



Houston Arboretum & Nature Center

FINANCIAL STATEMENTS

June 30, 2022 and 2021

	Page
REPORT	
Independent Auditors' Report	1
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	6
Statements of Cash Flows	7
Notes to Financial Statements	8



Carr, Riggs & Ingram, LLC

Two Riverway
15th Floor
Houston, TX 77056

713.621.8090
713.621.6907 (fax)
CRIcpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Houston Arboretum & Nature Center
Houston, Texas

Opinion

We have audited the accompanying financial statements of Houston Arboretum & Nature Center (the Arboretum) which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Houston Arboretum & Nature Center as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Houston Arboretum & Nature Center 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.

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 Houston Arboretum & Nature Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 Houston Arboretum & Nature Center'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 Houston Arboretum & Nature Center'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.

Carr, Rigggs & Ingram, L.L.C.

Houston, Texas
October 27, 2022

Houston Arboretum & Nature Center Statements of Financial Position

<i>June 30,</i>	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 948,249	\$ 856,898
Promises to give	100,640	110,000
Master Plan promises to give	612,500	722,500
Employee retention credits receivable	460,990	-
Asset held for sale	321,558	-
Nature shop inventory	19,633	15,649
Total current assets	2,463,570	1,705,047
Long-term investments	3,062,985	3,212,477
Long-term promises to give	-	100,000
Long-term Master Plan promises to give	500,000	1,112,500
Property and equipment, net	1,184,700	2,649,563
Total assets	\$ 7,211,255	\$ 8,779,587
Liabilities and net assets		
Current liabilities		
Accounts payable	\$ 30,452	\$ 34,074
Contract liabilities	258,720	80,465
Total current liabilities	289,172	114,539
Line of credit	1,103,883	1,926,383
Total liabilities	1,393,055	2,040,922
Net assets		
Without donor restrictions		
Designated for specific purpose	382,721	382,721
Undesignated	4,424,606	3,970,520
Total net assets	4,807,327	4,353,241
With donor restrictions	1,010,873	2,385,424
Total net assets	5,818,200	6,738,665
Total liabilities and net assets	\$ 7,211,255	\$ 8,779,587

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

Houston Arboretum & Nature Center Statement of Activities

<i>For the year ended June 30, 2022</i>	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenue and support			
Contributions	\$ 1,034,209	\$ 358,942	\$ 1,393,151
Master Plan contributions	-	121,000	121,000
Contributions of nonfinancial assets	351,496	-	351,496
Government grants - employee retention credits	460,990	-	460,990
Memberships	98,669	-	98,669
Nature shop sales	65,599	-	65,599
Special events	481,638	-	481,638
Less: cost of direct benefits to members	(103,389)	-	(103,389)
Program and education fees	623,734	-	623,734
Rental income	244,139	-	244,139
Other income	331,929	-	331,929
Investment return, net	(462,424)	-	(462,424)
Total operating revenue and support before release of net assets from restrictions	3,126,590	479,942	3,606,532
Net assets released from restrictions			
Satisfaction of program restrictions	412,942	(412,942)	-
Expiration of timing restrictions	100,000	(100,000)	-
Master Plan	1,341,551	(1,341,551)	-
Total net assets released from restrictions	1,854,493	(1,854,493)	-
Total operating revenue and support	4,981,083	(1,374,551)	3,606,532
Operating expenses			
Program	2,415,095	-	2,415,095
General and administrative	452,897	-	452,897
Fundraising	188,590	-	188,590
Total operating expenses	3,056,582	-	3,056,582
Change in net assets from operations	1,924,501	(1,374,551)	549,950
Other changes in net assets			
Conveyance of Master Plan assets to City of Houston	(1,470,415)	-	(1,470,415)
Change in net assets	454,086	(1,374,551)	(920,465)
Net assets at beginning of year	4,353,241	2,385,424	6,738,665
Net assets at end of year	\$ 4,807,327	\$ 1,010,873	\$ 5,818,200

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

Houston Arboretum & Nature Center
Statement of Activities

<i>For the year ended June 30, 2021</i>	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenue and support			
Contributions	\$ 703,685	\$ 475,400	\$ 1,179,085
Master Plan contributions	-	312,174	312,174
Government grants - PPP	665,270	-	665,270
Memberships	140,862	-	140,862
Contributions of nonfinancial assets	36,325	-	36,325
Nature shop sales	51,765	-	51,765
Special events	258,597	-	258,597
Less: cost of direct benefits to members	(67,920)	-	(67,920)
Program and education fees	253,565	-	253,565
Rental income	78,988	-	78,988
Other income	394,247	-	394,247
Investment return, net	665,813	-	665,813
Total operating revenue and support before release of net assets from restrictions	3,181,197	787,574	3,968,771
Net assets released from restrictions			
Satisfaction of program restrictions	161,666	(161,666)	-
Expiration of timing restrictions	100,000	(100,000)	-
Master Plan	4,270,903	(4,270,903)	-
Total net assets released from restrictions	4,532,569	(4,532,569)	-
Total operating revenue and support	7,713,766	(3,744,995)	3,968,771
Operating expenses			
Program	1,813,366	-	1,813,366
General and administrative	411,662	-	411,662
Fundraising	179,341	-	179,341
Total operating expenses	2,404,369	-	2,404,369
Change in net assets from operations	5,309,397	(3,744,995)	1,564,402
Other changes in net assets			
Conveyance of Master Plan assets to City of Houston	(4,202,406)	-	(4,202,406)
Change in net assets	1,106,991	(3,744,995)	(2,638,004)
Net assets at beginning of year	3,246,250	6,130,419	9,376,669
Net assets at end of year	\$ 4,353,241	\$ 2,385,424	\$ 6,738,665

