

**BIRMINGHAM BOTANICAL SOCIETY, INC.**

**Financial Statements**

**For the Year Ended December 31, 2021  
With Summarized Financial Information  
For the Year Ended December 31, 2020**

**BIRMINGHAM BOTANICAL SOCIETY, INC.**

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For the Year Ended December 31, 2021  
With Summarized Financial Information  
For the Year Ended December 31, 2020**

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BORLAND  
BENEFIELD**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
of Birmingham Botanical Society, Inc.

**Opinion**

We have audited the accompanying financial statements of Birmingham Botanical Society, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Birmingham Botanical Society, Inc. as of December 31, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Birmingham Botanical Society, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

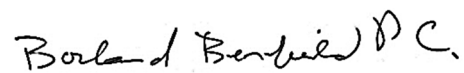
In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Birmingham Botanical Society, Inc.'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 Birmingham Botanical Society, Inc.'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 Summarized Comparative Information**

We have previously audited Birmingham Botanical Society, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 29, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Borland Benefield, P.C.  
Birmingham, Alabama  
June XX, 2022

**BIRMINGHAM BOTANICAL SOCIETY, INC.**

**Statement of Financial Position  
As of December 31, 2021  
With Summarized Financial Information  
At December 31, 2020**

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,399,146	1,122,239
Accounts receivable	58,077	48,874
Investments in certificates of deposit and treasury bills	2,974,151	2,353,889
Investments in managed funds	10,109,378	8,657,241
Contributions receivable, net	-	5,000
Prepaid expenses	3,118	6,233
Property and equipment, net of accumulated depreciation	19,470	33,676
Beneficial interest in Beeson Trust	10,618,043	10,114,637
<b>Total Assets</b>	<u>\$ 25,181,383</u>	<u>\$ 22,341,789</u>
<b>Liabilities</b>		
Accounts payable	\$ 20,332	\$ 22,482
Salaries payable	8,064	6,242
Total Liabilities	<u>28,396</u>	<u>28,724</u>
<b>Net Assets</b>		
Net assets without donor restrictions		
Undesignated	2,575,389	2,013,741
Board designated - endowment fund	10,282,713	8,761,602
Total Net Assets Without Donor Restrictions	<u>12,858,102</u>	<u>10,775,343</u>
Net assets with donor restrictions		
For plants, facilities, grounds, projects	1,292,961	1,289,087
For Beeson projects	383,881	133,998
For Beeson beneficial interest	10,618,043	10,114,637
Total Net Assets With Donor Restrictions	<u>12,294,885</u>	<u>11,537,722</u>
Total Net Assets	<u>25,152,987</u>	<u>22,313,065</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 25,181,383</u>	<u>\$ 22,341,789</u>

*See accompanying notes to financial statements.*

**BIRMINGHAM BOTANICAL SOCIETY, INC.**

**Statement of Activities  
For the Year Ended December 31, 2021  
With Summarized Financial Information  
For the Year Ended December 31, 2020**

