



FINANCIAL REPORT



AMERICAN
HORTICULTURAL
SOCIETY

YEARS ENDED JUNE 30, 2025 AND 2024

AMERICAN HORTICULTURAL SOCIETY

**FINANCIAL REPORT
YEARS ENDED JUNE 30, 2025 AND 2024**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
American Horticultural Society
Alexandria, Virginia

Opinion

We have audited the accompanying financial statements of American Horticultural Society (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and changes in net assets, 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 American Horticultural Society as of June 30, 2025 and 2024, 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 Audits of the Financial Statements section of our report. We are required to be independent of American Horticultural Society 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 American Horticultural Society'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 Audits 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 American Horticultural Society'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 American Horticultural Society'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.

Thompson Greenspon

Fairfax, Virginia
May 4, 2026

AMERICAN HORTICULTURAL SOCIETY

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2025 AND 2024

	2025	2024
ASSETS		
Cash and cash equivalents	\$ 488,057	\$ 411,146
Investments	11,126,690	10,783,019
Accounts receivable (net of \$-0- allowance for credit losses for 2025 and 2024)	16,164	11,280
Contributions receivable	14,250	42,640
Employee retention credit receivable	15,645	255,505
Prepaid expenses and other assets	117,092	102,882
Property and equipment, net	1,387,593	1,374,728
River Farm land	647,008	647,008
Construction in process	109,767	35,262
Financing lease, right-of-use asset, net	10,787	17,495
Total Assets	\$ 13,933,053	\$ 13,680,965
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 165,293	\$ 141,523
Deferred revenue	849,335	622,228
Note payable - other	719,667	753,250
Financing lease liability	11,136	17,281
Total Liabilities	1,745,431	1,534,282
 Net Assets		
Without donor restrictions	3,225,114	3,234,097
With donor restrictions	8,962,508	8,912,586
Total Net Assets	12,187,622	12,146,683
Total Liabilities and Net Assets	\$ 13,933,053	\$ 13,680,965

The Notes to Financial Statements are an integral part of these statements.

AMERICAN HORTICULTURAL SOCIETY

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2025 AND 2024**

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support						
Exchange portion of membership dues	\$ 687,455	\$ -	\$ 687,455	\$ 727,991	\$ -	\$ 727,991
Investment income, net	673,450	64,007	737,457	347,265	89,736	437,001
Contributions and grants	1,154,543	220,606	1,375,149	984,198	7,244,621	8,228,819
River Farm rentals	446,958	-	446,958	387,089	-	387,089
Educational programs	386,004	-	386,004	381,370	-	381,370
Books and merchandise	33,016	-	33,016	43,641	-	43,641
Gross annual gala revenue						
Ticket sales	40,250	-	40,250	62,270	-	62,270
Sponsorships	191,685	-	191,685	286,920	-	286,920
Less: Costs of direct benefits to donors	(94,410)	-	(94,410)	(85,390)	-	(85,390)
Annual gala, net	137,525	-	137,525	263,800	-	263,800
Other income	20,549	-	20,549	25,251	-	25,251
In-kind contributions	81,867	-	81,867	58,331	-	58,331
Net assets released from restrictions	234,691	(234,691)	-	112,579	(112,579)	-
Total Revenue and Support	3,856,058	49,922	3,905,980	3,331,515	7,221,778	10,553,293
Expenses						
Program services						
Communications	923,753	-	923,753	782,774	-	782,774
Gardens and buildings	781,783	-	781,783	828,454	-	828,454
Membership	608,921	-	608,921	614,152	-	614,152
Educational programs	619,152	-	619,152	532,870	-	532,870
Total Program Services	2,933,609	-	2,933,609	2,758,250	-	2,758,250
Fundraising and development	474,644	-	474,644	523,816	-	523,816
Management and general	456,788	-	456,788	409,219	-	409,219
Total Expenses	3,865,041	-	3,865,041	3,691,285	-	3,691,285
Change in Net Assets	(8,983)	49,922	40,939	(359,770)	7,221,778	6,862,008
Net Assets, beginning of year	3,234,097	8,912,586	12,146,683	3,593,867	1,690,808	5,284,675
Net Assets, end of year	\$ 3,225,114	\$ 8,962,508	\$ 12,187,622	\$ 3,234,097	\$ 8,912,586	\$ 12,146,683

The Notes to Financial Statements are an integral part of these statements.

