



The American Rose Society

Financial Statements
Years Ended December 31, 2020 and 2019

The American Rose Society

Table of Contents

Independent Auditor's Report	3-4
Financial Statements	
Statements of Financial Position	5
Statements of Activities	6
Statements of Functional Expenses	7
Statements of Cash Flows	8
Summary of Significant Accounting Policies	9-15
Notes to Financial Statements	16-29

Independent Auditor's Report

The Audit Committee
The American Rose Society
Shreveport, Louisiana

I have audited the accompanying financial statements of The American Rose Society, which comprise the statements of financial position for the years ended December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and summary of significant accounting policies and the related notes to financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion.

An audit includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The American Rose Society as of December 31, 2020 and 2019, 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.

Emphasis of Matter

As discussed in Note 14 to the financial statements, the American Rose Society adopted a new accounting pronouncement for the year ended December 31, 2020. My opinion is not modified with respect to this matter

A handwritten signature in blue ink that reads "James Demélland, CPA LLC". The signature is written in a cursive style.

Certified Public Accountant

Shreveport, Louisiana

August 23, 2021

The American Rose Society

Statements of Financial Position

	December 31, 2020			December 31, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Assets						
Current assets:						
Cash and cash equivalents	\$ 170,845	\$ 656,254	\$ 827,099	\$ 101,224	\$ 632,208	\$ 733,432
Accounts receivable	14,950	-	14,950	7,964	-	7,964
Inventories (Note 1)	40,684	-	40,684	38,292	-	38,292
Prepaid and deferred expenses	2,153	-	2,153	2,153	-	2,153
Total current assets	228,632	656,254	884,886	149,633	632,208	781,841
Assets held for long-term investment (Notes 2 and 3)	-	4,314,467	4,314,467	-	4,235,483	4,235,483
Property and equipment, net (Note 6)	1,623,004	-	1,623,004	1,632,863	-	1,632,863
Total Assets	\$1,851,636	\$4,970,721	\$6,882,357	\$1,782,496	\$4,867,691	\$6,650,187
Liabilities and Net Assets						
Current liabilities:						
Line of credit (Note 15)	\$ -	\$ -	\$ -	\$ 23,180	\$ -	\$ 23,180
Accounts payable and accrued expenses	131,108	-	131,108	147,847	-	147,847
Deferred revenues, current portion (Notes 7 and 8)	170,203	-	170,203	167,185	-	167,185
Other deferred revenues (Notes 7 and 8)	10,917	-	10,917	18,817	-	18,817
Total current liabilities	312,228	-	312,228	357,029	-	357,029
Long term liabilities						
Deferred revenues (Notes 7 and 8)	76,673	-	76,673	82,504	-	82,504
Total Liabilities	388,901	-	388,901	439,533	-	439,533
Net assets:						
Without donor restrictions	1,462,735	-	1,462,735	1,342,963	-	1,342,963
With donor restrictions (Note 13)	-	4,970,721	4,970,721	-	4,867,691	4,867,691
Total net assets	1,462,735	4,970,721	6,433,456	1,342,963	4,867,691	6,210,654
Total Liabilities and Net Assets	\$1,851,636	\$4,970,721	\$6,822,357	\$1,782,496	\$4,867,691	\$6,650,187

See accompanying summary of significant accounting policies and notes to financial statements.

The American Rose Society

Statements of Activities

Year Ended December 31,	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Changes in net assets						
Revenue and Support:						
Investment return, net	\$ -	\$ 466,002	\$ 466,002	\$ -	\$ 635,542	\$ 635,542
Membership dues	304,205	-	304,205	315,956	-	315,956
Annual Fund	278,509	-	278,509	176,867	-	176,867
Governmental grants (Note 16)	105,147	-	105,147	-	-	-
Contributions, operating activities	-	87,920	87,920	77,339	144,691	222,030
Garden events and entry	80,577	-	80,577	92,460	-	92,460
Publications and advertising	67,500	-	67,500	58,883	-	58,883
Gift shop	38,647	-	38,647	64,428	-	64,428
Weddings and rentals	37,000	-	37,000	46,296	-	46,296
In-kind revenues	16,592	-	16,592	971	-	971
Contributions, investing activities	-	4,902	4,902	-	13,855	13,855
Other	1,598	-	1,598	9,608	-	9,608
Net assets released from restrictions	445,456	(445,456)	-	272,903	(272,903)	-
Total revenue and support	1,375,231	113,368	1,488,599	1,115,711	521,185	1,636,896
Expenses:						
Publication program	193,752	-	193,752	197,362	-	197,362
Garden program	359,251	10,338	369,589	213,086	59,001	272,087
Society program	148,117	-	148,117	141,156	34,860	176,016
Management and general	554,339	-	554,339	624,948	6,320	631,268
Total expenses	1,255,459	10,338	1,265,797	1,176,552	100,181	1,276,733
Increase (decrease) in net assets	119,772	103,030	222,802	(60,841)	421,004	360,163
Net assets, beginning of year	1,342,963	4,867,691	5,210,654	1,403,804	4,446,687	5,850,491
Net assets, end of year	\$1,462,735	\$4,970,721	\$6,433,456	\$1,342,963	\$4,867,691	\$6,210,654

See accompanying summary of significant accounting policies and notes to financial statements.