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

Houston Arboretum & Nature Center Statements of Functional Expenses

	2022				2021			
	Program	General and Administrative	Fundraising	Total	Program	General and Administrative	Fundraising	Total
Advertising and promotion	\$ 37,168	\$ -	\$ 603	\$ 37,771	\$ 35,212	\$ -	\$ 500	\$ 35,712
Audit and accounting fees	-	32,505	-	32,505	-	29,520	-	29,520
Bank charges and interest expense	38,556	54,882	234	93,672	67,253	22,855	134	90,242
Building maintenance	69,377	56,529	2,570	128,476	64,813	69,848	-	134,661
Communications	8,276	20,857	-	29,133	4,931	16,811	-	21,742
Cost of special events	-	-	103,389	103,389	-	-	67,920	67,920
Depreciation excluding nature shop depreciation	92,407	2,484	2,484	97,375	72,405	1,946	1,946	76,297
Employee benefits	341,814	50,964	37,784	430,562	240,187	45,441	35,703	321,331
Insurance	1,243	35,289	-	36,532	1,243	31,783	-	33,026
Nature shop	76,539	-	-	76,539	43,239	-	-	43,239
Office expenses	23,240	8,774	2,021	34,035	19,515	7,673	1,333	28,521
Printing	17,270	15,023	11,162	43,455	9,812	15,756	4,775	30,343
Professional development	9,446	-	2,124	11,570	13,356	1,557	2,363	17,276
Program and education expense	362,835	-	-	362,835	289,081	3,913	-	292,994
Rentals - operating costs	77,378	-	-	77,378	12,586	-	-	12,586
Salaries and wages	1,175,017	173,786	129,127	1,477,930	871,156	163,222	132,467	1,166,845
Travel and entertainment	10,274	1,804	481	12,559	3,312	1,337	120	4,769
Paid parking expense	61,651	-	-	61,651	54,870	-	-	54,870
Utilities	12,604	-	-	12,604	10,395	-	-	10,395
Total expenses	2,415,095	452,897	291,979	3,159,971	1,813,366	411,662	247,261	2,472,289
Cost of special events reported separately	-	-	(103,389)	(103,389)	-	-	(67,920)	(67,920)
Total operating expenses	\$ 2,415,095	\$ 452,897	\$ 188,590	\$ 3,056,582	\$ 1,813,366	\$ 411,662	\$ 179,341	\$ 2,404,369

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

Houston Arboretum & Nature Center Statements of Cash Flows

<i>For the years ended June 30,</i>	2022	2021
Operating activities		
Change in net assets	\$ (920,465)	\$ (2,638,004)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation	99,363	77,855
Conveyance of Master Plan assets to City of Houston	1,470,415	4,202,406
Contributions of nonfinancial assets	(321,558)	-
Contributions restricted for Master Plan	(121,000)	(312,174)
Net realized gain on investments	(110,992)	(54,625)
Net unrealized (gain) loss on investments	618,699	(574,845)
Change in operating assets and liabilities		
Promises to give	109,360	(110,000)
Employee retention credits receivable	(460,990)	-
Nature shop inventory	(3,984)	(1,304)
Accounts payable	(3,622)	(587,501)
Contract liabilities	178,255	(91,333)
Refundable advance - PPP	-	(334,265)
Net cash provided by (used in) operating activities	533,481	(423,790)
Investing activities		
Proceeds from sales and maturities of investments	547,390	507,835
Purchases of investments	(905,605)	(442,778)
Purchases of property and equipment	(104,915)	(1,215,534)
Net cash used in investing activities	(463,130)	(1,150,477)
Financing activities		
Proceeds from Master Plan contributions	843,500	1,304,474
Net borrowings (repayments) on line of credit	(822,500)	267,196
Net cash provided by financing activities	21,000	1,571,670
Net change in cash and cash equivalents	91,351	(2,597)
Cash and cash equivalents at beginning of year	856,898	859,495
Cash and cash equivalents at end of year	\$ 948,249	\$ 856,898
Supplementary cash flow information		
Cash paid for interest	\$ 41,999	\$ 53,167

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

Houston Arboretum & Nature Center Notes to Financial Statements

Note 1: OVERVIEW AND MANAGEMENT'S DISCUSSION OF ACTIVITIES (UNAUDITED)

Overview

Houston Arboretum & Nature Center (the Arboretum) serves the greater Houston area as an urban nature sanctuary and center for nature education. Its mission is to provide education about the natural environment to people of all ages and to protect and enhance the Arboretum as a haven and sanctuary for native plants and animals.

