

BROOKGREEN GARDENS

Pawleys Island, South Carolina

AUDITED FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2023

**BROOKGREEN GARDENS
PAWLEYS ISLAND, SOUTH CAROLINA**

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JUNE 30, 2023**

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Brookgreen Gardens
Pawleys Island, South Carolina

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Brookgreen Gardens (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and the related statements of activities, functional expenses and cash flows for the fiscal year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Brookgreen Gardens as of June 30, 2023, and the changes in its net assets and its cash flows for the fiscal year 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Brookgreen Gardens 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 Brookgreen Gardens' ability to continue as a going concern for one year after the date that the financial statements are issued.



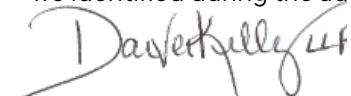
Auditor's Responsibility for the Audit of the Financial Statements

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


Greenville, South Carolina
October 20, 2023

**BROOKGREEN GARDENS
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023**

Assets		2023
Current Assets		
Cash and Cash Equivalents	\$	13,814,691
Investments		12,001,169
Pledges Receivable, Current Portion		1,779,524
Lease and Other Receivables		918,557
Inventory		307,813
Prepaid Expenses		233,835
Total Current Assets		29,055,589
Noncurrent Assets		
Beneficial Interest in Perpetual Trusts		17,538,387
Pledges, Non-Current Portion, Net		1,070,406
Intangible Property		7,500
Deposit		108,005
Asset for Pension Benefits		644,992
Property and Equipment, Net		3,131,956
Lease Right of Use Assets		566,049
Capital Projects in Progress		1,971,590
Historial Collection (Note 1)		-
Sculpture Collection (Note 1)		13,248,667
Total Noncurrent Assets		38,287,552
Total Assets	\$	67,343,141
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Compensation		676,187
Deferred Income		187,127
Total Current Liabilities		863,314
Total Liabilities		863,314
Net Assets		
Without Donor Restrictions		38,795,650
With Donor Restrictions		27,684,177
Total Net Assets		66,479,827
Total Liabilities and Net Assets	\$	67,343,141

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

BROOKGREEN GARDENS
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Admissions	\$ 5,213,042	\$ -	\$ 5,213,042
Annual Giving	4,071,618	2,602,379	6,673,997
Educational Programs	418,127	-	418,127
Retail Centers	2,462,279	-	2,462,279
Investment Return	1,080,772	1,906,191	2,986,963
Lease Income	1,119,986	-	1,119,986
Special Event Revenue	375,531	-	375,531
Other	92,290	-	92,290
Total Revenues, Gains, and Other Support	14,894,475	4,508,570	19,403,045
Net Assets Released from Restrictions	2,482,384	(2,482,384)	-
Expenses			
Program Services:			
Public Operations	2,205,700	-	2,205,700
Horticulture	2,059,781	-	2,059,781
Collections	2,309,374	-	2,309,374
Educational Programs	782,728	-	782,728
Food Services	591,644	-	591,644
Gift Shop	673,564	-	673,564
Volunteer Services	136,229	-	136,229
Total Program Services	8,759,020	-	8,759,020
Supporting Services:			
Management and General	743,519	-	743,519
Fundraising	1,175,821	-	1,175,821
Total Supporting Services	1,919,340	-	1,919,340
Cost of Sales - Retail Centers	1,037,428	-	1,037,428
Total Expenses	11,715,788	-	11,715,788
Increase in Net Assets	5,661,071	2,026,186	7,687,257
Net Assets, Beginning of Year	33,134,579	25,657,991	58,792,570
Net Assets, End of Year	\$ 38,795,650	\$ 27,684,177	\$ 66,479,827

