes	Quarterly	90 calendar days advance written notice

The following table summarizes investment measured at fair value based on NAV per share as of March 31, 2024:

<u>Investment</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
The Richmond Fund	\$11,786,623	No	Quarterly	60 calendar days advance written notice
Bespoke Capital Strategies, L.P.	\$12,300,441	Yes	Quarterly	90 calendar days advance written notice

During fiscal year 2025, the Organization received \$3,352,100 in unconditional promises to give, and collected payments on unconditional promises to give in the amount of \$1,231,913. During fiscal year 2024, the Organization received \$1,142,000 in unconditional promises to give, and collected payments on unconditional promises to give in the amount of \$1,402,175.

LEWIS GINTER BOTANICAL GARDEN, INC.

Notes to Combined Financial Statements, Continued

7. Fair Value Measurements, Continued:

In accordance with GAAP, investments valued at NAV as a practical expedient are not included in the fair value hierarchy. Assets and liabilities measured at fair value on a recurring basis at March 31, 2025 include the following:

	Fair Value Using			Asset/Liabilities
	Level 1	Level 2	Level 3	at Fair Value
Assets:				
Investments:				
Cash and cash equivalents	\$ 2,370,783	\$ -	\$ -	\$ 2,370,783
Equities	590,679	-	-	590,679
Fixed income	-	1,189,937	-	1,189,937
Unconditional promises to give	-	-	2,806,158	2,806,158
Assets held in trusts	-	71,772	-	71,772
Total assets in the fair value hierarchy	<u>\$ 2,961,462</u>	<u>\$ 1,261,709</u>	<u>\$ 2,806,158</u>	7,029,329
Investments measured at NAV*				<u>25,819,790</u>
Total assets at fair value				<u>\$ 32,849,119</u>
Liabilities:				
Real estate with life interest - deferred use revenue	\$ -	\$ 117,617	\$ -	\$ 117,617
Liability under gift annuities	-	65,711	-	65,711
Total liabilities at fair value	<u>\$ -</u>	<u>\$ 183,328</u>	<u>\$ -</u>	<u>\$ 183,328</u>

*Certain investments that were measured at NAV have not been classified in the fair value hierarchy. The fair value amounts presented in the tables above are intended to permit reconciliation of the fair value hierarchy to the line items presented in the combined statements of financial position. Withdrawals from limited partnerships are limited to an amount not to exceed 10% of its capital account each quarter by informing the limited partner within 60 days of the redemption date.

LEWIS GINTER BOTANICAL GARDEN, INC.

Notes to Combined Financial Statements, Continued

7. Fair Value Measurements, Continued:

Assets and liabilities measured at fair value on a recurring basis at March 31, 2024 include the following:

	Fair Value Using			Asset/Liabilities
	Level 1	Level 2	Level 3	at Fair Value
Assets:				
Investments:				
Cash and cash equivalents	\$ 3,380,463	\$ -	\$ -	\$ 3,380,463
Equities	1,437,196	-	-	1,437,196
Fixed income	-	2,813,364	-	2,813,364
Unconditional promises to give	-	-	1,091,901	1,091,901
Assets held in trusts	-	439,792	-	439,792
Total assets in the fair value hierarchy	<u>\$4,817,659</u>	<u>\$ 3,253,156</u>	<u>\$ 1,091,901</u>	9,162,716
Investments measured at NAV*				<u>24,087,064</u>
Total assets at fair value				<u>\$ 33,249,780</u>
Liabilities:				
Real estate with life interest - deferred use revenue	\$ -	\$ 125,909	\$ -	\$ 125,909
Liability under deferred compensation plans	-	6,851	-	6,851
Liability under gift annuities	-	349,857	-	349,857
Total liabilities at fair value	<u>\$ -</u>	<u>\$ 482,617</u>	<u>\$ -</u>	<u>\$ 482,617</u>

*Certain investments that were measured at NAV have not been classified in the fair value hierarchy. The fair value amounts presented in the tables above are intended to permit reconciliation of the fair value hierarchy to the line items presented in the combined statements of financial position. Withdrawals from limited partnerships are limited to an amount not to exceed 10% of its capital account each quarter by informing the limited partner within 60 days of the redemption date.

The Organization had unfunded limited partnership commitments totaling \$917,993 as of March 31, 2025.

LEWIS GINTER BOTANICAL GARDEN, INC.