The fiscal year ended June 30, 2022 was another successful year of growth, improved financial stability, and growing attendance for the Houston Arboretum & Nature Center. Despite the lingering COVID-19 pandemic, the Arboretum debuted new classes and programs, welcomed school groups and summer campers, and continued to maintain and improve its precious acreage.

Several unexpected contributions, including a substantial bequest from a longtime volunteer, as well as great success with fundraising events, meant that the Arboretum ended the year more than \$750,000 over budget. Much of this additional revenue has been set aside to help the Arboretum achieve future goals and for site and facility maintenance, a rainy-day fund, and an endowment for special projects. Income from rentals, memberships, and programs was also well above budget, due in large part to the new outdoor spaces and classrooms that were opened as part of the master plan, as well as the hard work of the Arboretum's growing staff, now a team of 28. Nearly 4,000 people participated in ArBOOretum, the organization's largest event of the year, which generated more than \$70,000 in revenue, and the Arboretum's wonderful outdoor spaces were utilized again for an on-site Alfresco Gala in April.

Finally, the Arboretum's Board of Directors and staff worked together throughout the year to craft a Diversity statement that will serve as a guide for the organization as it works to improve access and outcomes for its diverse user groups.

The Houston Arboretum & Nature Center strives to integrate diversity, equity, accessibility and community into its practices. We welcome and serve all members of our diverse community.

Mission Activities: Education and Conservation

When the fiscal year began in July 2021, there was a collective sense that the 2021-2022 school year would return to normal for both students and nonprofit organizations. Unfortunately, sporadic surges of COVID throughout the year meant that many public-school districts (most notably HISD) paused field trips for much of the school year. Arboretum educators were able to see students in person from many private schools during this time and worked to accommodate as many groups as possible, with nearly 4,000 students attending in-person this school year. During this time, staff also pivoted to create outreach programming especially for the Arboretum's "adopted" Title I schools in order to ensure continuity in their science education experience. We saw 2,500 students via outreach, all from our four adopted school campuses, this school year. In addition, we held virtual sessions for 600 students from schools who were unable to host outreach visits on site.

Houston Arboretum & Nature Center Notes to Financial Statements

Note 1: OVERVIEW AND MANAGEMENT'S DISCUSSION OF ACTIVITIES (UNAUDITED) (Continued)

In addition to school programs, the Arboretum's team of naturalist educators implemented a variety of other educational experiences. A new partnership with House of Tiny Treasures, a preschool for children who have experienced homelessness, was established; the Arboretum's work with Small Steps Nurturing Center continued. Home School and Scouting programs continue to be popular offerings, and Birthday Parties held on the new Nature Playscape brought in nearly \$70,000, a significant increase over past years. And, as the year ended, the Arboretum's first full-time Summer Camp program since 2019 was kicking off with record attendance.

The Arboretum's conservation staff, a team of 7, worked throughout the year to maintain the Arboretum by removing invasive species, planting native plants, grasses, and forbs, and generally managing the health of the site's ecosystems. This year, dedicated work along the Wildflower Trail resulted in an amazing display of colorful native wildflowers and pollinators. The team worked diligently throughout the year to conduct removal of challenging invasives, along with a heavy application of native wildflower seeds, transforming this prominent trail. In addition to work on the Wildflower Trail, the team spent considerable effort on the marquee planted areas of the site, including the Pollinator Garden, Display Walk, and both Entrance Gardens.

The Arboretum again welcomed goats from Rent-A-Ruminant, who grazed for 11 days in the 3-acre woodland area inside the 610 parking loop. A hit with both guests and staff, this method of landscape management allows for incredibly efficient clearing of the understory layer and is ecologically sustainable. Working with the Houston Fire Department and Texas Parks & Wildlife, the conservation team also planned and implemented a prescribed fire in March, increasing the biodiversity of the Arboretum's ecosystems and reducing invasive and woody species. These land management techniques are used in conjunction with staff and volunteer time to keep the Arboretum's restoration areas healthy and diverse. The conservation team also organizes two native plant sales each year; in FY21-22 revenue from plant sales was \$55,000.

In the coming year, the Arboretum is looking forward to launching its new website and will be working to complete a strategic plan in order to establish a series of aligned and focused efforts that will allow the organization to continue on its path of success.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are maintained on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updated (ASUs).

Houston Arboretum & Nature Center Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America 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 reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Arboretum considers all highly liquid investments with initial maturities of three months or less at the time of purchase to be cash and cash equivalents. Included in cash and cash equivalents at June 30, 2022 and 2021 is \$10,171 and \$22,768, respectively, of restricted cash related to Master Plan contributions received, net of expenses incurred. Additionally, cash and cash equivalents at June 30, 2022 and 2021 includes \$382,721 of cash designated by the Board of Directors for an operating reserve fund, and \$209,452 and \$78,019, respectively, related to endowment funds.