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

BROOKGREEN GARDENS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Programs							Support				
	Collections	Education	Food Services	Gift Shop	Horticulture	Public Operations	Volunteer Services	Programs Sub-total	Management & Administration	Fundraising	Support Sub-total	Total
Salaries and Benefits	\$ 1,030,764	\$ 406,965	\$ 281,311	\$ 351,471	\$ 1,337,065	\$ 820,932	\$ 94,463	\$ 4,322,971	\$ 418,816	\$ 613,413	\$ 1,032,229	\$ 5,355,200
Advertising and Marketing	158,147	45,231	48,913	77,849	120,660	127,459	7,872	586,131	25,511	58,357	83,868	669,999
Bank and Credit Card Fees	2,116	2,623	17,700	32,327	1,887	213,412	-	270,065	15,084	42,334	57,418	327,483
Conferences and Training	1,525	100	-	-	-	-	-	1,625	1,880	995	2,875	4,500
Depreciation	249,381	16,994	20,653	9,908	65,490	84,694	368	447,488	15,573	3,153	18,726	466,214
Equipment Rental and Maintenance	57,371	8,313	36,004	11,062	52,891	154,931	6,007	326,579	27,694	36,241	63,935	390,514
Insurance	177,195	43,640	47,193	74,931	116,417	128,358	8,275	596,009	24,614	42,816	67,430	663,439
Legal and Accounting	2,720	922	997	1,583	2,459	2,598	160	11,439	58,113	1,040	59,153	70,592
Mailing, Postage, and Shipping	18,607	357	375	1,426	1,664	1,113	96	23,638	698	35,154	35,852	59,490
Membership Expense	-	-	-	-	-	-	-	-	-	42,292	42,292	42,292
Other	1,890	1,101	4,020	282	267	4,746	369	12,675	2,843	4,544	7,387	20,062
Printing and Publications	7,350	1,248	1,140	2,344	2,813	14,087	183	29,165	702	41,343	42,045	71,210
Professional Memberships	3,921	4	5	67	601	12	1	4,611	7,349	5	7,354	11,965
Professional Services	233,050	207,680	37,630	44,674	74,524	391,529	7,815	996,902	64,070	152,700	216,770	1,213,672
Public Exhibits	61,808	2,298	-	-	-	85,163	-	149,269	-	-	-	149,269
Software Maintenance	2,480	921	506	3,327	1,701	36,188	717	45,840	17,399	22,888	40,287	86,127
Supplies	191,723	25,236	63,560	37,371	170,056	92,777	2,919	583,642	28,777	62,262	91,039	674,681
Telephone and Internet	6,371	2,177	2,355	3,938	6,645	6,136	379	28,001	4,791	2,455	7,246	35,247
Travel and Entertainment	7,629	5,052	201	5,087	4,230	921	4,076	27,196	18,607	5,734	24,341	51,537
Utilities	95,326	11,866	29,081	15,917	100,411	40,644	2,529	295,774	10,998	8,095	19,093	314,867
CT Totals	\$ 2,309,374	\$ 782,728	\$ 591,644	\$ 673,564	\$ 2,059,781	\$ 2,205,700	\$ 136,229	\$ 8,759,020	\$ 743,519	\$ 1,175,821	\$ 1,919,340	\$ 10,678,360

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

**BROOKGREEN GARDENS
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>2023</u>
Cash Flows from Operating Activities	
Increase (Decrease) in Net Assets	\$ 7,687,257
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:	
Donated Sculpture	(318,775)
Non-Cash Contributions	(205,529)
Unrealized (Gain) Loss on Investments, Net	(4,151,541)
Appreciation in Perpetual Trusts, Net	(1,430,183)
Discount of Pledges Receivable	(133,094)
Depreciation	466,217
(Gain) Loss on Disposal of Property and Equipment	(3,400)
(Increase) Decrease in Operating Assets:	
Lease and Other Receivables	222,769
Pledges Receivable	2,532,431
Inventory	(27,304)
Prepaid Expenses	(43,259)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable and Accrued Compensation	(306,771)
Accrued Retirement	(13,542)
Deferred Income	9,083
Net Cash Provided (Used) by Operating Activities	<u>4,284,359</u>
Cash Flows from Investing Activities	
Payments for Property and Equipment	(1,786,911)
Payments for Sculpture and Art	(12,664)
Net Cash Provided (Used) by Investing Activities	<u>(1,799,575)</u>
Net Increase (Decrease) in Cash	2,484,784
Cash and Cash Equivalents, Beginning of Year	<u>11,329,907</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 13,814,691</u></u>
Supplemental Disclosure of Cash Flow Information	
Cash paid for interest	<u><u>\$ -</u></u>