AMERICAN HORTICULTURAL SOCIETY

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2025

Expenses	Program Services					Fundraising and Development	Management and General	Cost of Direct Benefits to Donors	Overall Total
	Communications	Gardens and Buildings	Membership	Educational Programs	Total Program Services				
Salaries and wages	\$ 414,066	\$ 372,791	\$ 185,771	\$ 301,917	\$ 1,274,545	\$ 221,500	\$ 200,812	\$ -	\$ 1,696,857
Consulting and professional fees	164,988	60,156	88,820	46,368	360,332	55,576	9,177	-	425,085
Benefits, taxes and training	77,244	87,342	53,617	72,757	290,960	39,926	35,582	-	366,468
Printing	76,117	3,426	90,577	1,629	171,749	38,213	7,652	-	217,614
Meetings, tours and activities	46	33,973	225	51,840	86,084	17,905	13,568	94,410	211,967
Computer supplies and service	17,563	9,587	28,433	21,561	77,144	25,913	33,974	-	137,031
Postage	74,909	-	32,385	18	107,312	7,399	9,734	-	124,445
Repairs and maintenance	18,044	36,439	18,044	12,030	84,557	18,044	18,044	-	120,645
Depreciation	14,658	29,316	14,658	9,772	68,404	14,658	14,658	-	97,720
Advertising	7,677	35,437	42,041	5,509	90,664	87	2,506	-	93,257
Travel	6,653	186	2,694	30,242	39,775	2,590	11,550	-	53,915
Bank fees	332	17,280	20,385	7,596	45,593	5,886	-	-	51,479
Interest	7,577	15,154	7,577	5,051	35,359	7,577	8,037	-	50,973
Outside services	16,935	4,588	4,148	7,800	33,471	4,988	11,845	-	50,304
Insurance	1,443	26,804	444	3,666	32,357	1,443	7,396	-	41,196
Supplies - operations	4,391	14,939	4,454	3,600	27,384	5,680	6,451	-	39,515
Accounting	-	-	-	-	-	-	35,720	-	35,720
Donated goods and services	-	6,623	-	26,750	33,373	-	-	-	33,373
Utilities	3,631	7,263	3,631	2,421	16,946	3,631	6,902	-	27,479
Housekeeping	2,758	5,515	2,758	1,838	12,869	2,757	2,758	-	18,384
Mail services	10,899	-	4,606	-	15,505	-	-	-	15,505
Supplies - office	-	321	-	41	362	51	11,371	-	11,784
Cost of merchandise	-	8,231	-	-	8,231	-	-	-	8,231
Taxes and licenses	3,047	1,241	-	-	4,288	85	3,785	-	8,158
Telephone	735	282	226	848	2,091	735	2,825	-	5,651
Legal	-	4,641	-	-	4,641	-	-	-	4,641
Grants and awards	-	-	-	4,000	4,000	-	-	-	4,000
List rentals	-	-	3,427	-	3,427	-	-	-	3,427
Temporary help	-	-	-	-	-	-	2,340	-	2,340
Other	-	79	-	1,070	1,149	-	-	-	1,149
Dues and subscriptions	40	169	-	828	1,037	-	101	-	1,138
Total Expenses by Function	923,753	781,783	608,921	619,152	2,933,609	474,644	456,788	94,410	3,959,451
Less expenses included with revenue and support on the statements of activities and changes in net assets									
Cost of direct benefits to donors	-	-	-	-	-	-	-	(94,410)	(94,410)
Total expenses included in the expenses section on the statements of activities and changes in net assets	\$ 923,753	\$ 781,783	\$ 608,921	\$ 619,152	\$ 2,933,609	\$ 474,644	\$ 456,788	\$ -	\$ 3,865,041

The Notes to Financial Statements are an integral part of this statement.

AMERICAN HORTICULTURAL SOCIETY

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

Expenses	Program Services					Fundraising and Development	Management and General	Cost of Direct Benefits to Donors	Overall Total
	Communications	Gardens and Buildings	Membership	Educational Programs	Total Program Services				
Salaries and wages	\$ 321,110	\$ 364,635	\$ 94,644	\$ 275,682	\$ 1,056,071	\$ 210,214	\$ 143,657	\$ -	\$ 1,409,942
Consulting and professional fees	135,163	19,034	110,014	21,740	285,951	45,288	61,440	-	392,679
Benefits, taxes and training	61,039	78,244	35,195	60,532	235,010	34,855	24,812	-	294,677
Printing	75,462	100	133,778	2,261	211,601	43,654	11,344	-	266,599
Meetings, tours and activities	38	182,609	-	33,859	216,506	47,677	6,514	85,390	356,087
Computer supplies and service	14,262	8,345	22,208	19,901	64,716	24,273	23,627	-	112,616
Postage	73,771	29	72,227	377	146,404	15,020	6,458	-	167,882
Repairs and maintenance	25,410	38,115	12,705	19,058	95,288	19,058	12,705	-	127,051
Depreciation	17,234	25,851	8,617	12,925	64,627	12,925	8,617	-	86,169
Advertising	-	24,630	41,025	17,727	83,382	794	2,006	-	86,182
Travel	1,517	22	-	13,222	14,761	1,979	3,746	-	20,486
Bank fees	447	10,192	14,221	5,724	30,584	13,924	-	-	44,508
Interest	10,573	15,860	5,287	7,930	39,650	7,930	5,691	-	53,271
Outside services	12,400	3,549	10,296	3,550	29,795	13,578	14,250	-	57,623
Insurance	9,132	13,697	4,566	8,352	35,747	6,849	4,566	-	47,162
Supplies - operations	7,172	10,759	3,813	6,001	27,745	9,334	5,957	-	43,036
Accounting	-	-	-	-	-	-	38,700	-	38,700
Donated goods and services	-	3,405	-	14,800	18,205	660	-	-	18,865
Utilities	4,969	7,454	2,485	3,727	18,635	3,727	2,485	-	24,847
Housekeeping	3,662	5,493	1,831	2,747	13,733	2,747	1,831	-	18,311
Mail services	5,058	-	26,219	108	31,385	701	-	-	32,086
Supplies - office	-	37	161	319	517	2,499	3,039	-	6,055
Cost of merchandise	963	12,774	-	-	13,737	-	-	-	13,737
Taxes and licenses	1,731	1,240	-	-	2,971	4,837	1,616	-	9,424
Telephone	976	1,465	488	732	3,661	732	488	-	4,881
Legal	-	-	-	-	-	-	23,656	-	23,656
Grants and awards	-	-	-	246	246	-	-	-	246
List rentals	-	-	14,372	-	14,372	-	-	-	14,372
Temporary help	580	-	-	-	580	-	-	-	580
Other	-	-	-	-	-	36	1,726	-	1,762
Dues and subscriptions	105	915	-	1,350	2,370	525	288	-	3,183
Total Expenses by Function	782,774	828,454	614,152	532,870	2,758,250	523,816	409,219	85,390	3,776,675
Less expenses included with revenue and support on the statements of activities and changes in net assets									
Cost of direct benefits to donors	-	-	-	-	-	-	-	(85,390)	(85,390)
Total expenses included in the expenses section on the statements of activities and changes in net assets	\$ 782,774	\$ 828,454	\$ 614,152	\$ 532,870	\$ 2,758,250	\$ 523,816	\$ 409,219	\$ -	\$ 3,691,285

The Notes to Financial Statements are an integral part of this statement.