	2021			
	Without Donor Restrictions	With Donor Restrictions	Total	2020
<b>Support and Revenue</b>				
Contributions				
Public	\$ 751,809	\$ 18,713	\$ 770,522	\$ 581,843
Bequests	-	-	-	500,000
Community Foundation	103,171	-	103,171	48,874
In-kind	116,163	-	116,163	3,805
Memberships	216,994	-	216,994	187,598
General education revenue	-	47,762	47,762	24,535
Programs/special events	783,413	-	783,413	419,056
Investment income, net	1,864,750	498,723	2,363,473	1,586,829
PPP loan forgiveness	247,213	-	247,213	159,700
Fair value change in beneficial interest of Beeson Trust	-	503,406	503,406	679,408
Net assets released from restriction Restriction satisfied by expenditure	<u>311,441</u>	<u>(311,441)</u>	<u>-</u>	<u>-</u>
<b>Total Support and Revenue</b>	<u>4,394,954</u>	<u>757,163</u>	<u>5,152,117</u>	<u>4,191,648</u>
<b>Expenses</b>				
Programs				
Gardens	644,246	-	644,246	713,206
Education/library	410,753	-	410,753	411,718
Communications and membership	200,732	-	200,732	221,945
Events	346,514	-	346,514	111,468
Total Programs	1,602,245	-	1,602,245	1,458,337
Support services				
Development	293,744	-	293,744	284,598
General and administrative	<u>416,206</u>	<u>-</u>	<u>416,206</u>	<u>377,447</u>
<b>Total Expenses</b>	<u>2,312,195</u>	<u>-</u>	<u>2,312,195</u>	<u>2,120,382</u>
<b>Change in Net Assets</b>	2,082,759	757,163	2,839,922	2,071,266
<b>Net Assets, Beginning of Year</b>	<u>10,775,343</u>	<u>11,537,722</u>	<u>22,313,065</u>	<u>20,241,799</u>
<b>Net Assets, End of Year</b>	<u>\$ 12,858,102</u>	<u>\$ 12,294,885</u>	<u>\$ 25,152,987</u>	<u>\$ 22,313,065</u>

*See accompanying notes to financial statements.*

**BIRMINGHAM BOTANICAL SOCIETY, INC.**

**Statements of Functional Expenses  
For the Year Ended December 31, 2021  
With Summarized Financial Information  
For the Year Ended December 31, 2020**

	<u>Gardens</u>	<u>Education/ Library</u>	<u>Communication &amp; Marketing</u>	<u>Events</u>	<u>General &amp; Administrative</u>	<u>Development</u>	<u>Total</u>	<u>2020</u>
Salaries	\$ 243,108	\$ 307,264	\$ 92,083	\$ -	\$ 273,545	\$ 227,998	\$ 1,143,998	\$ 1,117,788
Garden maintenance	256,633	-	-	-	-	-	256,633	216,821
Employee benefits	28,201	35,643	10,682	-	31,731	26,448	132,705	128,833
Professional/consulting	36,965	12,775	18,060	39,551	18,464	2,405	128,220	211,372
In-kind	4,200	-	-	111,963	-	-	116,163	3,805
Payroll taxes	16,652	21,046	6,307	-	18,737	15,617	78,359	79,071
Materials/supplies	3,197	22,174	21,374	13,523	6,844	1,657	68,769	45,727
Printing/design	-	77	23,862	19,304	2,682	6,599	52,524	62,945
Technology and equipment	47,131	-	-	-	-	-	47,131	48,194
Rentals	-	-	-	37,976	-	-	37,976	24,061
Catering	7	364	-	34,508	403	1,014	36,296	21,793
Dues/subscriptions	2,323	9,284	12,131	-	10,356	1,480	35,574	31,214
Promotional	-	764	9,751	23,384	137	425	34,461	36,909
Cost of merchandise	-	-	-	30,948	-	-	30,948	18,079
Insurance	-	-	-	200	20,254	-	20,454	17,174
Bank charges	-	229	-	4,205	13,420	-	17,854	11,211
Depreciation	-	-	-	-	15,438	-	15,438	12,238
Security	-	-	-	13,320	-	120	13,440	1,328
Postage/shipping	7	111	6,347	3,062	730	2,303	12,560	12,184
Decorations	-	-	-	7,632	-	-	7,632	436
Travel	-	297	-	6,536	-	-	6,833	2,256
Tributes	-	-	-	-	-	5,797	5,797	7,020
Plant collections	5,783	-	-	-	-	-	5,783	5,837
Miscellaneous	-	-	-	-	1,522	1,764	3,286	2,571
Conferences/conventions	39	75	135	-	1,943	117	2,309	1,515
Speaker fees	-	650	-	-	-	-	650	-
Taxes and licenses	-	-	-	402	-	-	402	-
	<u>\$ 644,246</u>	<u>\$ 410,753</u>	<u>\$ 200,732</u>	<u>\$ 346,514</u>	<u>\$ 416,206</u>	<u>\$ 293,744</u>	<u>\$ 2,312,195</u>	<u>\$ 2,120,382</u>