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

BROOKGREEN GARDENS NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Organization

Brookgreen Gardens (the Organization) is a not-for-profit corporation, formed in 1931 to collect, preserve and exhibit American sculpture, and the flora and fauna native to South Carolina. Archer and Anna Huntington contributed the first assets to the Organization. The initial contributions included reversionary clauses, which specify that certain property is to revert to the Huntington heirs in the event the charter is not followed. Brookgreen Gardens' property east of Highway 17, known as Huntington Beach State Park, is leased to the State of South Carolina. The Organization's support comes primarily from admission fees, retail operations, and contributions, and is affected by tourism in Myrtle Beach, South Carolina, and surrounding areas.

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Financial Statement Presentation

Financial Statements are presented in conformity with accounting principles generally accepted in the United States of America. The Organization reports information regarding its financial position and activities according to two classes of net assets: Net Assets Without Donor Restrictions and Net assets with Donor Restrictions. The following describes the Organization's net asset classes:

Net Assets without Donor Restrictions

Net assets available for use in general operations and not subject to donor or grantor restrictions.

Board Designated Net Assets

Board designated net assets are net assets without donor restrictions that have been permanently or temporarily designated by the Board of Trustees for a specific purpose. These net assets primarily include collection items that have been permanently accessioned into the Organization's collections. See additional information regarding the collections policy under the "Sculptures" section of Note 1.

Net Assets with Donor Restrictions

Net assets are subject to donor-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 those resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed into service. 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.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with a maturity of six (6) months or less, which are neither held for, nor restricted by donors for long-term purposes, to be cash and cash equivalents, excluding highly liquid holdings of the investment reserve account.

1. Summary of Significant Accounting Policies (Continued)

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value. Donated investments are valued at fair market value at the date of donation. Gains and losses on investments are reported as increases or decreases in net assets unless their use is restricted by explicit donor stipulation or law.

Inventory

Inventory consists primarily of items held for resale at Keepsakes (gift shop) and the food and beverage locations. Purchased items are recorded at the lower of cost or market determined by the first-in, first-out method for food and beverage inventory and average costing for the gift shop inventory. Donated items are recorded at the market value as of the date of donation.

Promises to Give

Unconditional promises to give (pledges) are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. The Organization follows U.S. generally accepted accounting principles, whereby contributions received are recorded as net assets with donor restrictions if applicable, depending on the existence and/or nature of any donor restrictions.

Allowance for Uncollectible Pledges

Pledges that are expected to be collected within one year are recorded at net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount rate used annually reflects the governmental risk-free rate. The Organization uses the allowance method to determine uncollectible unconditional promises to give based on historical experience and knowledge of the donors and current economic conditions.

Beneficial Interests in Perpetual Trusts

These assets represent the fair value of the assets within four perpetual trusts established by the Huntingtons, one trust by Charlotte Dunwiddie and one trust by Wynant and Marilyn Williams. Trust balances are donor-restricted. The Organization receives distributions from these trusts, without any restrictions. Third party trustees hold the trusts' assets.

Property and Equipment

Property and equipment are recorded at cost, or, if donated, at estimated fair market value at the date of donation. Depreciation is provided over the estimated useful lives of the assets which range from three (3) to seventy-five (75) years using the straight-line method. The Organization's policy is to capitalize assets costing \$2,500 or more with a useful life exceeding one (1) year. Expenditures for major improvements that extend the useful life of property and equipment are capitalized. Maintenance and repairs which do not significantly improve or extend the life of the respective assets are expensed.