Program Fees Receivable

As of June 30, 2022 and 2021, there were no program fees receivable. Management evaluates receivables for collectability on an individual basis. If amounts become uncollectible, they will be charged to operations when that determination is made.

Promises to Give

Receivables consist of unconditional promises to give. Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are recorded at the present value of their estimated future cash flows, if material. Earnings are charged with a provision for doubtful receivables based on a current review of collectability of the accounts. At June 30, 2022 and 2021, promises to give were considered fully collectible; therefore no allowance was required. There was no long-term portion of promises to give at June 30, 2022.

Master Plan Promises to Give

The Arboretum's Master Plan promises to give are comprised of amounts committed from various donors for use in the Master Plan. Master Plan promises to give expected to be collected within one year are recorded at net realizable value. Master Plan promises to give expected to be collected in future years are recorded at the present value of their estimated future cash flows, if material. Earnings are charged with a provision for doubtful receivables based on a current review of collectability of the accounts. At June 30, 2022 and 2021, Master Plan promises to give were considered fully collectible; therefore no allowance was required. The long-term portion of the Master Plan promises to give of \$500,000 and \$1,112,500 at June 30, 2022 and 2021, respectively, will be collected in 2023 and 2024.

Houston Arboretum & Nature Center Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

Inventory for the nature shop consists of purchased items valued at the lower of specific cost, determined using the first-in, first-out method, or net realizable value.

Investments and Investment Return

Investments are recorded at fair value. Investment return includes interest, dividends, capital gain distributions, realized and unrealized gains and losses, and investment fees. Investment return is reported in the statements of activities as an increase in net assets without donor restrictions unless the use of the income is limited by donor imposed restrictions. Investment return whose use is restricted by the donor is reported as an increase in net assets with donor restriction until expended in accordance with donor imposed restrictions. Marketable securities donated to the Arboretum are recorded at fair value on the date of donation.

Property and Equipment

Property and equipment is stated at cost, or in the case of donated property, at the estimated fair market value at the date of donation. The cost of property and equipment purchased in excess of \$1,000 is capitalized. Depreciation is computed using the straight-line method for financial reporting purposes. Useful lives of the assets are five years to fifteen years for furniture and equipment, fifteen years for grounds and trails, discovery room and library, signage and artwork and ten years for land improvements.

Routine maintenance, repair, renewal and replacement costs are charged against operations in the year incurred. Expenditures, which materially increase values or extend useful lives of property and equipment, are capitalized. Cost and accumulated depreciation are removed from the accounts when an asset is sold or retired and the resulting gain or loss is included in the statements of activities.

Land used by the Arboretum for its building and nature center operations is owned by the City of Houston. No rent is paid for the use of the land.

Long-Lived Assets

The Arboretum's long-lived assets are evaluated for impairment in accordance with generally accepted accounting principles which requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable based on expected undiscounted cash flows attributable to that asset. This review requires significant judgments both in assessing events and circumstances as well as estimating future cash flows. Should events indicate that any of the assets are impaired, the amount of such impairment will be measured as the difference between the carrying value and the fair value of the impaired asset and the impairment will be recorded in earnings during the period of such impairment. Management believes no impairment has occurred with respect to long-lived assets at June 30, 2022 and 2021.

Houston Arboretum & Nature Center Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Asset Held for Sale

During the year ended June 30, 2022, the Arboretum received a bequest upon the death of a long-time volunteer, which included the volunteer's real estate. The title of the real estate transferred to the Arboretum in June 2022. The Arboretum's board intends to sell the real estate and invests the proceeds for future operations. As of and for the year ended June 30, 2022, the Arboretum has an asset held for sale of \$321,558 in the statement of financial position and the related contribution was included as a contribution of a nonfinancial asset in the statement of activities.

Fair Value Considerations

The Arboretum may use fair value to measure monetary and certain nonmonetary financial assets and liabilities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value hierarchy established and prioritized fair value measurements into three levels based on the nature of the inputs. The hierarchy gives the highest priority to inputs based on market data from independent sources (observable inputs-Level 1) and the lowest priority to a reporting entity's internal assumptions based upon the best information available when external market data is limited or unavailable (unobservable inputs-Level 3).

The fair value option allows entities to choose, at specified election dates, to measure eligible financial assets and financial liabilities at fair value that are not otherwise required to be measured at fair value. If an entity elects the fair value option for an eligible item, changes in that item's fair value in subsequent reporting periods must be recognized in current earnings. The Arboretum did not elect the fair value option for the measurement of any eligible assets or liabilities.

The Arboretum's remaining financial instruments (primarily cash and cash equivalents, receivables, payables, and debt) are carried in the financial statements at amounts that reasonably approximate fair value.

Net Assets

The Arboretum reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

- Net Assets with Donor Restrictions – Net assets subject to donor-imposed stipulations that they be maintained in perpetuity by the Arboretum. The donors of these assets permit the Arboretum to use all of the income earned on related investments for general purposes. Net assets with donor restrictions also include net assets subject to donor-imposed stipulations that may or will be met either by actions of the Arboretum and/or passage of time.