AMERICAN HORTICULTURAL SOCIETY

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
Cash Flows from Operating Activities		
Change in net assets	\$ 40,939	\$ 6,862,008
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Noncash contributions of stock	(106,526)	(5,305,364)
Proceeds from sales of donated stock	106,685	220,460
Depreciation	97,720	86,169
Realized and unrealized gain on investments	(398,066)	(228,639)
(Increase) Decrease in		
Accounts receivable	(4,884)	40,535
Contributions receivable	28,390	(42,640)
Prepaid expenses and other assets	(14,210)	(69,541)
ERC receivable	239,860	-
Increase (Decrease) in		
Financing lease assets and liabilities	6,708	2,852
Accounts payable and accrued expenses	23,770	(48,463)
Deferred revenue	227,107	19,248
	<u>247,493</u>	<u>1,536,625</u>
Net Cash Provided by Operating Activities		
	<u>247,493</u>	<u>1,536,625</u>
Cash Flows from Investing Activities		
Payments for the purchase of investments	(1,372,917)	(8,490,901)
Proceeds from the sale of investments	1,427,153	1,768,497
Purchases of property and equipment	(110,585)	(160,140)
Payments for construction in process	(74,505)	(35,262)
	<u>(130,854)</u>	<u>(6,917,806)</u>
Net Cash Used by Investing Activities		
	<u>(130,854)</u>	<u>(6,917,806)</u>
Cash Flows from Financing Activities		
Principal repayments on note payable - other	(33,583)	(31,229)
Proceeds from sales of donated stock restricted for long-term purposes	-	5,084,904
Principal payments on finance leases	(6,145)	(5,707)
	<u>(39,728)</u>	<u>(5,707)</u>
Net Cash (Used) Provided by Financing Activities		
	<u>(39,728)</u>	<u>5,047,968</u>
Net Increase (Decrease) in Cash and Cash Equivalents	76,911	(333,213)
Cash and Cash Equivalents, beginning of year	<u>411,146</u>	<u>744,359</u>
Cash and Cash Equivalents, end of year	<u>\$ 488,057</u>	<u>\$ 411,146</u>
Supplemental Information		
Interest paid	<u>\$ 50,973</u>	<u>\$ 53,271</u>

The Notes to Financial Statements are an integral part of these statements.

AMERICAN HORTICULTURAL SOCIETY

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The American Horticultural Society (AHS or the Society) was organized in the District of Columbia as a not-for-profit organization. Through its educational outreach and resources, national and local partnerships and programs, and publicly accessible on-site gardens, the Society connects people to gardening, raises awareness of earth-friendly gardening practices, introduces children to plants and the natural world, collaborates with partners to address important national issues, and showcases the art and science of horticulture. The Society's membership includes more than 18,000 avid gardeners, plant enthusiasts, and horticultural professionals, as well as numerous national and regional partner organizations. The Society's significant sources of support include membership dues, contributions, educational programs, and River Farm rentals.

The Society's activities and focus areas are as follows:

Communications – Communications activities are a key part of the Society's educational outreach and member service offerings. The Society's flagship bi-monthly magazine, American Gardener, provides useful and authoritative information on a range of horticultural topics. In combination with other resources offered via the Society's website (www.ahsgardening.org), an online magazine archive with issues dating back to 1922 provides the general public with access to a vast trove of gardening information and ideas. The Society also engages a national community of gardeners and garden enthusiasts around the world via multiple social media platforms.

Gardens and Buildings – The Society maintains, opens to the public, and enhances River Farm, the Society's 25-acre headquarters, which was one of five Virginia properties originally owned by Founding Father George Washington and was an outlying tract of his home, the greater Mount Vernon Estate. River Farm has been used as the headquarters for the Society since shortly after its acquisition in 1973. A site of regional, national, horticultural and historical significance, River Farm is open free of charge to visitors and serves as a venue for educational programs, botanically-themed exhibits, civic meetings and special events. The property's gardens and natural areas include many areas promoting horticultural innovation, practical experimentation, sustainability, and conservation. River Farm staff work with an engaged local volunteer base to maintain the property. River Farm staff also provide interpretive educational content, tours, and coordination in support of the Society's on-site and national programs. The Society derives revenue to maintain River Farm and support AHS' mission and programs through site rentals for weddings, memorials, retreats, and special events.

Membership – As a membership organization, the Society provides services and outreach in support of its members throughout the United States and internationally. Member communications and other benefits provide supporters with the information and inspiration they need to be successful gardeners – enriching their lives and inspiring them to have a positive impact on their communities. In addition, these activities contribute to the organizational objectives of helping more Americans enjoy the health benefits of gardens and gardening, celebrating the diversity of horticulture in America, and encouraging earth-friendly gardening practices. Reciprocal membership agreements connect the Society's members with a national network of public gardens and horticultural organizations thereby extending the Society's educational reach.

AMERICAN HORTICULTURAL SOCIETY

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Organization (continued)

Educational Programs – These activities focus on sharing the art and science of horticulture with people at all levels of gardening expertise. Educational programming is available to all members through virtual and in-person educational sessions with leading horticultural experts. AHS also offers special programming for young people. Since 1993, the Society has hosted the annual National Children and Youth Garden Symposium which brings educators together to learn ideas and skills for sharing gardening knowledge with children and youth. The Symposium is part of AHS' commitment to encouraging young people to engage more in the natural world. The Society's internship program provides valuable hands-on experience for college students, helping to shape the horticultural leaders of tomorrow. The Society partners with a range of nonprofit organizations and botanical gardens to educate and engage the public on critical issues at the intersection of horticulture, the environment, and individual and community health. The AHS Garden Network offers members free or reduced admission to more than 380 public gardens and arboreta nationwide and, along with international travel-study trips and other special programs, offers the opportunity for experiential, garden-based learning and appreciation. Finally, the Society's national awards programs encourage excellence and honor the achievements of individuals and organizations that have made significant contributions to horticulture in America.