Collections

The collections at Brookgreen Gardens consists of a sculpture collection, and a collection of historical and archival objects, horticultural and zoological and library items which are all on display for the general public. Objects may be added to Brookgreen Gardens' collections through gift, transfer, bequest, purchase, exchange, archaeological excavation, or other methods that convey the title of the object to Brookgreen Gardens. Objects added to Brookgreen Gardens' permanent collections are formally accessioned. Sculpture may be deaccessioned (as long as there are no restrictions precluding such action) based on the recommendation of the curator, the approval of the Programs Committee, and the approval of the Board of Trustees, when it meets certain criteria. In the event of deaccession, sculpture may be sold or donated. Gains or losses from deaccessions of those items are reflected in the statement of activities as changes in the appropriate net asset classes, depending on the existence and type of donor-imposed restrictions. Any funds realized from deaccession must be reinvested in the enhancement or preservation of Brookgreen Gardens' collections.

1. Summary of Significant Accounting Policies (Continued)

Sculpture Collection

The Organization has capitalized its sculpture collection since its inception. Purchased items are capitalized at cost, and donated items are capitalized at their appraised or estimated fair value as of the date donated. Brookgreen Gardens considers sculptures to be works of art and therefore not subject to appreciation or depreciation. The Organization also maintains sculpture throughout the property that it does not lease or own. These sculptures are owned and insured by other organizations or individuals and are not included in the collection. In addition, the Organization has ownership of items of sculpture that have been donated or purchased but have not been formerly accessioned into the collection. As of June 30, 2023, the Organization was in possession of one (1) piece of sculpture awaiting approval to be accessioned for a total estimated value of \$25,725 and twenty-seven (27) items with an estimated value of \$55,650 that have been donated and are being held to sell, with the proceeds being used to care for the collection.

Historical and Archival Objects Collection

The Organization does not capitalize its collections of historical and archival objects, horticultural or zoological or library items. The cost of purchasing items for these collections are included as a change in net assets without donor restrictions in program expenses in the accompanying statement of activities and change in net assets. As of June 30, 2023, the Historical and Archival collection consisted of 269 items, which are catalogued and maintained by the Art and Sculpture Department and have an estimated value of \$117,310.

The Organization

Compensated Absences

Employees of the Organization are entitled to paid time off for vacations, sick days, and certain holidays. The Organization's policy allows employees to carry over unused paid time off beyond the end of a fiscal year up to 37.5 hours. The total liability for compensated absences as of June 30, 2023 was \$95,144.

Donated Services

Contributed professional services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses or assets, if capitalizable. In-kind contributions were used in the following functional categories: 1) programs - \$521,384 and 2) fundraising - \$400. Numerous volunteers have made contributions of their time to the Organization's program services. Although no amounts have been reflected in the financial statements, management estimates that approximately 112,963 volunteer hours were donated in Fiscal Year 2023.

Released from Restrictions

Expiration of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Functional Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to program and supporting services based on numerous factors determined by management. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

1. Summary of Significant Accounting Policies (Continued)

Income Tax Status

Brookgreen Gardens is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under section 170(b)(1)(A) and has been classified as an organization other than a private foundation under section 509(a)(2).

The Organization is not currently undergoing examination of any previously filed information returns; however, the returns filed for the most recent three years remain available for examination by taxing authorities. Management is not aware of any unfavorable tax positions taken on the returns which have less than a 50% chance of being affirmed under examination.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The following items are significant estimates embodied in the financial statements: 1) valuation of donated collections, 2) estimated useful lives of property and equipment, 3) market value of investments, and 4) functional allocation of expenses.

Advertising

The Organization uses advertising to promote its programs. Advertising costs are expensed as incurred. Total advertising expenses were \$669,999 for the fiscal year ended June 30, 2023.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between the periods presented. The reclassifications have had no impact on previously reported net assets.

2. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, are comprised of the following as of June 30:

	2023
Financial Assets at Year-End:	
Cash and Cash Equivalents	\$ 13,814,691
Investments	12,001,169
Pledges Receivable	2,849,930
Lease and Other Receivables	918,557
Less Donor Restricted for Future Projects	<u>(10,145,790)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures With-in One Year.	<u>\$ 19,438,557</u>

As part of the liquidity management plan, the Organization holds cash in Federal Deposit Insurance Corporation ("FDIC") insured accounts to the extent of such insurance. The Organization maintains cash to cover short-term operating expenses. As a general guideline but subject to variation to accommodate particular circumstances, cash above the amount of FDIC insurance should be invested in certificates of deposits issued by FDIC insured banks and in money market funds or repurchase agreements backed by government securities approved by the Board.