Houston Arboretum & Nature Center Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations but may be designated for specific purpose by action of the Board of Directors.

Revenue Recognition

Contributions and Special Events

The Arboretum recognizes contributions when cash, other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Contributions received are recorded as increases in net assets with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purposes restriction is accomplished), 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.

Special events revenue represents the amount paid by donors, sponsors, and attendees of a fundraising event. Ticket sales include elements of both contributions and exchange transactions and are recognized when an event occurs. Cost of direct donor benefits provided represents the costs of goods and services provided in exchange for the amount paid by event attendees.

Memberships, Nature Shop, Program and Education Fees, Rental and Other Income

Memberships, nature shop sales, program and education fees, rental and other program income are accounted for under ASC Topic 606, Revenue from Contracts with Customers (ASC 606) as exchange transactions, and revenue is recognized when performance obligations under the terms of the contracts with customers are satisfied.

Membership dues are recognized over time as the member benefits are received and consumed simultaneously during the membership period. Revenues for summer discovery classes, winter discovery classes, preschool classes, spring break camp and homeschool classes (included in program and education fees) are recognized over time, as the classes are conducted. Customers that officially withdraw are able to request a refund of their fees or accept credit towards a future class. All other program and education fees are recognized at a point in time. Included in program and education fees is \$196,925 and \$96,542 of revenues recognized over time for 2022 and 2021, respectively. Rental income and other programs are recognized at a point in time. Revenue for nature shop sales are recognized at the point of sale.

Houston Arboretum & Nature Center Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advance payments received from customers for program services and future events are reflected as a contract liability in the statements of financial position. The following table provides information about contract liabilities from contracts with customers:

<i>June 30,</i>	2022	2021
Contract liabilities, beginning of year	\$ 80,465	\$ 171,798
Contract liabilities, end of year	\$ 258,720	\$ 80,465

Gifts-In-Kind, Donated Goods and Services

The Arboretum's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Arboretum. If an asset is provided that does not allow the Arboretum to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

During the year ended June 30, 2022, the Arboretum received a bequest of real estate. In August 2022, the Arboretum sold the real estate for \$321,558. Due to the proximity of the sale date to the donation, the sale price was used as an estimate of the fair value of the contribution for the year ended June 30, 2022.

The City of Houston pays for the utility costs of the Arboretum. Utility expenses incurred by the Arboretum total \$12,604 and \$10,395 based on current market rates for the years ended June 30, 2022 and 2021, respectively.

The Arboretum performs routine maintenance requiring the use of heavy equipment. Mustang Rental Services provides the use of heavy equipment at no cost to the Arboretum, but based on current market rental rates, the Arboretum would have paid \$16,558 and \$15,178 during the years ended June 30, 2022 and 2021, respectively.

The Arboretum receives other miscellaneous services from third parties totaling \$776 and \$10,752 based on current market rates for the years ended June 30, 2022 and 2021, respectively.

All gifts-in-kind received by the Arboretum for the years ended June 30, 2022 and 2021 were considered without donor restrictions and able to be used by the Arboretum as determined by the board of directors and management.

The Arboretum recognizes donated services at their fair market value in the period received if the services received create or enhance nonfinancial assets that require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Arboretum's volunteers contributed approximately 5,200 and 2,400 hours of service in support of educational and conservation services for the years ended June 30, 2022 and 2021, respectively; however, the value of the contributed time is not reflected in the accompanying financial statements because it does not meet the criteria for financial statement recognition.

Houston Arboretum & Nature Center Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government grants – Employee Retention Credits

The CARES Act provides an employee retention credit (ERC), which is a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States government, which extended and slightly expanded the qualified wage caps on these credits through September 30, 2021. Based on these additional provisions, the tax credit during 2021 is equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee was increased to \$10,000 of qualified wages per quarter.

The ERC is considered a non-exchange transaction with a government entity and the Arboretum is recognizing revenue following the guidance under FASB ASC 958-605, government grant model. The ERC has been recognized for the quarters in which the Arboretum qualified and used the credit against qualifying payroll and health care costs. The Arboretum did not receive any advances on the ERC.

The employee retention credits receivable at June 30, 2022 are \$460,990 which represents refunds due on the 2020 Form 941-X Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund for the quarter ending December 31, 2020 and the 2021 Form 941-X Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund for the quarters ending June 30, 2021 and September 30, 2021.

Government grants - PPP

In April 2020, the Arboretum received a loan in the amount of \$334,265 under the Paycheck Protection Program (PPP) pursuant to the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (the SBA). In January 2021, the Arboretum received a second PPP loan in the amount of \$331,005 (See Note 7).

The Arboretum is recognizing revenue from the PPP loans following the guidance under FASB ASC 958-605, government grant model. PPP loan funds are considered a conditional contribution and recorded as a refundable advance on the statements of financial position until all barriers are met. The Arboretum considers the barriers to be incurrence of eligible costs, maintaining specified levels of payroll and employment, and the release of the debt by the SBA. Revenue is recognized once conditions have been substantially met or explicitly waived.

