

**MCKEE BOTANICAL GARDEN, INC.
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**June 30, 2021
(With Comparative Totals for 2020)**

MCKEE BOTANICAL GARDEN, INC.

Vero Beach, Florida

FINANCIAL STATEMENTS

June 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
McKee Botanical Garden, Inc.

We have audited the accompanying financial statements of McKee Botanical Garden, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of McKee Botanical Garden, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited McKee Botanical Garden, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 31, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

OFFUTT BARTON SCHLITT LLC

Vero Beach, Florida
September 8, 2021

MCKEE BOTANICAL GARDEN, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2021
(WITH COMPARATIVE TOTALS
AS OF JUNE 30, 2020)

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 1,642,592	\$ 1,101,699
Contributions receivable, net	136,845	225,239
Other receivable	-	67,076
Inventory	40,637	40,813
Prepaid expenses and other assets	40,353	20,755
Investments	4,337,357	3,430,390
Property and equipment, net	9,791,852	9,891,716
Total assets	\$ 15,989,636	\$ 14,777,688
LIABILITIES AND NET ASSETS		
Accounts payable and accrued liabilities	\$ 23,305	\$ 23,994
Deferred revenue	148,165	83,270
Total liabilities	171,470	107,264
Net assets		
Without donor restrictions		
Undesignated	10,446,476	10,682,839
Designated by the Board	418,099	189,160
Total without donor restrictions	10,864,575	10,871,999
With donor restrictions		
Purpose restrictions	2,041,949	941,783
Perpetual in nature	2,911,642	2,856,642
Total with donor restrictions	4,953,591	3,798,425
Total net assets	15,818,166	14,670,424
Total liabilities and net assets	\$ 15,989,636	\$ 14,777,688

See notes to the financial statements and Independent Auditors' Report.

**MCKEE BOTANICAL GARDEN, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR
THE YEAR ENDED JUNE 30, 2020)**

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	(Memo Total)
REVENUE, SUPPORT, AND GAINS				
Membership dues	\$ 830,281	\$ -	\$ 830,281	\$ 685,408
Gate receipts	735,629	-	735,629	373,206
Public support contributions	97,164	438,614	535,778	221,289
Grant revenue	-	-	-	122,825
Special events and exhibits (net of \$52,738 and \$121,190 of expense in 2021 and 2020, respectively)	185,587	-	185,587	99,597
Gift shop sales (net of \$86,947 and \$70,441 of cost of sales in 2021 and 2020, respectively)	47,945	-	47,945	18,295
Café sales (net of \$175,189 and \$0 of cost of sales in 2021 and 2020, respectively)	6,811	-	6,811	-
Rental income and concessions	300	-	300	11,545
Net investment return	100	653,808	653,908	77,710
	<u>1,903,817</u>	<u>1,092,422</u>	<u>2,996,239</u>	<u>1,609,875</u>
Subtotal revenues, support, and gains				
Net assets released from restriction	(62,744)	62,744	-	-
	<u>1,841,073</u>	<u>1,155,166</u>	<u>2,996,239</u>	<u>1,609,875</u>
Total revenue, support, and gains				
EXPENSES AND LOSSES				
Program and supporting services				
Program services	1,459,937	-	1,459,937	1,241,799
General and administrative	229,620	-	229,620	187,540
Fundraising	207,627	-	207,627	314,435
Total program and supporting services	<u>1,897,184</u>	<u>-</u>	<u>1,897,184</u>	<u>1,743,774</u>
(Gain) loss on disposal of assets	(48,687)	-	(48,687)	(19,137)
	<u>1,848,497</u>	<u>-</u>	<u>1,848,497</u>	<u>1,724,637</u>
Total expenses and losses				
Change in net assets	<u>(7,424)</u>	<u>1,155,166</u>	<u>1,147,742</u>	<u>(114,762)</u>
Net assets, beginning of year	10,871,999	3,798,425	14,670,424	14,785,186
Net assets, end of year	<u>\$ 10,864,575</u>	<u>\$ 4,953,591</u>	<u>\$ 15,818,166</u>	<u>\$ 14,670,424</u>

See notes to the financial statements and Independent Auditors' Report.