3. Concentration of Credit Risk

The Organization maintains cash in various financial institutions that are insured through the FDIC for cash balances up to \$250,000. Cash in these accounts at times exceed \$250,000. On June 30, 2023 \$1,007,956 was uninsured by the FDIC.

4. Investments

Investments are stated at fair value and include cash and money funds, preferred stocks, and cash surrender value of life insurance. Fair value and net unrealized gain (loss) are summarized as follows for the year ended June 30, 2023:

	Cost	Fair Value	Unrealized Gain/(Loss)
Cash	\$ 146,628	\$ 146,628	\$ -
Fixed Income Securities	5,183,962	5,192,440	8,478
Equity Securities	4,298,874	4,496,087	197,213
Mutual Funds	2,347,310	2,365,545	18,235
Policy Account Value - Life Insurance	24,395	451,254	426,859
Totals	<u>\$ 12,001,169</u>	<u>\$ 12,651,954</u>	<u>\$ 650,785</u>

The following schedule summarizes the return on investments and its classification in the statement of activities for the year ended June 30,

	2023
Interest and Dividends	\$ 39,788
Net Realized and Unrealized Gains (Losses)	<u>1,058,654</u>
Totals	<u>\$ 1,080,772</u>

Expenses related to investment revenues including custodial fees and investment advisory fees, amounted to \$81,386 for the fiscal year ended June 30, 2023 and are reported net of return on investments.

5. Fair Value Measurements

The Organization reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the most advantageous market at the measurement date. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including the assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the Organization. Unobservable inputs are inputs that reflect the Organization's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices in active markets for identical assets and liabilities the Organization has the ability to access.

Level 2 – Inputs (other than quoted prices within Level 1) such as quoted prices for similar assets or liabilities, quoted prices in inactive markets or other inputs that can be corroborated by observable market data.

Level 3 – Unobservable inputs for the asset or liability on which the Organization relies on management's own assessments about the assumptions that market participants would use in pricing the assets or liabilities.

5. Fair Value Measurements (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets measured on a recurring basis at June 30:

2023	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
Investments	\$ 12,001,169	\$ 12,001,169
Beneficial Interest in Perpetual Trusts	<u>17,538,387</u>	<u>17,538,387</u>
Total Assets Measured at Fair Value	<u><u>\$ 29,539,554</u></u>	<u><u>\$ 29,539,554</u></u>

Fair values for investments of the Organization as well as the investments that comprise the irrevocable charitable trusts are determined by reference to quoted market prices and other relevant information generated by market transactions.

6. Pledges Receivable

Pledges receivable as of June 30, consisted of the following:

	2023
Pledges Receivable	\$ 2,983,024
Less: Allowance for Uncollectible Pledges	<u>(133,094)</u>
Pledges Receivable, Net	<u><u>\$ 2,849,930</u></u>
Amount Due In:	
One Year	<u><u>\$ 1,779,524</u></u>

7. Beneficial Interests in Perpetual Trusts

Assets held in six (6) irrevocable charitable trusts are stated at fair values and include equity securities, fixed income, mutual funds, and cash. Activity for the year ended June 30 is as follows:

	2023
Beginning Balance	\$ 16,575,890
Net Realized and Unrealized Investment Gains (Losses)	2,041,602
Investment Management Fees	(135,410)
Distributions to Organization	<u>(943,695)</u>
Ending Balance	<u><u>\$ 17,538,387</u></u>

The Organization recognizes transfers as an increase in assets. Expenses related to investment revenues for the fiscal year ended June 30, 2023 including custodial fees and investment advisory fees, amounted to \$135,410, and are reported net of return on investments.