Advertising

Advertising costs are charged to operations when the advertising first takes place. Advertising expense totaled \$37,771 and \$35,712, respectively, for the years ended June 30, 2022 and 2021.

Houston Arboretum & Nature Center Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expenses

The cost of providing certain activities of the Arboretum have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Costs identifiable to a program or supporting service are charged directly to that service. Shared costs are allocated amongst the various programs and supporting services. Personnel costs are allocated based on estimated time and effort. Depreciation and other occupancy expenses are allocated based on square footage occupied by the program or supporting service. Other expenses are allocated based on estimates of usage of benefits.

Federal Income Taxes

The Arboretum is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for federal income tax has been made in these financial statements.

The Arboretum accounts for uncertain tax positions, when it is more likely than not, that such an asset or a liability will be realized. As of June 30, 2022 and 2021, management believes there were no uncertain tax positions.

Reclassifications

Certain reclassifications were made to prior year balances to conform with current year presentation.

Subsequent Events

Management has evaluated subsequent events through the date the financial statements were available to be issued, October 27, 2022. See Note 2, Gifts-In-Kind, Donated Goods and Services. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Newly Adopted Accounting Pronouncements

In September 2020, the FASB issued ASU 2020-07, Presentation and Disclosures by *Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of information on the Arboretum's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The new standard, as amended, is to be applied retrospectively, to annual reporting periods beginning after June 15, 2021. The Arboretum adopted the standard on July 1, 2021. The standard did not have a material impact on the financial statements. The Arboretum has updated disclosures as necessary.

Houston Arboretum & Nature Center Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Future Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled *Leases*. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. For nonpublic entities, the standard is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Arboretum is currently evaluating the impact of the guidance on its financial statements.

Note 3: LIQUIDITY AND AVAILABILITY OF RESOURCES

As part of the Arboretum's liquidity management, it structures its financial assets to be available as its general expenditures as liabilities become due. For purposes of analyzing resources available to meet general expenditures over a twelve month period, the Arboretum considers all expenditures related to its ongoing activities to create, improve, and protect the nature sanctuary.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of June 30, 2022 and 2021 include of the following:

<i>June 30,</i>	2022	2021
Cash and cash equivalents	\$ 948,249	\$ 856,898
Promises to give	100,640	110,000
Master Plan promises to give	612,500	722,500
Employee Retention Credits receivable	460,990	-
Asset held for sale	321,558	-
Investments	3,062,985	3,212,477
Total financial assets	5,506,922	4,901,875
Less those unavailable for general expenditure within one year due to:		
Purpose restrictions - Master Plan	(622,671)	(745,268)
Perpetual endowment funds	(833,573)	(833,573)
Board designated for operating reserve	(382,721)	(382,721)
Financial assets available to meet cash needs for general expenditures within one year	\$ 3,667,957	\$ 2,940,313

Houston Arboretum & Nature Center Notes to Financial Statements

Note 3: LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

The Arboretum's Board of Directors has designated a portion of its resources without donor restrictions as a board-designated operating reserve, to be used for cash management purposes. These funds amounting to \$382,721 at June 30, 2022 and 2021, are invested in money market accounts but remain available to be spent at the Board of Director's discretion.

The Arboretum's endowment funds consist of donor-restricted endowments as well as income from those funds. Accumulated investment gain from these endowments, as of June 30, 2022 and 2021, totaled \$2,030,206 and \$2,456,923, respectively. Income from endowments is not restricted, is held in level 1 investments, and can be transferred immediately to be used for general expenditure.

As mentioned in Note 8, the Arboretum has a \$200,000 revolving credit facility with a bank, which can be used to provide working capital for general operating and development expenses in the next 12 months to meet any liquidity needs of the Arboretum.

Note 4: CONCENTRATION OF CREDIT RISK

At various times during the year, the Arboretum's cash balances may exceed federally insured limits. The Arboretum has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents, due to the financial strength of the financial institutions where deposits are held.

The Arboretum received 49% of its contributions during 2022 from one donor. At June 30, 2022, an amount due from one donor accounted for 66% of the Arboretum's receivables. The Arboretum received 34% of its contributions during 2021 from two donors. At June 30, 2021, an amount due from one donor accounted for 83% of the Arboretum's receivables.

Note 5: FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

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 in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
 - observable; or
 - can be corroborated by observable market data.

Houston Arboretum & Nature Center Notes to Financial Statements

Note 5: FAIR VALUE MEASUREMENTS (Continued)

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset 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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022 and 2021.

Exchange Traded Funds (ETFs): Valued at the daily closing net asset value (NAV) as reported by the fund.

Assets measured at fair value on a recurring basis are as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2022			
Exchange traded funds	\$ 3,062,985	\$ -	\$ -
June 30, 2021			
Exchange traded funds	\$ 3,212,477	\$ -	\$ -

Investments are exposed to various risks such as interest rate, market and credit risks. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statements of financial position and the statements of activities.