Method of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Revenue Recognition

The Society recognizes revenue in accordance with Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*.

ASC Topic 606 provides a five-step model for recognizing revenue for exchange transactions:

1. Identify the contract
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to performance obligations
5. Recognize revenue

Membership dues include an exchange element based on benefits received by the member, with the remainder considered a contribution. The Society recognizes the contribution portion of membership dues upon receipt. Membership dues are on an anniversary-date basis and are recognized ratably over the membership period since member benefits are delivered to members throughout the membership period. Accordingly, dues paid by members in advance of the reporting period to which the dues pertain are reported as deferred revenue in the accompanying statements of financial position.

AMERICAN HORTICULTURAL SOCIETY

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Unconditional contributions are recognized as support in the reporting period in which they are received or when unconditional promises are made. Contributions are considered available for unrestricted use unless specifically restricted by the donor. The Society reports gifts of cash and other assets as having donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or purpose of a restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. Unconditional contributions that have been committed to the Society, but have not been received as of year-end, are reflected as receivables in the accompanying statements of financial position.

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 substantially met.

The Society has received nonbinding indications of an intention to give funds for specific building and grounds improvements from a related party donor. These indications are not legally enforceable and do not constitute a promise to give; therefore, no asset or contribution revenue has been recognized in the accompanying financial statements. The estimated total intentions to give approximated \$-0- and \$100,000 as of June 30, 2025 and 2024, respectively. The \$100,000 intention to give in fiscal year 2024 has been fully satisfied during fiscal year 2025.

Revenue from River Farm rentals is recognized at the point in time the events for which the rental was made take place. Accordingly, revenue related to these events received in advance is recorded as contract liabilities – deferred revenue in the accompanying statements of financial position.

Revenue from educational programs is recognized at the point in time the events take place. Accordingly, revenue related to these events received in advance is recorded as contract liabilities – deferred revenue in the accompanying statements of financial position.

Donated goods and services (in-kind contributions) are recognized as support at the estimated fair value of the goods or services when the goods or services are received, or when an unconditional pledge to contribute the goods or services has been made.

Annual gala sponsorships are considered conditional contributions until the gala takes place and therefore are not recognized as revenue until the gala occurs. Ticket sales for the annual gala are recognized at the point in time when the gala takes place. Accordingly, sponsorships and ticket sales for the annual gala received in advance are recorded as deferred revenue in the accompanying statements of financial position.

Books and merchandise sales are recorded as revenue at the point in time when the goods or merchandise are shipped. Other income consists of royalty income from publications (recognized at the point in time the publications are shipped) and proceeds from the sale of miscellaneous items (recognized at the point of sale).

AMERICAN HORTICULTURAL SOCIETY

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

As of June 30, deferred revenue consisted of the following:

	2025	2024
River Farm rental deposits	\$ 397,733	\$ 210,400
Unearned membership dues	331,677	360,608
Annual gala and other sponsorships received in advance	119,925	51,220
Totals	<u>\$ 849,335</u>	<u>\$ 622,228</u>

River Farm rental deposits and unearned membership dues in deferred revenue represent revenue from exchange transactions received in advance of the event or benefits received. Annual gala and other sponsorships received in deferred revenue represent conditional contributions received in advance of the conditions being met.

As of July 1, 2023, receivables, contract assets and contract liabilities approximated \$52,000, \$0- and \$540,000, respectively.

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash equivalents include all highly liquid debt instruments with original maturities of three months or less. The Society maintains its cash balances with various financial institutions which, at times, may exceed federally insured limits of \$250,000. The Society has not experienced any losses from such accounts.

Investments

Investments are reported at fair value and are composed of equities, bond funds, and money market funds. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Investment income, net is reported as an increase or decrease in net assets without donor restrictions, unless restricted by donor or law. However, investment earnings are reported as changes in net assets without donor restrictions if the restrictions are met in the reporting period in which the investment earnings are recognized. Donated investments are recorded at fair value on the date of donation.

Fair Value Measurements

Financial Accounting Standards Board (FASB) ASC Topic 820, *Fair Value Measurements and Disclosures*, provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value focuses on the price that would be received to sell the asset or paid to transfer the liability regardless of whether an observable liquid market price existed (an exit price). The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 – inputs to the valuation methodology are based upon unadjusted quoted prices for identical assets or liabilities in active markets that the Society has the ability to access.

AMERICAN HORTICULTURAL SOCIETY

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements (continued)

Level 2 – inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs. 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. Level 3 assets and liabilities measured at fair value are based on one or more of three valuation techniques (market, cost, or income approach). The market approach evaluates prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The cost approach evaluates the amount that would be required to replace the service capacity of an asset (i.e., replacement cost). The income approach uses techniques that convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing models, and lattice models).

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.

The following describes the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2025 and 2024.

Equities – Valued at the closing price reported in the active market in which the individual stocks are traded.

Bond funds – Valued on the basis of current yields, the securities' terms and conditions, and market activity. Information used includes market sources, credit information, observed market movement and sector news.

Receivables

The Society accounts for unconditional promises to give as contributions receivable. A contribution is an unconditional promise to transfer cash or other assets to the Society. Contributions receivable due within one year are measured at net realizable value. All amounts are expected to be collected within one year; therefore, no allowance has been recorded against this balance.

Accounts receivable arise from program services and are determined to be past due based on contractual terms.