8. Life Insurance

The Organization is the owner and beneficiary of three (3) life insurance policies. One policy is on its former officer, with a face value of \$300,000 and cash value included in investments of \$210,863 as of June 30, 2023. The second was a contribution received in 2020 with a cash value of \$244,670 included in investments as of June 30, 2023. The third was a contribution received in 2021 with a cash value of \$7,843 included in investments as of June 30, 2023.

9. Property and Equipment

Property and Equipment consists of the following at June 30 2023:

Land	\$ 329,952
Land Improvements	5,629,135
Buildings	19,828,268
Trucks and Automobiles	759,925
Equipment	<u>1,448,706</u>
	27,995,986
Accumulated Depreciation	<u>(24,297,981)</u>
Total	<u>\$ 3,698,005</u>

Depreciation expense for the year ended June 30, 2023, totaled \$466,215.

Included in the above are Land and Buildings with a net book value of \$566,049 considered Right Of Use Assets as they are available to the lessee to use over the life of the lease.

10. Operating Leases

The Organization enters into short-term lease agreements for various pieces of equipment during the year on an as needed basis for use in its programs and special event activities. Equipment rental expense totaled \$133,646 for the year ended June 30, 2023. The Organization applies the short-term lease measurement and recognition exemption to its office equipment.

On June 1, 2022, the Organization entered into a lease with multi-year options for copiers with a monthly lease payment of \$1,699, and an annual adjustment of 10% or less beginning June 1, 2022, for sixty (60) months. Minimum future lease payments under the operating lease for the year ending June 30,2023:

2024	\$ 21,161
2025	21,161
2026	21,161
2027	<u>19,397</u>
Total	<u>\$ 82,880</u>

10. Operating Leases (Continued)

On November 15, 2022 the Organization entered into a lease with multi-year options for copiers with a monthly lease payment of \$110 and an annual adjustment of 10% or less beginning November 15, 2022, for sixty (60) months. Minimum future lease payments under the operating lease for the year ending June 30, 2023:

2024	\$	1,320
2025		1,320
2026		1,320
2027		1,320
2028		440
		<hr/>
Total	\$	5,720
		<hr/>

11. Bank Line of Credit

The Organization maintained an unused line of credit for completing capital projects related to the Contemporary Conservatory, Art Center, Zoo Exhibit, and other facility improvement projects. The amount available to be borrowed on the line of credit as of June 30, 2023 was \$5,000,000. Any balance on the line of credit would be collateralized by securities maintained by the lending bank.

12. Lease Revenue

Since 1960, the Organization has leased its property east of Highway 17, known as Huntington Beach State Park, to the South Carolina Department of Parks, Recreation and Tourism. Effective July 1, 2000, the lease agreement was amended and restated. The new agreement continues the lease term through December 2024 and provides for optional five-year extensions. The lease is cancelable by the Organization in the event of default by the State, changes in the tax effect of the lease, revisions in the legal use of the property, and certain other conditions. The historical cost of the leased land has not been determined by management. The statement of financial position at June 30, 2023, includes a lease receivable of \$868,500 representing \$1,034,900 earned during the year less receipts of \$166,400. Future minimum lease payments of \$600,000 (adjusted annually based on the Consumer Price Index) are scheduled to be received through 2039.

On March 10, 2020, Brookgreen entered into a renewable contract to lease the onsite restaurant space for a period of one (1) year beginning June 1, 2020, and renewable annually through March 31, 2032. The base rent is \$1,200 - \$2,300 per month. During 2023 they received \$17,800 in rental income.

Lease Right of Use Assets represent the total net book value of the land and buildings under lease at June 30, 2023 which is \$566,049 and determined on a per mile or square foot allocation basis. Lease revenue received for properties are considered operating revenues and reported in the statement of activities.