*See accompanying notes to financial statements.*

**BIRMINGHAM BOTANICAL SOCIETY, INC.**

**Statement of Cash Flows  
For the Year Ended December 31, 2021  
With Summarized Financial Information  
For the Year Ended December 31, 2020**

	<u>2021</u>	<u>2020</u>
<b>Cash Flows From Operating Activities</b>		
Cash received from contributors and grants	\$ 2,016,277	\$ 1,797,930
Cash received from programs and other	47,762	24,535
Cash received from memberships	216,994	187,598
Interest and dividends received	160,524	175,752
Cash paid to suppliers and employees	<u>(2,318,999)</u>	<u>(2,241,016)</u>
<b>Net Cash Provided / (Used) by Operating Activities</b>	<u>122,558</u>	<u>(55,201)</u>
 <b>Cash Flows From Investing Activities</b>		
Acquisition of investments	(3,464,874)	(3,222,075)
Proceeds from sale of investments	3,121,732	3,006,877
Acquisition of property and equipment	(1,232)	(9,089)
Income distributions from Beeson Trust	<u>498,723</u>	<u>429,880</u>
<b>Net Cash Provided by Investing Activities</b>	<u>154,349</u>	<u>205,593</u>
 <b>Net Increase in Cash and Cash Equivalents</b>	276,907	150,392
 <b>Cash and Cash Equivalents, Beginning of Year</b>	<u>1,122,239</u>	<u>971,847</u>
 <b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 1,399,146</u>	<u>\$ 1,122,239</u>
 <b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 2,839,922	\$ 2,071,266
Adjustments to reconcile change in net assets:		
Depreciation	15,438	12,238
Unrealized (gain) on investments	(1,518,839)	(1,044,752)
Realized gain / (loss) on investment sales	(210,417)	38,549
(Increase) in fair value of beneficial interest in Beeson Trust	(503,406)	(679,408)
Income distribution from Beeson Trust	(498,723)	(429,880)
Change in operating assets and operating liabilities:		
Accounts receivable	(9,203)	84,652
Unconditional promises to give	5,000	-
Accounts payable	(2,108)	(101,833)
Prepaid expenses	3,116	(6,234)
Accrued liabilities	<u>1,778</u>	<u>201</u>
<b>Net Cash Provided / (Used) by Operating Activities</b>	<u>\$ 122,558</u>	<u>\$ (55,201)</u>

*See accompanying notes to financial statements.*



## BIRMINGHAM BOTANICAL SOCIETY, INC.

### Notes to Financial Statements For the Year Ended December 31, 2021

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#### Note 1 – Summary of Significant Accounting Policies

Organization and Nature of Activities – The Birmingham Botanical Society, Inc. (the Society) is administered pursuant to the Board of Directors. The existing Board of Directors elects Board Members.

The Society is a volunteer-based organization in partnership with the Birmingham Botanical Gardens. It promotes public knowledge and appreciation of plants, gardens, and the environment. The Society receives, raises, and administers resources for these purposes.

Basis of Accounting – The financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Promises to Give – Contributions are recognized when a donor makes a promise to give to the Society, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restriction if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in donor restricted net assets depending on the nature of the restrictions. When a restriction expires, donor restricted net assets are reclassified to net assets without donor restriction.

Noncash Donations – Noncash donations are recorded as contributions at their estimated fair values at the date of donation. Gifts of equity securities are sold immediately after being received.

Estimates – The preparation of financial statements in accordance with *Generally Accepted Accounting Principles* requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents – For purposes of the Statement of Cash Flows, the Society considers all highly liquid investments with maturities of three months or less to be cash equivalents.