**MCKEE BOTANICAL GARDEN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR
THE YEAR ENDED JUNE 30, 2020**

	2021			2020	
	Program Services	Supporting Services		Total	All Funds Combined (Memo Total)
	Education Services	General and Administrative	Fundraising		
Salaries and wages	\$ 457,012	\$ 136,402	\$ 97,734	\$ 691,148	\$ 612,039
Payroll taxes and benefits	90,387	26,978	19,330	136,695	113,689
Total payroll	547,399	163,380	117,064	827,843	725,728
Depreciation	302,588	25,628	31,472	359,688	308,811
Exhibits	123,597	-	-	123,597	160,342
Grounds maintenance	109,497	5,366	6,592	121,455	114,283
Other administrative	77,402	20,502	7,719	105,623	73,737
Promotion and publicity	65,835	5,576	6,848	78,259	75,661
Children's Garden	53,031	-	-	53,031	18,463
Building maintenance	44,013	2,804	3,443	50,260	39,997
Printing and supplies	41,505	3,099	3,802	48,406	44,048
Insurance	36,500	3,091	3,797	43,388	34,722
Other maintenance	33,941	-	-	33,941	28,652
Fundraising costs	-	-	26,676	26,676	88,678
Educational programs	22,574	-	-	22,574	25,169
Legal	2,055	174	214	2,443	350
Bad debts	-	-	-	-	5,133
Total expenses	\$ 1,459,937	\$ 229,620	\$ 207,627	\$ 1,897,184	\$ 1,743,774

See notes to the financial statements and Independent Auditors' Report.

**MCKEE BOTANICAL GARDEN, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR THE
THE YEAR ENDED JUNE 30, 2020)**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,147,742	\$ (114,762)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	359,688	308,811
Restricted endowment contributions	(55,000)	(273,180)
Realized and unrealized gain on investments	(612,348)	(23,208)
Loss on disposal of property and equipment	-	47,939
Changes in operating assets and liabilities:		
Inventory	176	(23,159)
Prepaid expenses	(19,598)	38,684
Contributions receivable	87,894	326,981
Other receivable	67,076	(67,076)
Accounts payable and accrued liabilities	(689)	(181,038)
Retainage payable	-	(243,652)
Deferred revenue	64,895	(25,425)
Net cash from operating activities	1,039,836	(229,085)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(294,119)	(773,921)
Purchase of property and equipment	(259,824)	(1,267,462)
Net cash from investing activities	(553,943)	(2,041,383)
CASH FLOWS FROM FINANCING ACTIVITIES		
Restricted endowment contributions	55,000	800,680
Net cash from financing activities	55,000	800,680
Net change in cash	540,893	(1,469,788)
Cash and cash equivalents, beginning of year	1,101,699	2,571,487
Cash and cash equivalents, end of year	\$ 1,642,592	\$ 1,101,699

See notes to the financial statements and Independent Auditors' Report.

MCKEE BOTANICAL GARDEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 NATURE OF ORGANIZATION

McKee Botanical Garden, Inc. (“McKee”) is a Florida not-for-profit corporation created in 2003 to restore and operate McKee Botanical Garden, a public botanical garden in Vero Beach, Florida. It derives virtually all of its revenues from public support, either through contributions and grants or from program services fees. In recognition of the many functions McKee serves in its community and beyond, the Board of Directors and Advisors developed a multifaceted mission statement to guide its future. The mission of McKee is “to nurture and enhance a historic garden in a unique tropical setting for the education, enjoyment and enrichment of all.”

McKee makes every effort to engage the community on a regular basis by establishing traditions that are highly anticipated year after year. The activities of McKee include attractions, exhibitions and special events, a gift shop, café, and the Children’s Garden. Every day, McKee Botanical Garden provides new and exciting opportunities for learning and inspiration.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Net assets and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of McKee and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

McKee recognizes grants, contracts and contributions of cash or other assets restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or a purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue and Revenue Recognition

Contributions, including unconditional promises to give, are recorded as made. Contributed property and equipment are recorded at fair value at the date of donation. Revenue for gate receipts and special events and exhibits are recorded when received. Merchandise sales and café sales are recorded upon receipt. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

MCKEE BOTANICAL GARDEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

Donated Materials and Services

Donated materials and equipment are reflected as contributions at their estimated fair values at date of receipt. Contributions of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. McKee did not receive contributed services meeting these criteria during the years ended June 30, 2021 and 2020. McKee benefits from the hard work of more than 89 volunteers, who provided 2,940 hours of service in 2021. Volunteers work in almost every department and assist on projects ranging from garden maintenance tasks to special events. Whether as official representatives or unofficial community ambassadors, McKee's dedicated staff and volunteers are vital to McKee's well-being and prominence within the community.