Houston Arboretum & Nature Center Notes to Financial Statements

Note 6: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<i>June 30,</i>	2022	2021
Land improvements	\$ 352,839	\$ 352,839
Building improvements	26,622	20,021
Furniture and equipment	510,832	500,832
Grounds and trails	364,377	278,747
Discovery room and library	282,100	282,100
Signage	389,624	386,940
Master plan and construction in progress	-	1,470,415
Artwork	25,000	25,000
Total property and equipment	1,951,394	3,316,894
Less: accumulated depreciation	(766,694)	(667,331)
Property and equipment, net	\$ 1,184,700	\$ 2,649,563

Construction in progress represents capitalized costs under the Master Plan. Under the terms of the agreement with City of Houston, Master Plan and all future capital improvement projects will transfer to the City at the end of the project. On July 1, 2018, the Arboretum transferred ownership of completed Master Plan assets to the City of Houston with a total net book value of \$10,451,559. Transferred assets primarily related to infrastructure, new parking loops and restoration of the savanna ecosystem. On January 22, 2019, the Arboretum transferred ownership of completed Master Plan assets to the City of Houston with a total net book value of \$821,713. Transferred assets primarily related to conservation center. On November 30, 2019, the Arboretum transferred ownership of completed Master Plan assets to the City of Houston with a total net book value of \$5,522,644, which included a 5,500 square foot Administration building and land improvements in the northwest ravine area of the Arboretum. On December 10, 2020, the Arboretum transferred ownership of completed Master Plan assets to the City of Houston with a total net book value of \$4,202,406, which included renovation of the 11,000 square foot Nature Center. In July 2021, the Arboretum transferred ownership of completed Master Plan assets to the City of Houston with a total net book value of \$1,470,415, which included the playground and courtyard areas.

Depreciation expense totaled \$99,363 and \$77,855 for the years ended June 30, 2022 and 2021, respectively.

Houston Arboretum & Nature Center Notes to Financial Statements

Note 7: GOVERNMENT GRANTS – PPP LOANS

In April 2020, the Arboretum received a loan in the amount of \$334,265 under the PPP pursuant to the CARES Act and administered by the SBA. In January 2021, the Arboretum received \$331,005 in loan proceeds under the Second Draw of Paycheck Protection Program (Second Draw PPP) as established by the CARES Act. In November 2020 and June 2021, the PPP loans were forgiven by the SBA, and the Arboretum recorded \$665,270 as government grant revenue in the statement of activities for the year ended June 30, 2021.

Note 8: LINE OF CREDIT

In September 2019, the Arboretum entered into a credit agreement with another bank. The credit agreement is secured by certain Master Plan promises to give. Pledged receivables totaled \$1,100,000 and \$1,760,000 at June 30, 2022 and 2021, respectively. The credit agreement provides for a non-revolving credit facility in an aggregate sum not to exceed \$3,250,000. No more than two advances are allowed on the non-revolving credit facility in a calendar month. The non-revolving credit facility bears interest at the LIBOR rate per annum, plus 2.25% and is stated to mature on September 27, 2023. Advances under the non-revolving credit facility shall be used by the Arboretum for working capital resulting from the timing differences in the collection of pledges associated with the Arboretum's Master Plan multi-phased construction project. The credit agreement also provides for a revolving credit facility of \$200,000 which bears interest at the LIBOR rate per annum, plus 2.25% and was stated to mature on September 27, 2023. Advances under the revolving credit facility shall be used by Arboretum for working capital for general operating and development expenses. At June 30, 2022 and 2021, the outstanding balance on the line of credit was \$1,103,883 and \$1,926,383, respectively.

Note 9: NET ASSETS DESIGNATED FOR SPECIFIC PURPOSE

During the year ended June 30, 2015, as part of the Arboretum's liquidity management, the Arboretum's Board of Directors voted to designate up to \$1,000,000, using resources without donor restrictions, to the Master Plan as a designated operating reserve. The reserve is to be used for cash management purposes during the construction process, when areas of operations may be interrupted and temporarily suspended. During the years ended June 30, 2022 and 2021, the Arboretum did not take any board approved draws from the operating reserve. As of June 30, 2022 and 2021, the operating reserve balance was \$382,721 for both years.

**Houston Arboretum & Nature Center
Notes to Financial Statements**

Note 10: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are as follows:

<i>June 30,</i>	2022	2021
Subject to expenditure for specific purpose		
Conservation projects	\$ 27,500	\$ -
Educational programs	20,000	40,000
Butterfly Bungalow	15,000	-
Adopt-A-School program	10,000	55,000
Boardwalk projects	4,800	-
Children's programs	-	14,500
Bench fund	-	21,800
Master Plan	-	1,220,551
Subject to passage of time	100,000	200,000
Subject to spending policy and appropriations		
Perpetual endowment fund	833,573	833,573
	\$ 1,010,873	\$ 2,385,424

Note 11: ENDOWMENT

The Arboretum has donor-restricted endowment funds which are maintained in accordance with explicit donor stipulations. The Arboretum is subject to the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA) which has been enacted by the state of Texas. The Board of Directors of the Arboretum has interpreted TUPMIFA 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 the interpretation, the Arboretum classifies as net assets with donor restriction – perpetual in nature (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulation to the perpetual endowment made in accordance with the direction of the applicable donor gift at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as perpetual in nature is classified as net assets without donor restrictions.