Investments – Investments in marketable securities with readily determinable fair values, as well as all investments in debt securities, are reported at their fair values based on quoted market prices in the Statement of Financial Position. Unrealized gains and losses are included in the change found in the net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restriction if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Revenue with and without Donor Restrictions – Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Cost Allocations – Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are compensation and benefits, which are allocated on the basis of estimates of time and effort. In the current year, the Society consolidated and/or renamed several classes of functional expenses as the department classes were linked in their shared expenses. Consolidation of these classes changed the prior year totals individually as well, but not as a whole. No net asset changes were experienced through the consolidation.

*See independent auditor's report.*

## BIRMINGHAM BOTANICAL SOCIETY, INC.

### Notes to Financial Statements (continued) For the Year Ended December 31, 2021

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#### Note 1 – Summary of Significant Accounting Policies (continued)

Compensated Absences – Employees of the Society are entitled to paid vacation, paid sick days and personal days off, depending on job classification, length of service and other factors. It is impracticable to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The Society's policy is to recognize the costs of compensated absences when actually paid to employees.

Property and Equipment – It is the Society's policy to capitalize property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions, unless the donor has restricted the donated asset for a specific purpose. Property and equipment are depreciated using the straight-line method over the estimated useful life of each asset.

Income Taxes – The Society is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code; consequently, no provision for income tax has been made.

The Society has implemented the provisions of FASB ASC Topic 740, *Accounting for Uncertainty in Income Taxes*. As of December 31, 2021, the Society had no uncertain tax positions that qualify for disclosure in the financial statements. The Society files an annual Form 990 with the Internal Revenue Service, and its tax returns for the year 2018 and subsequent years remain subject to examination by tax authorities.

Comparative Financial Information – The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with *Generally Accepted Accounting Principles*. Accordingly, such information should be read in conjunction with the Society's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

#### Recent Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases. The standard's core principle is that a company will reflect virtually all leases on their balance sheet. The FASB retained a dual model that includes financing leases, which are similar to today's capital leases, and operating leases, with expense recognized on a straight-line basis. Under the FASB's dual approach, determining whether a lease is finance or operating will be based on guidance similar to the classification model under current US GAAP. The FASB's standard is effective for non-profit organizations for interim and annual reporting periods beginning after December 15, 2022. Entities are required to adopt the standard using a modified retrospective transition approach, which requires application of the new guidance at the beginning of the earliest comparative period presented in the year of adoption. Early adoption is permitted. We recommend that management review the update's provisions and plan accordingly.

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See independent auditor's report.

**BIRMINGHAM BOTANICAL SOCIETY, INC.**

**Notes to Financial Statements (continued)  
For the Year Ended December 31, 2021**

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**Note 2 – Liquidity and Availability of Financial Assets**

Financial assets, at year-end	\$ 14,540,752
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Subject to appropriation and satisfaction of donor restrictions	(1,292,961)
Restricted by donor with time or purpose restrictions	(383,881)
Board designations:	
Endowment fund, primarily for long-term investing	<u>(10,282,713)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,581,197</u>

The Society has \$14,540,752 of financial assets consisting of cash of \$1,399,146, receivables of \$58,077, short term investments of \$2,974,151 and investments in managed funds of \$10,109,378.

**Note 3 – Concentrations of Credit Risk**

Cash balances are maintained at several banks. Accounts at each bank are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Society also maintains accounts with several stock brokerage firms. The accounts contain cash and securities. Balances are insured up to \$500,000 (with a limit of \$250,000 for cash) by the Securities Investor Protection Corporation. At December 31, 2021, the Society had \$9,662,591 in cash and securities that were above insured amounts.

However, the Society has not experienced any losses on such amounts, nor does management believe these amounts are exposed to any significant risks.

**Note 4 – Endowment Funds**

As of December 31, 2021, the Board of Directors had designated \$10,282,713 of net assets without donor restriction into four endowment funds to support the goals of the Society. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported net assets without donor restriction.

The Society has a spending policy of appropriating for distribution each year up to 5% of its board-designated endowment fund's average fair value of the prior 12 quarters through the June 30 preceding the fiscal year in which the distribution is planned. In establishing this policy, the Society considered the long-term expected investment return on its endowment. Accordingly, the Society expects the current spending policy to allow its endowment funds to grow at a rate sufficient to preserve the future purchasing power of the Society's endowment.