Notes to Combined Financial Statements, Continued

8. Property and Equipment:

At March 31, 2025 and 2024, property and equipment consisted of the following:

	2025	2024
Antiques	\$ 546,271	\$ 530,246
Building and ground improvements	47,323,872	47,025,281
Furniture and fixtures	2,000,839	1,966,587
Equipment	1,870,660	1,840,569
Library books	57,513	57,513
Master plan	1,129,628	1,129,628
Vehicles	192,534	187,719
Construction in process	17,482,131	4,411,623
	70,603,448	57,149,166
Less accumulated depreciation	(41,413,059)	(40,185,757)
Net property and equipment	<u>\$ 29,190,389</u>	<u>\$ 16,963,409</u>

Depreciation and amortization expense amounted to \$1,227,302 in 2025 and \$1,302,755 in 2024. Construction in process related to the expansion of the garden was \$17,482,131 as of March 31, 2025 and \$4,411,623 as of March 31, 2024.

In September 2022, the Organization entered into a joint agreement with the County of Henrico for the Organization to acquire an adjacent building and surrounding land. The total purchase price will be \$1,900,000, of which the Organization is responsible for \$1,150,000, and the County of Henrico will contribute \$750,000. The purchase price contributed by the County of Henrico will be paid in \$250,000 installments over three years, with the balance of the purchase price to be paid by the Organization in July 2026, at which point ownership of the property will transfer to the Organization. The first installment of \$250,000 was received in 2023, the second installment of \$250,000 was received in 2024, and the third installment of \$250,000 was received in 2025. These amounts are included in deferred education and other revenue on the combined statements of financial position. If the transaction is not completed, all contributions must be returned to the County of Henrico, making the contribution conditional. Given it is conditional in nature, the amount did not meet the requirements for recognition as a contribution in the accompanying combined statements of activities.

9. Line of Credit and Other Debt:

The Organization had a \$500,000 revolving line of credit (the "Line") with a commercial bank with an expiration date of March 4, 2024. The Line was unsecured with a negative pledge on substantially all of the Organization's assets and required monthly interest payments at the Prime Rate (8.00% at March 31, 2023).

LEWIS GINTER BOTANICAL GARDEN, INC.

Notes to Combined Financial Statements, Continued

9. Line of Credit and Other Debt, Continued:

At March 31, 2025, the Organization had a \$500,000 revolving line of credit (the "Line") with a commercial bank with an expiration date of August 30, 2025. The Line is secured by assets of the Organization and requires monthly interest payments at the Prime Rate (7.50% at March 31, 2025). There was no balance outstanding at March 31, 2025. The Line expired on August 30, 2025, subsequent to fiscal year-end 2025.

Effective August 30, 2024, the Organization entered into a \$9.4 million term loan with a commercial bank. The term loan requires monthly interest payments until August 30, 2027, at which time all interest and principal is due in full. The term loan accrues interest based on independent index based on the Secured Overnight Financing Rate ("SOFR") (4.41% at March 31, 2025). In addition, under the provisions of the credit agreement, the Organization is subject to certain covenants, as defined in the agreement. There was no outstanding balance on the term loan as of March 31, 2025.

10. Restrictions on Assets:

At March 31, 2025 and 2024, net assets with donor restrictions are available for the following purposes:

	2025	2024
Capital improvements	\$ 9,300,024	\$ 14,568,279
Real estate with life interest, net	935,917	927,625
Annual fund gifts	183,507	2,444,727
Gift annuities	6,061	89,935
Employee benefits	169,592	157,950
Education	237,367	104,990
Federal grant	444	444
Events and exhibits	50	-
Other	9,476	11,476
	<u>\$ 10,842,438</u>	<u>\$ 18,305,426</u>

Net assets with donor restrictions to be held in perpetuity consist of endowment fund investments to be held indefinitely, the income from which is expended to support the activities of the Organization (see Note 11).

11. Endowment Funds:

There are seven endowment funds at the Organization. These endowment funds were established for a variety of purposes. The endowment funds include both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

LEWIS GINTER BOTANICAL GARDEN, INC.

Notes to Combined Financial Statements, Continued

11. Endowment Funds, Continued:

Interpretation of Relevant Law: The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (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 funds that are not classified as restricted in perpetuity are only reclassified as net assets without donor restrictions when those amounts appropriated for expenditure are disbursed in accordance with the donor restrictions in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate funds in the endowment funds designated by the Board of Directors:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

Return Objectives and Risk Parameters: The objective of the Organization's investment policy is to preserve the purchasing power of the principal, and to earn a return relative to the risks of investing under an overall balanced approach to include cash equivalents, fixed income securities, alternative investments and equities. A reasonable time frame to achieve these objectives is generally considered a full market or economic cycle, or a five to seven-year time period.

LEWIS GINTER BOTANICAL GARDEN, INC.