The receivables balance consists of the following as of June 30:

	<u>2025</u>	<u>2024</u>
Contributions receivable	\$ 14,250	\$ 42,640
Accounts receivable	16,164	11,280
Totals	<u>\$ 30,414</u>	<u>\$ 53,920</u>

AMERICAN HORTICULTURAL SOCIETY

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Allowance for Credit Losses

Management individually reviews all accounts receivable balances by customer. Management determines whether an allowance for credit losses is necessary using historical loss information by aging category adjusted for current economic conditions and reasonable and supportable forecasts. Balances are charged off against the allowance when management believes there is no possibility of recovery. Management determined that an allowance for credit losses was not necessary at June 30, 2025 and 2024.

The Society has elected to assume that current conditions persist for current accounts receivable arising from transactions accounted for under FASB ASC 606 for purposes of estimating current expected credit losses as permitted by FASB ASC 326-20-30-10C.

Employee Retention Credit Receivable

The Society qualified to claim the employee retention credit (ERC) for certain quarters in 2020 and 2021. An accrual of \$255,505 has been made as of June 30, 2023 based on management's estimates of the amount, they are eligible to claim. The Society received the majority of the funds during the year ended June 30, 2025 and expects to receive the remaining balance in the following fiscal year. ERC receivables totaled \$15,645 and \$255,505 as of June 30, 2025 and 2024, respectively, and are included in the accompanying statements of financial position.

Property and Equipment

Property and equipment are recorded at cost. The Society capitalizes property and equipment purchases greater than \$3,000. All assets are depreciated using the straight-line method over their estimated useful lives. The estimated useful lives of property and equipment are as follows:

Land improvements	10 - 50 years
Buildings and building improvements	10 - 40 years
Furniture and equipment	3 - 10 years

Maintenance and repairs, including planned major maintenance activities, are charged to expenses when incurred; major renewals and improvements are capitalized. Donated property and equipment are recorded at fair value at the date of donation. The cost of property and equipment retired or disposed of is removed from the accounts along with the related accumulated depreciation, and any gain or loss is reflected in revenue and support or expenses in the accompanying statements of activities and changes in net assets.

Construction in Process

Construction in process consists of costs related to the River Farm Public Access Enhancement Project.

Leases

At lease inception, the Society determines whether an arrangement is or contains a lease. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities in the financial statements, as applicable. Finance leases are included in finance lease ROU assets and finance lease liabilities in the financial statements.

ROU assets represent the Society's right to use leased assets over the term of the lease. Lease liabilities represent the Society's contractual obligation to make lease payments over the lease term.

AMERICAN HORTICULTURAL SOCIETY

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

For operating leases, ROU assets and lease liabilities are recognized at the commencement date. The lease liability is measured at the present value of the lease payments over the lease term.

The Society uses the rate implicit in the lease if it is readily determinable. Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842), includes an accounting policy election for non-public business entities to use the risk-free rate for the measurement of lease liabilities when the rate implicit in the lease is not determinable. The Society elected to utilize the risk-free rate for the measurement of lease liabilities for initial transition and going forward. This rate will be applied to all leases using a period comparable to the lease.

Operating ROU assets are calculated at the present value of the remaining lease payments plus unamortized initial direct costs plus any prepayments less any unamortized lease incentives received. Lease terms may include renewal or extension options to the extent they are reasonably certain to be exercised. The assessment of whether renewal or extension options are reasonably certain to be exercised is made at lease commencement. Factors considered in determining whether an option is reasonably certain of exercise include, but are not limited to, the value of any leasehold improvements, the value of renewal rates compared to market rates, and the presence of factors that would cause a significant economic penalty to the Society if the option were not exercised. Lease expense is recognized on a straight-line basis over the lease term. The Society has elected not to recognize an ROU asset and obligation for leases with an initial term of twelve months or less. The expense associated with any short-term leases or variable lease payments is included in expenses in the statements of activities and changes in net assets, as applicable.

For finance leases, after lease commencement the lease liability is measured on an amortized cost basis and increased to reflect interest on the liability and decreased to reflect the lease payment made during the period. Interest on the lease liability is determined each period during the lease term as the amount that results in a constant period discount rate on the remaining balance of the liability. The ROU asset associated with finance leases is subsequently measured at cost, less any accumulated amortization and any accumulated impairment losses. Amortization on the ROU asset is recognized over the period from the commencement date to the earlier of (1) the end of the useful life of the ROU asset, or (2) the end of the lease term.

To the extent a lease arrangement includes both lease and non-lease components, the Society has elected to account for the components as a single lease component.

Net Assets

Net assets, revenue and support, gains, and losses are classified by the Society based on the existence or absence of donor-imposed restrictions. Accordingly, net assets 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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

AMERICAN HORTICULTURAL SOCIETY

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In-Kind Contributions

The Society receives donated services from a variety of unpaid volunteers assisting the Society in the operation of the major programs. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Society. The estimated fair value of these services is provided by the service provider, who estimates the fair value based on the number of hours spent at standard billing rates charged. Other volunteers provide services throughout the year that are not recognized as contributions in the financial statements as they do not meet the requirements for recognition.

The Society recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation. See Note 9 for a summary of in-kind contributions.

Income Tax Status

Under Section 501(c)(3) of the Internal Revenue Code (IRC) and the applicable income tax regulations of the Commonwealth of Virginia, the Society is exempt from taxes on income related to its exempt purpose.

The Society has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements and no interest and penalties have been recorded in the accompanying financial statements related to uncertain tax positions.

The Society files Form 990, Return of Organization Exempt From Income Tax, and Form 990-T, Exempt Organization Business Income Tax Return, with the Internal Revenue Service and Form 500, Virginia Corporation Income Tax Return. The Society is not currently under audit by any income tax jurisdiction.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of functional expenses. Expenses directly attributed to a specific functional area of the Society are reported as expenses of those functional areas. Salaries are allocated to programs and supporting services by department based on employee time spent. Fringe benefits and shared costs (such as postage, supplies, telephone, utilities, depreciation, interest, accounting, computer supplies and service, and repairs and maintenance) that benefit multiple functional areas have been allocated among the various functional areas based on actual time and effort expended on those functional areas.