**Note 5 – Donated Services**

Donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, that must be performed by people with those skills, and would otherwise be purchased by the Society. For the year ended December 31, 2021, there were donated services of \$116,162. Volunteers also provided program and fundraising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria was not met.

*See independent auditor's report.*

**BIRMINGHAM BOTANICAL SOCIETY, INC.****Notes to Financial Statements (continued)  
For the Year Ended December 31, 2021****Note 6 – Fair Value Measurements**

FASB ASC 820-10-50 establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
- Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

All assets have been valued using a market approach. The fair values of assets measured on a recurring basis at December 31, 2021 were as follows:

<b>Endowment Investments</b>	<b><u>Cost</u></b>	<b><u>Fair Value</u></b>	<b><u>Quoted Prices in Active Markets for Identical Asset (Level 1)</u></b>	<b><u>Significant Unobservable Inputs (Level 2)</u></b>
Without donor restriction				
Board designated for endowment held in mutual funds:				
Excellence in management fund	\$ 3,957,106	\$ 6,456,951	\$ 6,456,951	\$ -
Programmatic growth fund	960,999	1,568,097	1,568,097	-
Collections acquisition fund	583,257	951,722	951,722	-
Tending the garden fund	632,726	1,032,440	1,032,440	-
Donor restricted				
Restricted for term endowments	<u>100,168</u>	<u>100,168</u>	<u>100,168</u>	<u>-</u>
<b>Total Endowment Investments</b>	<b><u>\$ 6,234,256</u></b>	<b><u>\$ 10,109,378</u></b>	<b><u>\$ 10,109,378</u></b>	<b><u>\$ -</u></b>
<b>Other Investments</b>				
Certificates of Deposit	<u>\$ 3,020,000</u>	<u>\$ 2,974,151</u>	<u>\$ -</u>	<u>\$ 2,974,151</u>
<b>Total Investments</b>	<b><u>\$ 9,254,256</u></b>	<b><u>\$ 13,083,529</u></b>	<b><u>\$ 10,109,378</u></b>	<b><u>\$ 2,974,151</u></b>

*See independent auditor's report.*

**BIRMINGHAM BOTANICAL SOCIETY, INC.**

**Notes to Financial Statements (continued)  
For the Year Ended December 31, 2021**

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**Note 6 – Fair Value Measurements (continued)**

The following schedules summarize the investment return and its classification in the statement of activities at December 31, 2021:

	<u>Without Donor Restriction</u>	<u>Donor Restricted</u>	<u>Total</u>
Interest and dividends	\$ 160,523	\$ 498,723	\$ 659,246
Unrealized gains	1,518,839	-	1,518,839
Realized gains	210,417	-	210,417
Investment fees	<u>(25,029)</u>	<u>-</u>	<u>(25,029)</u>
<b>Total</b>	<u>\$ 1,864,750</u>	<u>\$ 498,723</u>	<u>\$ 2,363,473</u>

During 2021, the Society experienced, in addition to the preceding amounts, unrealized gains on their interest in the Estate of Lucille Stewart Beeson in the total of \$503,406 (see Note 9). These amounts are separately stated as donor restricted investment income on the Statement of Activities. The total donor restricted interest and dividends income in the schedule above represents the distributions from the Estate during 2021.

**Note 7 – Property and Equipment**

Property and equipment consisted of the following at December 31, 2021:

Office equipment	<u>\$ 48,405</u>
Total Property and Equipment	48,405
Less: Accumulated depreciation	<u>(28,935)</u>
<b>Property and Equipment, Net</b>	<u>\$ 19,470</u>

Depreciation expense for the year ended December 31, 2021 was \$15,438.