Notes to Combined Financial Statements, Continued

11. Endowment Funds, Continued:

Strategies Employed for Achieving Objectives: To satisfy its long-term rate-of-return objectives, the Organization 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 Organization 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. The following represents the target allocation of asset types:

	<u>Minimum</u>	<u>Maximum</u>
Fixed income	25%	60%
Equities	30%	75%
Alternative investments*	5%	20%
Cash equivalents	0%	30%

*Can include, but are not limited to marketable alternative strategies including: hedge funds, private capital, energy and natural resources, private equity real estate, and distressed debt.

Spending Policy and How the Investment Objectives Relate to Spending Policy: The Organization has a policy of appropriating for expenditure each year 4.25% of the endowment funds' average fair value. The average fair value is determined by calculating a trailing three-year average as of the calendar year-end preceding the fiscal year ended. In establishing this policy, the Organization considered the long-term expected return on the endowments. Accordingly, over the long term, the Organization expects the current spending policy to allow the endowments to continue to grow at an average of 3 – 4 percent annually.

Funds with Deficits: From time to time, the fair value of assets associated with individual endowment funds may fall below the level that the donor or the UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are to be reported as net assets with donor restrictions. The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required by law. There were no such deficiencies at March 31, 2025 and 2024.

LEWIS GINTER BOTANICAL GARDEN, INC.

Notes to Combined Financial Statements, Continued

11. Endowment Funds, Continued:

Endowment net asset composition by type of fund was as follows as of March 31, 2025:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 11,092,339	\$ 11,092,339
Board-designated endowment funds	<u>12,109,760</u>	<u>-</u>	<u>12,109,760</u>
	<u>\$ 12,109,760</u>	<u>\$ 11,092,339</u>	<u>\$ 23,202,099</u>

Endowment net asset composition by type of fund was as follows as of March 31, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 13,234,764	\$ 13,234,764
Board-designated endowment funds	<u>11,725,373</u>	<u>-</u>	<u>11,725,373</u>
	<u>\$ 11,725,373</u>	<u>\$ 13,234,764</u>	<u>\$ 24,960,137</u>

LEWIS GINTER BOTANICAL GARDEN, INC.

Notes to Combined Financial Statements, Continued

11. Endowment Funds, Continued:

Changes in endowment net assets were as follows for the years ended March 31, 2025 and 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, April 1, 2023	<u>\$ 6,883,487</u>	<u>\$ 17,103,122</u>	<u>\$ 23,986,609</u>
Investment income:			
Investment income, net	6,459	343,557	350,016
Unrealized gain on investments, net	1,596,435	720,767	2,317,202
Realized gain on investments, net	<u>-</u>	<u>567,527</u>	<u>567,527</u>
Total investment loss	<u>1,602,894</u>	<u>1,631,851</u>	<u>3,234,745</u>
New gifts	<u>-</u>	<u>3,332,550</u>	<u>3,332,550</u>
Appropriations for expenditure	<u>3,238,992</u>	<u>(8,832,759)</u>	<u>(5,593,767)</u>
Net assets, March 31, 2024	<u>11,725,373</u>	<u>13,234,764</u>	<u>24,960,137</u>
Investment income:			
Investment income, net	28,378	382,520	410,898
Unrealized gain on investments, net	837,882	499,704	1,337,586
Realized gain on investments, net	<u>-</u>	<u>382,166</u>	<u>382,166</u>
Total investment income	<u>866,260</u>	<u>1,264,390</u>	<u>2,130,650</u>
Appropriations for expenditure	<u>(481,873)</u>	<u>(3,406,815)</u>	<u>(3,888,688)</u>
Net assets, March 31, 2025	<u>\$ 12,109,760</u>	<u>\$ 11,092,339</u>	<u>\$ 23,202,099</u>

LEWIS GINTER BOTANICAL GARDEN, INC.

Notes to Combined Financial Statements, Continued

12. Liquidity and Availability of Financial Assets:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the combined statements of financial position date, comprise the following as of March 31:

	<u>2025</u>	<u>2024</u>
Financial assets available within one year:		
Cash and cash equivalents	\$ 8,151,595	\$ 16,465,287
Unconditional promises to give, collectable in one year	1,124,814	478,569
Accounts and other receivables	82,254	202,613
Inventory, gift shop	337,032	319,083
Investments	29,971,189	31,718,087
Budgeted endowment appropriation and Grace E. Arents Trust bequests	<u>1,305,315</u>	<u>1,248,044</u>
Total financial assets available within one year	<u>40,972,199</u>	<u>50,431,683</u>
Less those unavailable for general expenditure within one year:		
Net assets with donor restrictions	20,253,433	30,926,858
Net assets with board designations	<u>12,109,760</u>	<u>11,725,373</u>
Total amounts unavailable for general expenditures within one year	<u>32,363,193</u>	<u>42,652,231</u>
Financial assets available within one year for general expenditure	<u>\$ 8,609,006</u>	<u>\$ 7,779,452</u>