Financial Statement Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Related Party Transactions

During the years ended June 30, 2025 and 2024, the Society received contributions totaling approximately \$213,000 and \$5,424,000, respectively, from members of its Board of Directors and their immediate family members. These contributions were made in the ordinary course of the Society's fundraising activities and were subject to the same policies and acknowledgement practices as other contributions. No goods or services were provided in exchange for these contributions.

AMERICAN HORTICULTURAL SOCIETY

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reclassifications

Certain items in the June 30, 2024 financial statements have been reclassified to conform to the June 30, 2025 financial statement presentation. The reclassifications had no impact on previously reported net assets.

Subsequent Events

The Society has evaluated subsequent events through May 4, 2026, the date on which the financial statements were available to be issued.

2. LIQUIDITY AND AVAILABILITY

The Society regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. Financial assets available within one year of the statement of financial position date for general expenditure are as follows as of June 30:

	2025	2024
Cash and cash equivalents	\$ 488,057	\$ 411,146
Investments	11,126,690	10,783,019
Receivables	30,414	53,920
Employee retention credit receivable	15,645	255,505
Financial assets, at year end	11,660,806	11,503,590
Less those unavailable for general expenditures within one year		
Amounts restricted by donors to be held in perpetuity	(5,809,868)	(5,733,868)
Amounts restricted by donors with purpose restrictions	(2,505,632)	(2,531,710)
Amounts unavailable to management without Board approval		
Board-designated	(758,655)	(758,655)
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,586,651	\$ 2,479,357

The Society has various sources of liquidity at its disposal, including cash, investments and receivables, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of the Society throughout the year. This is done through monitoring and reviewing the Society's cash flow needs on a weekly basis. As a result, management is aware of the cyclical nature of the Society's cash flow related to the Society's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. As part of its liquidity plan, excess cash is invested in publicly traded investment vehicles, including mutual funds and equity securities, or to support organizational initiatives. While a majority of the Society's total investments are restricted for donor purposes, the remaining portion is available to meet current cash flow needs and can be liquidated anytime.

AMERICAN HORTICULTURAL SOCIETY

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

3. INVESTMENTS

Investments consisted of the following as of June 30:

	2025	2024
Equities	\$ 2,026,402	\$ 1,731,160
Bond funds	6,903,727	2,624,411
Money market funds	2,196,561	6,427,448
Total Investments	\$ 11,126,690	\$ 10,783,019

The following schedule summarizes the composition of investment return for the years ended June 30:

	2025	2024
Interest and dividends	\$ 361,603	\$ 232,330
Net realized and unrealized gains, net	398,066	228,639
Total Investment Income	759,669	460,969
Less: Investment fees	(22,212)	(23,968)
Investment Income, net	\$ 737,457	\$ 437,001

4. FAIR VALUE MEASUREMENTS

The following tables summarize the Society's assets measured at fair value on a recurring basis as of June 30, 2025 and 2024, aggregated by the fair value hierarchy level with which those measurements were made:

	2025			
	Fair Value	Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities				
Large-cap	\$ 1,038,489	\$ 1,038,489	\$ -	\$ -
Mid-cap	336,070	336,070	-	-
Small-cap	223,543	223,543	-	-
International	369,419	369,419	-	-
Emerging markets	58,881	58,881	-	-
Total Equities	2,026,402	2,026,402	-	-
Bond funds	6,903,727	-	6,903,727	-
Total Investments				
Measured at Fair Value	8,930,129	\$ 2,026,402	\$ 6,903,727	\$ -
Money market funds*	2,196,561			
Total Investments	\$ 11,126,690			

AMERICAN HORTICULTURAL SOCIETY

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

4. FAIR VALUE MEASUREMENTS (continued)

	2024			
	Fair Value	Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities				
Large-cap	\$ 750,009	\$ 750,009	\$ -	\$ -
Mid-cap	401,781	401,781	-	-
Small-cap	87,829	87,829	-	-
International	412,416	412,416	-	-
Emerging markets	79,125	79,125	-	-
Total Equities	1,731,160	1,731,160	-	-
Bond funds	2,624,411	-	2,624,411	-
Total Investments				
Measured at Fair Value	4,355,571	\$ 1,731,160	\$ 2,624,411	\$ -
Money market funds*	6,427,448			
Total Investments	\$ 10,783,019			

* These investments are measured at amortized costs and have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying statements of financial position.

5. PROPERTY AND EQUIPMENT

The Society's property and equipment consisted of the following as of June 30:

	2025	2024
Land improvements	\$ 1,429,696	\$ 1,366,412
Building and building improvements	1,030,137	1,018,137
Furniture and equipment	279,745	298,838
Software	77,800	42,500
Total Property and Equipment	2,817,378	2,725,887
Less: accumulated depreciation	(1,429,785)	(1,351,159)
Property and Equipment, net	\$ 1,387,593	\$ 1,374,728

Depreciation expense totaled \$97,720 and \$86,169 for the years ended June 30, 2025 and 2024, respectively.

6. LEASE COMMITMENTS

In December 2021, the Society entered into an agreement to lease a postage machine for a term of 60 months with monthly payments of \$255. In July 2022, the Society entered into an agreement to lease a copier for a term of 60 months with monthly payments of \$295. These leases are accounted for as financing leases.