**Note 8 – Donor Restricted Net Assets**

Donor restricted net assets were available for the following purposes at December 31, 2021:

Beeson beneficial interest (Note 9)	\$ 10,618,043
Beeson projects	383,881
Plant, facilities, grounds, and projects	<u>1,292,961</u>
<b>Total Donor Restricted Net Assets</b>	<u>\$ 12,294,885</u>

Included in the net assets without donor restriction on the Statement of Financial Position are assets designated by the Board for the Society's endowment in the amount of \$10,282,713.

*See independent auditor's report.*

**BIRMINGHAM BOTANICAL SOCIETY, INC.**

**Notes to Financial Statements (continued)  
For the Year Ended December 31, 2021**

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**Note 9 – Beneficial Interest in the Trust of Lucille Stewart Beeson**

In 2001, the Society was named a beneficiary of the Trust of Lucille Stewart Beeson. Under the terms of the will, the Estate was left perpetually in trust and the Society was to receive 4.3% of the income from the trust in quarterly payments. At no time did the will allow for any principal reductions to the trust. The trust was not granted variance power; therefore, the beneficial interest has been combined in these financial statements. The income is restricted for use to purchase additional plants, new facilities and equipment; unexpended amounts have been included as net assets with donor restriction; and the income from the trust is included as an increase in net assets with donor restriction. Due to the uncertainties regarding the amounts to be received in the future, the beneficial interest has been valued using the Society's percentage of the fair value of the pool of assets. Changes in the fair value have been included in net assets with donor restriction. At December 31, 2021, the fair value of the Society's beneficial interest was valued at \$10,618,043. This amount is donor restricted.

**Note 10 – Trust Funds**

The Society receives support from various estate, trust and endowment funds as directed by the fund's administrators. Funds held by the Greater Birmingham Community Foundation of Birmingham, Alabama in the name of the Society totaled \$2,599,968 at December 31, 2021. The Community Foundation has variance power over these funds; thus, they are not consolidated in the financial statements.

A brief summary of funds held by the Foundation in the name of the Society are as follows at December 31, 2021:

<b>Regions Morgan Keegan</b>				
<b>Botanical Society</b>	<b>Kaul Wildflower Fund</b>	<b>Herb Garden Fund</b>	<b>Bruno Vegetable Garden Fund</b>	<b>Totals</b>
<u>\$ 1,427,826</u>	<u>\$ 930,515</u>	<u>\$ 78,057</u>	<u>\$ 163,570</u>	<u>\$ 2,599,968</u>

**Note 11 – Retirement Plans**

The Society has a Simple IRA with Fidelity Investments for employees meeting certain age and service requirements. Contributions are based upon a 3% max of employee salaries. Operating expenses include contributions of \$31,044 for employees during the year ended December 31, 2021.

**Note 12 – Payroll Protection Program Loan**

On January 27, 2021, the Society received a second draw of loan proceeds in the amount of \$247,213 under the Paycheck Protection Program ("PPP"). The Second Draw PPP Loan can be used to help fund payroll costs including benefits, mortgage interest, rent, utilities, worker protection costs related to COVID-19, uninsured property damage costs caused by looting or vandalism, and certain supplier costs and expenses for operations. The maximum loan amount of the Second Draw PPP Loan is 2.5 times the average monthly 2019 or 2020 payroll costs.

The Society received confirmation of forgiveness in full on September 22, 2021 and recognized the proceeds as PPP loan forgiveness income for the current audit period.

*See independent auditor's report.*

**BIRMINGHAM BOTANICAL SOCIETY, INC.**

**Notes to Financial Statements (continued)  
For the Year Ended December 31, 2021**

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**Note 13 – Subsequent Events**

Subsequent events were evaluated through REPORT DATE, which is the date the financial statements were available to be issued.

The Society's investments are subject to fluctuations in value based on market conditions. The Society has experienced unrealized losses on the fair value of their marketable securities in excess of \$1,000,000 and loss in fair value of their interest in the Trust of Lucille Stewart Beeson in excess of \$1,000,000 as of the report date.

*See independent auditor's report.*