Houston Arboretum & Nature Center Notes to Financial Statements

Note 11: ENDOWMENT (Continued)

In accordance with TUPMIFA, the Arboretum considers the following factors in making determination to appropriate accumulated donor-restricted endowment funds:

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

The primary investment objectives of the endowment funds are to preserve the purchasing power of the endowment funds and all future contributions, to provide a stream of income of 3-5% of the value of the endowment funds (based on a three-year rolling average of market values) on an annual basis to fund operations of the Arboretum, to maximize return within reasonable and prudent levels of risk and to maintain an appropriate asset allocation based on a total return policy that is compatible with a flexible spending policy.

Endowment funds by net asset classification are as follows:

<i>June 30,</i>	2022	2021
With Donor Restrictions		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donors	\$ 833,573	\$ 833,573
Without Donor Restrictions		
Accumulated investment gains	2,030,206	2,456,923
	\$ 2,863,779	\$ 3,290,496

Endowment funds in the accompanying statements of financial position are as follows:

<i>June 30,</i>	2022	2021
Cash and cash equivalents	\$ 209,452	\$ 78,019
Long-term investments	2,654,327	3,212,477
	\$ 2,863,779	\$ 3,290,496

Houston Arboretum & Nature Center Notes to Financial Statements

Note 11: ENDOWMENT (Continued)

Changes in endowment net assets are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2020	\$ 1,849,750	\$ 833,573	\$ 2,683,323
Investment return			
Interest and dividend income	54,529	-	54,529
Net appreciation	629,470	-	629,470
Other changes - advisor fees	(19,406)	-	(19,406)
Amounts appropriated for expenditures	(57,420)	-	(57,420)
Endowment net assets, June 30, 2021	2,456,923	833,573	3,290,496
Investment return			
Interest and dividend income	63,291	-	63,291
Net depreciation	(469,310)	-	(469,310)
Other changes - advisor fees	(20,698)	-	(20,698)
Endowment net assets, June 30, 2022	\$ 2,030,206	\$ 833,573	\$ 2,863,779

Note 12: AGREEMENT WITH UPTOWN TIRZ

During 2017, the Arboretum entered into an agreement with Uptown TIRZ under which Uptown TIRZ will reimburse the Arboretum for expenditures on the Master Plan up to a maximum of \$3,585,000. For the years ended June 30, 2022 and 2021, the Arboretum recognized \$100,000 and \$19,215 as contributions from Uptown Houston TIRZ for disbursements made by Uptown TIRZ directly to or on behalf of the Arboretum.

Houston Arboretum & Nature Center Notes to Financial Statements

Note 13: MANAGEMENT AGREEMENT

The Arboretum entered into a management agreement with the City of Houston on December 7, 2015. The agreement grants the Arboretum license and concession rights and privileges to managing and maintaining the Aline McAshan Botanical Hall for Children (the Hall) and gift shop merchandising. Under the agreement, all additions to existing structures and all new structures constructed by the Arboretum become property of the City upon expiration or termination of the agreement. Additionally, all gross receipts from any source, excluding Endowment Fund activities, from the Arboretum's management of the Hall are required to be expended toward the Arboretum's programs, operation and maintenance of the Hall, renovations to existing structures and improvements and for construction of additional structures. All such gross receipts not expended become the property of the City at expiration or termination of the agreement. The Arboretum shall also pay the City in semi-annual installments, an annual amount of \$35,000 beginning in City's fiscal year 2020 and in fiscal years thereafter, and the following amounts in prior fiscal years: \$17,500 in fiscal year 2018 and \$24,500 in fiscal year 2019.

The agreement expires December 6, 2045. If the Arboretum fails to maintain or loses its Federal tax exempt status during or subsequent to the agreement term, all gross receipts described above become property of the City.

Note 14: TAX DEFERRED RETIREMENT PLAN

The Arboretum has a tax deferred retirement plan whereby employees may elect to contribute a portion of their salary to the plan. Under the plan, the Arboretum is required to contribute a matching amount of each employee's contribution, up to a maximum of 6% of each employee's annual salary. The amounts charged to contribution expense under the plan totaled \$62,022 and \$20,497 for 2022 and 2021, respectively.

Note 15: COMMITMENTS AND CONTINGENCIES

Operating Lease

The Arboretum leased office equipment under an operating lease which expired in June 2022. Rental expense under this lease totaled approximately \$8,600 for both years ended June 30, 2022 and 2021, respectively.

Houston Arboretum & Nature Center Notes to Financial Statements

Note 16: UNCERTAINTIES

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. The continued spread of the COVID-19 pandemic has given rise in uncertainties that may have a significant negative impact on the operating activities and results of the Arboretum. The occurrence and extent of such impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions of travel of meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.