Use of Estimates

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

Concentration of Credit Risk

Financial instruments that potentially subject McKee to concentrations of credit risk consist principally of cash, investments, and contributions receivable. The cash is insured by the Federal Deposit Insurance Corporation up to \$250,000 per depositor, per insured bank. Investments are secured by the Securities Investor Protection Corporation up to \$500,000, including a maximum of \$250,000 for cash claims. This protection does not cover investment losses in customer accounts due to market fluctuation or certain other losses incurred. Investments are diversified between fixed income securities and mutual funds.

Cash and Cash Equivalents

For purposes of the statement of cash flows, McKee considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Any allowable income released from the endowment funds is transferred to operating cash. McKee maintains its deposits in amounts which, at times, may exceed federally insured limits, in local financial institutions. Management does not believe that McKee is exposed to any significant interest rate or other financial risk as a result of these deposits.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Investments

Investments in marketable equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Net investment return is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct

MCKEE BOTANICAL GARDEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

internal investment expenses. Net investment return is reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Net investment return from donor-restricted endowments is reported as an increase in net assets with donor restrictions.

Fair Value Measurements

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants in the market in which the reporting entity transacts such sales or transfers based on the assumptions market participants would use when pricing an asset or liability. Assumptions are developed based on prioritizing information within a fair value hierarchy that gives the highest priority to quoted prices in active markets (level 1) and the lowest priority to unobservable data (level 3). The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

A description of each category in the fair value hierarchy is as follows:

Level 1 - Valuation is based upon quoted prices for identical instruments traded in active markets.

Level 2 - Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all-significant assumptions are observable in the market.

Level 3 - Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect the estimates of assumptions that market participants would use in pricing the asset or liability.

Investments with readily determinable fair value traded in an active market are categorized as Level 1 investments and include money market funds and mutual funds.

Inventory

Inventory, consisting of merchandise held for sale in the gift shop and goods held for sale in the café, is valued at lower of cost, using the first-in, first-out method, or net realizable value.

Property and Equipment and Depreciation

Property and equipment costing over \$5,000 are capitalized and depreciated over the estimated useful lives of the assets using the straight-line method. The fair value of contributed property and equipment is similarly capitalized and depreciated. Management annually evaluates these assets for impairment. The estimated useful lives used to compute depreciation are:

Buildings and structures	10 to 40 years
Landscape and waterways	20 to 40 years
Furniture and office equipment	5 to 10 years
Other operating equipment	5 to 10 years

MCKEE BOTANICAL GARDEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

Membership Dues and Deferred Revenue

Membership dues are recorded as earned for each fiscal year. Membership dues received in advance for the season year are deferred and included in liabilities on the statement of financial position.

Income Taxes

McKee is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is exempt from similar state and local taxes. Although McKee was granted income tax exemption by the Internal Revenue Service, such exemption does not apply to “unrelated business taxable income.” Such income, pursuant to the Internal Revenue Code and related regulations, includes investment income such as interest received from sources other than directly from donors or grantors. McKee has been classified as not a private foundation.

McKee analyzes its income tax filing positions in the federal and state jurisdictions where it is required to file income tax returns, as well as all open tax years in these jurisdictions, to identify potential uncertain tax positions. McKee treats interest and penalties attributable to income taxes, and reflects any charges for such, to the extent they arise, as a component of its general and administrative expenses.

McKee has evaluated its income tax filing positions for tax years 2018 through 2021, the years, which remain subject to examination as of June 30, 2021. McKee concluded that there are no significant uncertain tax positions requiring recognition in McKee’s financial statements. McKee does not expect the total amount of unrecognized tax benefits (“UTB”) (e.g. tax deductions, exclusions, or credits claimed or expected to be claimed) to significantly change in the next twelve months. McKee does not have any amounts accrued for interest and penalties related to UTBs at June 30, 2021 or 2020 and is not aware of any claims for such amounts by federal or state income tax authorities.

Prior Period Information

The financial statements include certain prior year corresponding totals intended to be read only in relation to the current period presentation. The corresponding information was derived from McKee’s audited financial statements for the year ending June 30, 2020, but herein, does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America.

Reclassifications

Certain reclassifications have been made to the 2020 financial statements herein to conform to the 2021 presentation. These reclassifications had no effect on the total net assets or the total change in net assets for 2020.

Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Costs that are directly related to McKee’s specific purpose have been recorded as a direct expense and included as program services. Certain costs have been allocated among the programs and supporting services benefited based on a percentage of direct labor and management’s estimates of the benefit derived by each activity.

MCKEE BOTANICAL GARDEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

Subsequent Events

Management has evaluated subsequent events through September 8, 2021, the date the financial statements were available to be issued. Management is not aware of any events subsequent to the statement of financial position date which would require additional adjustments to, or disclosure in, the accompanying financial statements.

NOTE 3 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects McKee's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions or internal designations. Amounts available include the Board-approved appropriation from the endowment fund for the following year as well as donor-restricted amounts that are available for expenditure in the following year. Amounts not available include amounts set aside for operating and other reserves that could be drawn upon if McKee's Board approves that action.

	<u>2021</u>	<u>2020</u>
Financial assets		
Cash and cash equivalents	\$ 1,642,592	\$ 1,101,699
Contributions receivable, net, collected in less than one year	87,000	104,500
Other receivable	-	67,076
Investments	<u>4,337,357</u>	<u>3,430,390</u>
Total financial assets, excluding noncurrent receivables	6,066,949	4,703,665
Contractual or donor-imposed restrictions:		
Endowment fund investments	(4,137,357)	(3,430,390)
Other donor restrictions	(2,041,949)	(941,783)
Add back: amounts available for donor-specified expenditures in following year	816,234	367,535
Board designations	<u>(418,099)</u>	<u>(189,160)</u>
Financial assets available to meet cash needs for expenditures within one year	<u>\$ 285,778</u>	<u>\$ 509,867</u>

NOTE 4 FAIR VALUE MEASUREMENTS

McKee utilizes fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures.

The following is a description of the valuation methodologies and key inputs used to measure financial assets recorded at fair value. The description includes an indication of the level of the fair value hierarchy in which the assets are classified.

MCKEE BOTANICAL GARDEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

Endowment

Investments are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions and other factors such as credit loss and liquidity assumptions. Level 1 securities include mutual funds and equity securities traded on an active exchange, such as the New York Stock Exchange, that are traded by dealers or brokers in active over-the-counter markets and money market funds.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although McKee believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Assets Recorded at Fair Value on a Recurring Basis

The following table sets forth by level, within the fair value hierarchy, the recorded amount of assets measured at fair value on a recurring basis as of June 30, 2021:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Endowment investments				
Cash and money market funds	\$ 1,052,348	\$ 1,052,348	\$ -	\$ -
Mutual funds				
Domestic equity	1,993,801	1,993,801	-	-
International equity	316,493	316,493	-	-
Fixed income	974,715	974,715	-	-
Total endowment at fair value	\$ 4,337,357	\$ 4,337,357	\$ -	\$ -

MCKEE BOTANICAL GARDEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

The following table sets forth by level, within the fair value hierarchy, the recorded amount of assets measured at fair value on a recurring basis as of June 30, 2020:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Endowment investments				
Cash and money market funds	\$ 1,151,339	\$ 1,151,339	\$ -	\$ -
Mutual funds				
Domestic equity	1,393,923	1,393,923	-	-
International equity	217,793	217,793	-	-
Fixed income	667,335	667,335	-	-
Total endowment at fair value	\$ 3,430,390	\$ 3,430,390	\$ -	\$ -

NOTE 5 CONTRIBUTIONS RECEIVABLE

Contributions receivable as of June 30 are as follows:

	2021	2020
Contributions receivable		
Campaign	\$ 139,500	\$ -
Children's Garden	-	234,000
Endowment	-	500
	139,500	234,500
Less: present value discount	(2,655)	(9,261)
Contributions receivable, net	\$ 136,845	\$ 225,239

Contributions receivable with due dates extending more than one year are discounted using a market rate for similar term investments. The discount rates used ranged from .45% to 2.08% for years ending June 30, 2021 and 2020.

Contributions receivable, net of present value, are estimated to be collected during the fiscal years ending June 30 as follows:

Year	Amount
2022	\$ 87,000
2023	23,992
2024	25,853
Contributions receivable, net	\$ 136,845

At June 30, 2021, two donors accounted for 90% of total contributions receivable.