AMERICAN HORTICULTURAL SOCIETY

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

6. LEASE COMMITMENTS (continued)

The components of lease expense were as follows for the years ended June 30:

	2025	2024
Finance lease expense		
Amortization of ROU assets included in depreciation and amortization	\$ 5,602	\$ 5,602
Interest on finance lease liabilities	459	642
Total finance lease expense	\$ 6,061	\$ 6,244

Minimum lease commitments represent the future amounts to be paid on various lease commitments. The minimum lease commitments, excluding renewal terms, by years, are as follows at June 30, 2025:

Year ending June 30:	Finance Leases
2026	\$ 6,604
2027	4,306
2028	591
Total undiscounted cash flows	11,501
Less: present value discount	(365)
Total lease liabilities	\$ 11,136

The following summarizes the weighted average remaining lease term, discount rate and other supplemental cash flow information as of and for the years ended June 30:

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities		
Financing cash flows from finance leases (i.e. principal portion)	\$ 6,145	\$ 5,962
Weighted-average remaining lease term in years for finance leases	1.86	2.81
Weighted-average discount rate for finance leases	3.16%	3.11%

As of June 30, 2025, the Society has no operating or finance leases that have not yet commenced.

7. NOTE PAYABLE – OTHER

On November 29, 2011, the Society secured approximately \$1,200,000 (the Loan) from a bank to finance water, sewer and technology infrastructure improvements. The proceeds of the Loan were to be disbursed as construction progressed. The Loan was payable in monthly installments of interest only at an interest rate of 5.25 percent on the outstanding principal balance until May 29, 2013 (the Conversion Date). From the Conversion Date through November 29, 2022, the Loan is payable in monthly payments of principal and interest at 5.25 percent. On November 29, 2022 and every five years thereafter, the interest rate will be adjusted to the greater of the weekly average yield on five-year United States Treasury securities plus 2.75 percent or 4.50 percent. The Loan will mature on November 29, 2037 and is secured by the Society's property, including all improvements and fixtures. In addition, the Society has assigned the right, title and interest to all of the rents issued and profits of the premises as security under the Loan. The Loan requires the organization to provide financial statements and tax returns on an annual basis, but does not include any financial covenants. Subsequent to year end, the Loan was paid in full (see Note 14).

AMERICAN HORTICULTURAL SOCIETY

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

7. NOTE PAYABLE – OTHER (continued)

Maturities of the note payable for each of the next five years and thereafter are as follows as of June 30, 2025:

<u>Year ending June 30:</u>		
2026	\$	36,778
2027		39,339
2028		42,078
2029		45,008
2030		48,142
Thereafter		508,322
Total	\$	<u><u>719,667</u></u>

Interest expense relating to the loan agreement totaled \$50,973 and \$53,271 for the years ended June 30, 2025 and 2024, respectively.

8. NET ASSETS

Net Assets Without Donor Restrictions

The Society's net assets without donor restrictions are composed of undesignated amounts and Board-designated amounts for a working capital reserve. As of June 30, net assets without donor restrictions were as follows:

	2025	2024
Undesignated	\$ 2,466,459	\$ 2,475,442
Board-designated reserve	758,655	758,655
Total Net Assets Without Donor Restrictions	<u><u>\$ 3,225,114</u></u>	<u><u>\$ 3,234,097</u></u>

The Board-designated net assets for a working capital reserve were instituted to provide funding for various strategic initiatives of the Society.

AMERICAN HORTICULTURAL SOCIETY

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

8. NET ASSETS (continued)

Net Assets With Donor Restrictions

Net assets with donor restrictions were as follows as of June 30:

	2025	2024
Net assets subject to time or pupose restrictions		
River Farm Public Access Enhancement Project	\$ 1,835,175	\$ 1,944,122
Watkins water feature	247,746	247,746
Horticultural Communicator	103,333	125,000
Greenhouse fund	71,600	71,600
Julia Rappaport Growing Gardeners Fund	50,000	52,000
Sensory Garden Program	41,089	-
The Endowment Fund	39,388	36,374
Perennial Garden Club 75th Anniversary Fund	25,000	-
River Farm projects	73,783	9,500
Driveway repairs and paving	13,229	13,229
Carriage House improvements	2,789	2,789
Children's Library at River Farm	2,500	5,000
Technology upgrades	-	24,350
	2,505,632	2,531,710
Net assets in perpetuity		
Endowment funds		
Endowment for the Future	5,167,671	5,092,171
Wilma L. Pickard Endowment Fund	220,000	220,000
Trish Gibson Memorial Internship	102,478	101,978
Jane Steffey Endowment #1	83,349	83,349
Jane Steffey Endowment #2	50,000	50,000
Frances Poetker Endowment	50,000	50,000
Marks Endowment	50,000	50,000
H. Marc Cathey Award Endowment Fund	30,870	30,870
Hunt Endowment	25,000	25,000
Jane Taylor Teaching Award Endowment Fund	20,500	20,500
Youth Gardening Intern Endowment	10,000	10,000
Total endowment funds	5,809,868	5,733,868
River Farm land	647,008	647,008
Total net assets in perpetuity	6,456,876	6,380,876
 Total Net Assets with Donor Restrictions	 \$ 8,962,508	 \$ 8,912,586

River Farm land is subject to donor restrictions requiring that the property be used as the Society's national headquarters and be held open to the public.