As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, the Organization had a line of credit in the amount of \$500,000 as of March 31, 2025, which it could draw upon. The line of credit expired in August 2025. In addition, a \$9.4 million term loan is available to the Organization (see Note 9). Net assets with donor restrictions includes \$183,507 and \$2,444,727 as of March 31, 2025 and 2024, respectively, of funds that are restricted to purposes that support various annual operating initiatives of the Organization (see Note 10). Further, the Organization generates undesignated revenue to be used for general expenditure through membership and admissions which amounted to \$4,383,002 and \$4,129,084 for 2025 and 2024, respectively. Educational programs, gift shop sales, and facility rentals also support ongoing operations on an annual basis.

LEWIS GINTER BOTANICAL GARDEN, INC.

Notes to Combined Financial Statements, Continued

12. Liquidity and Availability of Financial Assets, Continued:

Although there is no intention to spend from the board designated endowment fund (other than amounts appropriated from general expenditure as part of the spending policy), these amounts could be made available if necessary and totaled \$12,109,760 as of March 31, 2025 and \$11,725,373 as of March 31, 2024.

13. Commitments and Contingencies:

The Organization has a perpetual lease on property willed to the City of Richmond (the "City"). The City was directed by Grace E. Arents, under her will, to establish a botanical garden and public park on the property. The lease is conditional upon the Organization maintaining the property as a botanical garden and public park; no other consideration is required under the lease.

From time to time, the Organization is involved in litigation arising from the normal course of business. The Organization believes it has sufficient insurance coverage to cover any potential losses incurred.

The Organization leases a postage meter and copying equipment under operating leases. The leases requires monthly payments between \$182 and \$713 and expire at various terms through March 2029. Future minimum lease payments under the leases are as follows:

Year Ending March 31	Amount
2026	\$ 12,919
2027	10,563
2028	8,554
2029	7,842
	<u>\$ 39,878</u>

Rental expense on operating leases amounted to \$17,580 in 2025 and \$19,838 in 2024.

In July 2021, the Organization entered into an agreement with an outside party (the "Manager") for the management of its café. If the agreement is terminated by the Organization for any reason other than the Manager's failure to comply with the terms of the agreement, then the Organization is required to compensate the Manager for the certain costs paid for by the Manager on a pro-rata basis totaling \$192,010 and \$203,962 at March 31, 2025 and 2024, respectively. The Organization and the Manager have agreed to the other contractual requirements in the agreement.

LEWIS GINTER BOTANICAL GARDEN, INC.

Notes to Combined Financial Statements, Continued

13. Commitments and Contingencies, Continued:

In November 2023, the Organization entered into a contract for the addition to and renovation of the Organization's conservatory building. The total costs under the contract are projected to be \$31.0 million, of which \$17.5 million and \$4.4 million had been spent as of March 31, 2025 and 2024.

14. Retirement Plan:

The Organization has a defined contribution retirement plan covering all eligible employees. Contributions are made only by the Organization and are discretionary as determined by the Board of Directors annually. The Organization made contributions of \$125,822 in 2025 and \$105,694 in 2024.

15. Deferred Compensation Plans:

The Organization established deferred compensation plans for certain key employees under Section 457(b) of the Internal Revenue Code. The Organization contributed to the plans in accordance with Internal Revenue Service guidelines.

Under the 457(b) plans, the Organization was to contribute annually the maximum permitted by IRS regulations until the final key employee's retirement in 2021, at which point the Organization began making scheduled payments from the plan to the retired employee. The Organization distributed \$6,851 and \$65,000 from the plan in 2025 and 2024, respectively. The balance in the remaining deferred compensation plan's assets amounted to \$0 at March 31, 2025 and \$6,851 at March 31, 2024 and are included as part of restricted cash in the accompanying combined statements of financial position. The deferred compensation plan's liabilities amounted to \$0 at March 31, 2025 and \$6,851 at March 31, 2024.

16. Guarantees:

Pursuant to its Articles of Incorporation, the Organization has certain obligations to indemnify its officers and directors for certain events or occurrences that happen by reason of the fact that the officer or director is, was, or has agreed to serve as an officer or director of the Organization. The term of the indemnification period is for the officer's or director's lifetime. The maximum liability under these obligations is limited by the Code of Virginia. In addition, the Organization's insurance policies serve to limit its exposure.