**MCKEE BOTANICAL GARDEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 PROPERTY AND EQUIPMENT

Net property and equipment at June 30 are summarized by major classifications as follows:

	<u>2021</u>	<u>2020</u>
Property and equipment		
Children's Garden	\$ 4,162,980	\$ 4,162,980
Landscape and waterways	3,405,022	3,394,672
Buildings and improvements	3,211,456	3,110,189
Land	1,789,050	1,789,050
North parking lot	415,227	415,227
Hall of Giants	399,852	399,852
Office furniture and equipment	323,737	323,737
Vista Royale lot	143,501	-
Storage unit	102,347	102,347
Greenhouse	99,165	99,165
Computers and software	41,812	41,812
Construction in process	6,956	2,250
	<hr/>	<hr/>
Total	14,101,105	13,841,281
Less: accumulated depreciation	4,309,253	3,949,565
	<hr/>	<hr/>
Net property and equipment	<u>\$ 9,791,852</u>	<u>\$ 9,891,716</u>

Depreciation expense totaled \$359,688 and \$308,811 for the years ended June 30, 2021 and 2020, respectively.

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
Subject to the passage of time or expenditure for specified purpose		
Endowment earnings	\$ 1,225,715	\$ 574,248
Summer operating fund	104,535	104,535
Campaign fund	711,699	263,000
	<hr/>	<hr/>
Total subject to the passage of time or expenditure for specified purpose	<u>\$ 2,041,949</u>	<u>\$ 941,783</u>

Endowment

Contributions to McKee's endowment funds are invested in accordance with McKee's endowment investment guidelines. The stated objective of the policy is to generate prudent but competitive investment returns from its endowments. The policy states that the funds are to be managed conservatively but will take reasonable risks in growing the funds in order to meet donor objectives while also paying out earnings up to a maximum 3.5% of year end principal value. Assets of the fund are to be diversified to protect against large investment losses and minimize volatility. Investment diversity is to be achieved by limiting the amount

MCKEE BOTANICAL GARDEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
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invested in domestic equity securities, international equity securities, fixed income securities and cash equivalents. The policy states an acceptable range for each asset class.

McKee's endowment consists of donor-restricted endowment funds and organization resources designated by the Board as endowment (quasi-endowments). As required, net assets associated with endowment funds, including quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of McKee has interpreted Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, McKee retains in perpetuity (a) the historical dollar value of gifts donated to the endowment, (b) the historical dollar value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by McKee in a manner consistent with the standard of prudence prescribed by UPMIFA or unless there is a deficiency in the endowment fund as described below. In accordance with UPMIFA, McKee considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The terms of the endowment agreement, which document the wishes of the contributor
- The purposes of McKee and the donor-restricted endowment fund
- General economic conditions
- The possible effects of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of McKee
- Current investment policies

Return Objective and Risk Parameters

McKee has adopted a balanced growth investment approach seeking to protect the long-term principal value of the endowment fund while providing long-term real growth of the principal. McKee understands that actual returns in any given year may vary and that adoption of this objective does not assure achievement of any specific investment results. McKee 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, with the asset mix to consist of 45%-80% equity instruments and 10%-50% fixed income securities and cash equivalents. McKee has preference for simple investment structures, which will have lower cost, easier oversight, and less complexity for internal financial management.

Spending Policy

Distributions from the endowment fund are determined annually for the subsequent calendar year by the Finance Committee of the Board of Directors based on the needs of McKee and

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their determination of availability of funds for distribution, using 3.5% of endowment assets as a distribution guide.

Net Assets With Perpetual Restrictions

Net assets with perpetual donor restrictions consisted of the following endowments at June 30:

Endowments	<u>2021</u>	<u>2020</u>
Schumann endowment	\$ 1,125,535	\$ 1,075,535
Bingham endowment	100,000	100,000
Becker endowment	100,000	100,000
Hurtt endowment	75,000	75,000
Davenport endowment	50,000	50,000
Rolf endowment	50,000	50,000
Broadbent endowment	34,677	34,677
Cole endowment	5,000	5,000
Tansill endowment	5,000	-
Anonymous endowments	<u>1,366,430</u>	<u>1,365,930</u>
Total	2,911,642	2,856,142
Contributions receivable	<u>-</u>	<u>500</u>
Total	<u>\$ 2,911,642</u>	<u>\$ 2,856,642</u>

Changes in endowment net assets for the years ended June 30 are as follows:

	<u>Accumulated Gains (Losses) and Other</u>	<u>Original Gift Amount</u>	<u>Total</u>
Changes in endowment net assets with donor restrictions for the year ended June 30, 2021			
Investment return			
Investment income	\$ 41,460	\$ -	\$ 41,460
Net realized gains	12,458	-	12,458
Net unrealized appreciation	<u>599,890</u>	<u>-</u>	<u>599,890</u>
Net investment return	653,808	-	653,808
Release of restriction	(2,341)	-	(2,341)
Contributions	<u>-</u>	<u>55,500</u>	<u>55,500</u>
Changes in endowment net assets	651,467	55,500	706,967
Endowment net assets			
Beginning of year, July 1, 2020	<u>574,248</u>	<u>2,856,142</u>	<u>3,430,390</u>
End of year, June 30, 2021	<u>\$ 1,225,715</u>	<u>\$ 2,911,642</u>	<u>\$ 4,137,357</u>

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Changes in endowment net assets without donor restrictions for the year ended June 30, 2021

Reclassification			
Board designated quasi-endowment funds	\$ -	\$ 200,000	\$ 200,000
Beginning of year, July 1, 2020	-	-	-
End of year, June 30, 2021	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>
Total endowment net assets end of year, June 30, 2021	<u>\$ 1,225,715</u>	<u>\$ 3,111,642</u>	<u>\$ 4,337,357</u>

With Donor Restrictions

	Accumulated Gains (Losses) and Other	Original Gift Amount	Total
Changes in endowment net assets for the year ended June 30, 2020			
Investment return			
Investment income	\$ 50,347	\$ -	\$ 50,347
Net realized gains	15,558	-	15,558
Net unrealized appreciation	7,650	-	7,650
Net investment return	73,555	-	73,555
Release of restriction	(77,106)	-	(77,106)
Reclassification	-	-	-
Contributions	-	800,680	800,680
Changes in endowment net assets	(3,551)	800,680	797,129
Endowment net assets			
Beginning of year, July 1, 2019	577,799	2,055,462	2,633,261
End of year, June 30, 2020	<u>\$ 574,248</u>	<u>\$ 2,856,142</u>	<u>\$ 3,430,390</u>

The fair value of investments held in endowment accounts at June 30, 2021 and 2020, amounted to \$4,337,357 and \$3,430,390, respectively.

NOTE 8 LINE OF CREDIT

McKee has a revolving line of credit with a bank in the amount of \$500,000. Borrowings under the line of credit bear interest on the unpaid principal amount outstanding at the rate per year equal to the prime-based rate. Any accrued interest and principal are due July 31, 2021, which is the date of maturity. As of June 30, 2021, McKee did not have an amount outstanding on the line of credit.

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NOTE 9 BOARD DESIGNATED FUNDS

The Board of Directors of McKee has designated unrestricted funds for various purposes. Board designated funds are available for the following purposes as of June 30:

	<u>2021</u>	<u>2020</u>
Board designated funds		
Quasi-endowment	\$ 200,000	\$ -
Rainy day fund	93,637	64,715
Summer operating fund	50,948	50,931
Capital maintenance fund	73,514	73,514
	<u>73,514</u>	<u>73,514</u>
Total board designated funds	<u>\$ 418,099</u>	<u>\$ 189,160</u>

NOTE 10 PAYCHECK PROTECTION PROGRAM

During the year ended June 30, 2020, McKee received a Paycheck Protection Program (PPP) loan of \$122,825 granted by the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). PPP loans are considered conditional contributions, with a right-of return in the form of an obligation to be repaid if a barrier to entitlement is not met. The barrier is that PPP loan funds must be used to maintain compensation costs and employee headcount, and other qualifying expenses (mortgage interest, rent and utilities) incurred following receipt of the funds. For the year ended June 30, 2020, McKee recognized \$122,825 as grant revenue as qualified expenses occurred / barriers to entitlement were met. The loan was forgiven during the year ended June 30, 2021.

NOTE 11 INSURANCE REIMBURSEMENT

On May 25, 2020, a power pole owned by Florida Power & Light fell onto a power line causing an electrical fire within the horticultural building. At the time of the loss McKee was covered under insurance and filed a claim for reimbursement. During the year ended June 30, 2020, McKee's insurance provider agreed to pay \$67,076 which McKee recorded as a receivable and as an offset to the loss related to the horticultural building damage. During the year ended June 30, 2021, McKee's insurance provider agreed to pay an additional \$48,687 for damages to the horticultural building. The amounts were received during the year ended June 30, 2021, and \$48,687 is included in the statement of activities as a gain on disposal of assets.

NOTE 12 RELATED PARTY TRANSACTIONS

During the year ended June 30, 2021, McKee received contributions from board members totaling approximately \$395,504.