AMERICAN HORTICULTURAL SOCIETY

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

9. IN-KIND CONTRIBUTIONS

The Society's policy is to use contributed nonfinancial assets for programmatic or other purposes unless the assets have no utility consistent with the Society's mission. In those instances, the assets would be monetized. Revenue from in-kind contributions during the years ended June 30 are as follows:

	<u>2025</u>	<u>2024</u>	<u>Usage in Programs / Activities</u>	<u>Fair Value Techniques and Inputs</u>
Plants and garden supplies	\$ 6,622	\$ 14,557	Gardens and Buildings	Comparable sales price
Meetings, tours and activities	5,000	11,300	Educational Programs	Rates and fees charged
Furniture and fixtures	48,495	10,910	Capitalized	Comparable sales price and rates and fees charged
Gala auction items	-	10,500	Fundraising and Development	Comparable sales price
Outside services	15,750	7,500	Educational Programs	Rates and fees charged
Advertising and public awareness	6,000	3,564	Educational Programs	Rates and fees charged
Total In-Kind Contributions	<u>\$ 81,867</u>	<u>\$ 58,331</u>		

The Society did not monetize any contributed nonfinancial assets and unless otherwise noted, contributed nonfinancial assets did not have donor restrictions. Plants and garden supplies were used to support gardens and buildings and educational programs.

10. ENDOWMENTS

The Society's endowments consist of numerous individual funds established for a variety of purposes. Net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Society has interpreted Virginia's 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, the Society classifies as net assets with donor restrictions (a) the original value of the initial gifts donated to the endowment; (b) the original 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.

AMERICAN HORTICULTURAL SOCIETY

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

10. ENDOWMENTS (continued)

Interpretation of Relevant Law (continued)

Amounts shown as held in perpetuity represent the original value of the initial gifts donated to the endowment and the original value of subsequent gifts to the endowment. Amounts shown as for a specified purpose represent the accumulations of earnings, less amounts appropriated annually by the Board for expenditure.

In accordance with UPMIFA, the Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Return Objectives and Risk Parameters

The Society has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Society must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the market while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives

To satisfy its provision for annual income objectives, the Society relies on a fixed-income strategy in which investment returns are achieved through current yield (interest and dividends) and, to a lesser extent, capital appreciation (realized and unrealized). The Society targets a diversified fixed-income based asset allocation to provide reasonable and predictable funds for the Society's program purposes supported by its endowments held in perpetuity and to maintain a balance between the Society's spending and the protection of the principal.

Endowment Spending Policy

For endowments other than the Endowment for the Future, the Society has adopted a spending policy for the endowment funds that states that 95 percent of the actual interest and dividends earned, less investment fees, for the prior calendar year are available to be spent in accordance with donor restrictions. For the Endowment for the Future, the Society has adopted a spending policy allowing appropriation of 5 percent of the investment balance of the prior calendar year. Consistent with the Society's policy for contributions where the restrictions expire in the reporting period in which the contribution is earned, the earnings on donor-restricted endowments are reported as without donor restrictions if earned and entirely appropriated in the same year.

AMERICAN HORTICULTURAL SOCIETY

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

10. ENDOWMENTS (continued)

Funds with Deficiencies

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the level that the donor or UPMIFA requires the Society to retain as a fund of perpetual duration. The Society's policy is to continue to appropriate from such individually deficient funds in accordance with its spending policy. There were no material deficiencies as of June 30, 2025.

Composition of Endowments by Net Asset Category

The Society's endowment net asset composition by fund type was as follows as of June 30:

	For a Specified Purpose	Held in Perpetuity	Total
<u>2025</u>			
Donor-restricted	\$ 39,388	\$ 6,456,876	\$ 6,496,264
<u>2024</u>			
Donor-restricted	\$ 36,374	\$ 6,380,876	\$ 6,417,250

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

	For a Specified Purpose	Held in Perpetuity	Total
Endowment net assets, June 30, 2023	\$ 16,954	\$ 1,286,727	\$ 1,303,681
Contributions	-	5,094,149	5,094,149
Investment income, net	89,736	-	89,736
Appropriations for expenditure	(70,316)	-	(70,316)
Endowment net assets, June 30, 2024	36,374	6,380,876	6,417,250
Contributions	-	76,000	76,000
Investment income, net	64,007	-	64,007
Appropriations for expenditure	(60,993)	-	(60,993)
Endowment net assets, June 30, 2025	\$ 39,388	\$ 6,456,876	\$ 6,496,264

11. EMPLOYEE BENEFIT PLAN

Effective January 1, 2023, the Society established a defined contribution plan under IRC Section 403(b) that covers all full-time employees. Employees may elect to defer and contribute to the plan a portion of their compensation in amounts up to the maximum permitted by law. Employees may begin to contribute immediately following employment. Employer matching and nonelective contributions are discretionary, and employees are required to meet certain hours-of-service requirements in order to receive the nonelective employer contributions.

The Society's contribution to the plans totaled \$38,497 and \$34,840 for the years ended June 30, 2025 and 2024, respectively.

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12. CONCENTRATIONS

One related party donor (a member of the Board of Directors), accounted for 11 percent of contributions support for the year ended June 30, 2025. Two donors, including one related party donor (a member of the Board of Directors), accounted for 85 percent of contributions support for the year ended June 30, 2024.

13. CONTINGENCIES

The Society invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, 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 Society's investments and the amounts reported in the statements of financial position and the statements of activities and changes in net assets.

The Society is subject to various legal proceedings and claims which arise in the ordinary course of business. The amount of liability that may finally exist, if any, cannot be reasonably estimated, and no provision for loss has been made in the accompanying financial statements. In the opinion of management, these actions will not result in a significant adverse effect on the Society's financial condition.

14. SUBSEQUENT EVENTS

On September 11, 2025, the Society granted a land easement to the Northern Virginia Conservation Trust, which restricts the use of certain property and land. The estimated fair value of the easement is \$13,950,000. In return for this granted easement, the Society has requested a land preservation credit of \$5,580,000 through the Virginia Department of Taxation.

In December 2025, the credits were sold on an exchange at 89 percent of the total amount with proceeds of \$4,473,961 after transfer fees and other costs. In January 2026, a portion of the proceeds was used to pay off the remaining mortgage balance of \$702,064, and an additional \$270,000 will be used for various deferred maintenance projects at River Farm. The remaining proceeds are being set aside for River Farm as designated by the Society's Board of Directors.