13. Net Assets with Donor Restrictions

Donor restricted net assets represent the beneficial interests in perpetual trusts and donations received for specified purposes. Net Assets with donor restrictions at June 30, 2023, were available for the following purposes:

Beneficial Interests in Perpetual Trusts:	
Subject to appropriation and restricted by donors for general use	\$ 17,538,387
Donations Restricted for a Specific Purpose:	
Capital Campaign	9,758,355
People in the Park Program	93,282
Life Insurance Premiums	62,155
Greenhouse Endowment	50,000
Sculpture	33,972
Arboretum Trees	28,918
Corporate Sponsorship	24,750
Chicora Rice Mill	20,028
Curator's Circle	17,430
Carillon	15,316
Brookgreen Bricks	11,852
Garden Bench Memorials	10,000
Wetland Gardens Species	10,000
Sculpture & Exhibit	6,896
Education Programs	2,836
Total Donations Restricted for Specific Purpose	<u>10,145,790</u>
Total Donor Restricted Net Assets	<u><u>\$ 27,684,177</u></u>

Board Designated Net Assets at June 30, 2023 are as follows:

Sculpture Collection	<u>\$ 13,248,667</u>
Total Board Designated Net Assets	<u><u>\$ 13,248,667</u></u>

In the fiscal year ended June 30, 2023, the Organization received contributions of sculpture in the amount of \$308,775.

14. Contributed Nonfinancial Assets

The Organization receives in-kind contributions of time and pro-bono services from the community and volunteers. Non-cash donations and services are reflected in the accompanying financial statements as annual giving and are offset by like amounts included in expenses. All donated services and assets were utilized by the Organization's programs. In-kind contributions consisted of the following for the year ended June 30:

	2023
Advertising	\$ 145,584
Legal and Professional Services	26,741
Equipment Rental	<u>30,097</u>
Total In-Kind Donations and Services	<u><u>\$ 202,422</u></u>

15. Related Party Transactions

Friends of Brookgreen ("Friends") is a membership organization whose main objective is to support and promote Brookgreen Gardens. It provides a significant fundraising effort among its members through its annual fundraisers. Unspent funds raised by the Friends are included in Board designated unrestricted net assets. For the year ended June 30, 2023, the Friends raised \$82,751.

Members of the Board of Trustees contributed a total of \$203,763 to the Organization during the fiscal year ended June 30, 2023.

The law firm that employs the Secretary, who is also a Trustee of the Organization, and also employs the General Counsel for the Board of Trustees, was paid \$34,093 for legal services provided to the Organization in fiscal year 2023. In addition, Brookgreen paid a President Emeritus \$38,400 for consulting services, a Trustee \$3,100 for a sculpture workshop and a company owned by a Trustee \$3,000 for marketing services in the fiscal year ended June 30, 2023.

16. Commitments and Contingencies

The Organization is periodically involved in legal actions and claims that arise as a result of events that occur in the normal course of operations. The resolutions of such actions are not expected to have a material adverse effect on the Organization's financial position.

On January 14, 2010, the Organization entered into a Consulting and Nondisclosure Agreement with its former CEO which became effective upon his retirement on January 31, 2017. Pursuant to this agreement, the Organization will pay a total sum of \$360,000 payable in ninety (90) equal monthly installments of \$4,000 beginning February 1, 2017, through July 1, 2024 or consultant's death. Payment is for consulting on various matters as outlined in the agreement. A total of \$38,400 was paid during the fiscal year ended June 30, 2023.

On November 10, 2022, the Organization entered into a contract for architectural and CM at risk services for the Conservatory for a total of \$900,340. A total of \$376,691 was completed as of June 30, 2023 and \$523,649 remained.

On December 28, 2022, the Organization entered into a contract for the construction of a 6,420 square foot sculpture studio and foundry for the amount of \$2,154,176 to be completed in fiscal year 2024. As of June 30, 2023, a total of \$388,822 had been completed and \$1,804,236.24 remained.

17. Employee Benefit Plans

The Organization sponsors a defined benefit plan (the "Plan") covering substantially all of its employees. Pension benefits are based on years of service. The Organization's funding policy is to make the minimum annual contribution required by applicable regulations. The funded status is measured as the difference between the fair value of the Pension Plan's assets and benefit obligation. The Organization must recognize changes in the Plan's funded status in the Statement of Activities through the change in unrestricted assets, apart from expenses, in the year in which the changes occur. The Organization makes annual contributions to the Plan equal to the amount accrued for pension cost as of the prior year end. The measurement date used by the actuary to determine assets and liabilities was June 30, 2023.

17. Employee Benefit Plans (Continued)

During the fiscal year ended June 30, 2023, the Organization made contributions to the Plan of \$6,367. Employees were not permitted to contribute to the Plan under its terms. The minimum liability decreased by \$13,542 in 2023. The pension liability, as recognized in the Statement of Financial Position, is as follows:

	2023
Pension Plan Assets at Fair Value at June 30	\$ 2,765,497
Projected Benefit Obligation at June 30	<u>(2,120,505)</u>
Funded Status	<u><u>\$ 644,992</u></u>
Pension Asset/(Liability)	<u><u>\$ 644,992</u></u>

The following tables set forth the benefit obligation, fair value of Plan assets, amounts recognized in the Organization's financial statements and the principal weighted average assumptions used:

	2023
Projected Benefit Obligation, Beginning of Year	\$ 2,210,051
Change in Benefit Obligation:	
Interest Cost	96,887
Actuarial Gain	(28,573)
Benefits and Administrative Expenses Paid	<u>(157,860)</u>
Projected Benefit Obligation - End of Year	<u><u>\$ 2,120,505</u></u>

Accumulated benefit obligation equaled \$2,120,505 as of June 30, 2023.

Change in plan assets for the year ended June 30, are as follows:

	2023
Fair Value of Plan Assets - Beginning of Year	\$ 2,841,501
Change in Plan Assets:	
Contributions	-
Actual Return on Investments	81,856
Benefits and Administrative Expenses Paid	<u>(157,860)</u>
Fair Value of Plan Assets - End of Year	<u><u>\$ 2,765,497</u></u>

The net transition obligation, prior service cost and estimated loss (gain) for the Plan that are expected to be amortized from unrestricted net assets into net periodic benefit cost over the next fiscal year are:

	2023
Expected Amortization of Transition Obligation	\$ -
Expected Amortization of Prior Service Cost	-
Expected Amortization of Net (Gain)/Loss	5,335

17. Employee Benefit Plans (Continued)

Estimated Future Benefit Payments

2024	\$ 230,539
2025	220,900
2026	210,813
2027	200,706
2028	191,487
2029 - 2033	830,459

No Plan assets are expected to be returned to the Organization.

The weighted-average assumptions used to determine pension benefit obligation at June 30:

2023

Discount Rate	5.00%
Rate of Compensation Increase	N/A
Mortality	RP-2014 Healthy Annuitant

The weighted-average assumptions used to determine net periodic pension benefit cost for the year ended June 30:

2023

Discount Rate	4.50%
Expected Return on Plan Assets	3.00%
Rate of Compensation Increase	N/A
Mortality	RP-2014 Healthy Annuitant

No intangible asset has been recorded for unrecognized prior service costs. The assumptions above were determined based on long-term historical trends, factoring in inflation, which was based on historical increases in the Consumer Price Index but tempered with future expectations and expected market activity.

Plan assets are invested in a managed portfolio, consisting primarily of mutual funds that invest in common stock and corporate bonds. The Organization adopted a resolution to cease further benefit accruals under the defined benefit plan effective December 31, 2004, and freeze each Plan participant's benefit based on their service and salary calculations as of the last day of the 2004 Plan year.

In July 2021 the Organization voted to terminate the Pension Plan which is expected to take up to eighteen (18) months. Upon termination, the beneficiaries will be offered the option to be paid a lump sum or purchase an annuity and Brookgreen will no longer have the liability for the Plan.

The Organization also provides a tax deferred annuity plan under Section 403(b) of the Internal Revenue Service Code. All employees may elect to defer a portion of their compensation under the Plan. The Organization has the option to make an elective contribution annually and contributed matching funds of \$241,064.19 for the fiscal year ended June 30, 2023. The Plan's year ends December 31.

18. Subsequent Events

In August 2023, the Organization entered into a contract to construct a conservatory and garden for the amount of \$16,904,079 to be completed in 2025.

The Organization evaluated the effects subsequent events would have on the financial statements through the date of the auditor's report, which is the date the financial statements were available for issuance.