Year ended December 31,

2020

	Program Activities			Supporting Activities	Total Expenses
	Publication Program	Garden Program	Society Program	Management and General	
Expenses:					
Bank charges	\$ -	\$ -	\$ -	\$ 4,953	\$ 4,953
Board of directors	-	-	-	-	-
Christmas in Roseland	-	54,186	-	748	54,934
Computer and IT	-	-	125	7,083	7,208
Convention and conferences	-	-	-	1,447	1,447
Depreciation	-	61,357	-	84,278	145,635
Dues and subscriptions	-	-	-	1,514	1,514
Editorial and publications	86,453	-	-	-	86,453
Garden promotion	-	1,883	-	-	1,883
Gift shop	-	2,228	-	1,211	3,439
Gift shop inventory	-	-	-	13,780	13,780
Gifts in-kind	-	16,592	-	-	16,592
Grounds	-	72,113	-	2,243	74,356
Insurance	-	7,160	19,096	46,760	73,016
Interest	-	-	-	306	306
Investment released for operations	-	-	-	-	-
Janitorial	-	604	-	1,245	1,849
Klima expenses	-	577	-	266	843
Lease expenses	-	-	-	8,821	8,821
Legal and accounting	-	-	-	18,000	18,000
Membership	-	-	14,336	800	15,136
Miscellaneous	-	-	842	3,818	4,660
Office and computer supplies	1,475	30	2,896	15,949	20,350
Patron promotional expenses	-	-	538	8,728	9,266
Payroll and related expenses	105,672	109,743	108,512	276,294	600,221
Postage	152	-	1,772	12,313	14,237
Repairs and maintenance	-	16,212	-	1,308	17,520
Telephone	-	-	-	16,049	16,049
Utilities	-	13,280	-	26,425	39,705
Weddings	-	13,624	-	-	13,624
Total expenses	\$193,752	\$369,589	\$148,117	\$554,339	\$1,265,797

The American Rose Society

Statements of Functional Expenses

2019

Program Activities			Supporting Activities	Total Expenses
Publication Program	Garden Program	Society Program	Management and General	
\$ -	\$ -	\$ -	\$ 6,032	\$ 6,032
-	-	-	2,924	2,924
-	24,754	-	-	24,754
-	-	-	9,977	9,977
-	-	-	4,998	4,998
-	52,329	-	84,278	136,607
-	-	-	2,819	2,819
89,534	-	-	-	89,534
-	5,857	-	-	5,857
-	-	-	4,147	4,147
-	-	-	24,145	24,145
-	971	-	17,064	18,035
-	75,047	-	-	75,047
-	-	18,418	52,278	70,696
-	-	-	924	924
-	691	34,860	-	35,551
-	-	-	1,943	1,943
-	-	-	823	823
-	-	-	8,885	8,885
-	-	-	17,960	17,960
-	-	10,184	-	10,184
-	-	759	15,578	16,337
863	-	3,189	13,721	17,773
-	-	-	7,273	7,273
106,965	103,543	108,606	249,513	568,627
-	-	-	20,406	20,406
-	-	-	19,953	19,953
-	-	-	14,062	14,062
-	8,895	-	37,702	46,597
-	-	-	13,863	13,863
\$197,362	\$272,087	\$176,016	\$631,268	\$1,276,733

See accompanying summary of significant accounting policies and notes to financial statements.

Year Ended December 31,	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Cash flows from operating activities:			
Change in net assets	\$ 119,772	\$ 103,030	\$ 222,802
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation expense	145,635	-	145,635
Realized (gains) on investments	-	(84,117)	(84,117)
Unrealized (gains) losses on investments	-	(307,768)	(307,768)
Changes in operating assets and liabilities:			
Accounts and pledges receivable	(6,986)	-	(6,986)
Inventory	(2,392)	-	(2,392)
Prepaid and deferred expenses	-	-	-
Accounts payable and accrued expenses	(16,739)	-	(16,739)
Deferred revenues	(10,713)	-	(10,713)
Net cash provided (used) by operating activities	228,577	(288,855)	(60,278)
Cash flows from investing activities:			
Additions to property and equipment	(135,776)	-	(135,776)
Payments for purchase of investments	-	(1,184,117)	(1,184,117)
Proceeds from sales of investments	-	1,497,018	1,497,018
Net cash provided (used) by investing activities	(135,776)	312,901	177,125
Cash flows from financing activities:			
Repayment on the line of credit	(23,180)	-	(23,180)
Borrowings from line of credit	-	-	-
Net cash provided by financing activities	(23,180)	-	(23,180)
Net increase (decrease) in cash	69,621	24,046	93,667
Cash at beginning of year	101,224	632,208	733,432
Cash at end of year	\$ 170,845	\$ 656,254	\$ 827,099

The American Rose Society

Statements of Cash Flows

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
	\$ (60,841)	\$ 421,004	\$ 360,163
	136,607	-	136,607
	-	(103,275)	(103,275)
	-	(437,147)	(437,147)
	(535)	-	(535)
	6,622	-	6,622
	19	-	19
	6,054	-	6,054
	(16,088)	-	(16,088)
	71,838	(119,418)	(47,580)
	(125,022)	-	(125,022)
	-	(2,220,545)	(2,220,545)
	-	2,619,945	2,619,945
	(125,022)	399,400	274,378
	(1,820)	-	(1,820)
	25,000	-	25,000
	23,180	-	23,180
	(30,004)	279,982	249,978
	131,228	352,226	483,454
	\$ 101,224	\$ 632,208	\$ 733,432

See accompanying summary of significant accounting policies and notes to financial statements.

The American Rose Society

Summary of Significant Accounting Policies

Nature of Activities

The American Rose Society (the "Society") is a nonprofit organization founded in 1892, to promote education of the public with respect to roses. Headquartered in Shreveport, Louisiana, the Society publishes the monthly American Rose magazine, sponsors and assists with rose shows, and makes available to members and rose societies books, supplies and rose related gift items.

A related organization, the American Rose Foundation (the "Foundation"), was merged into the Society as of December 31, 1988. With the merger, the activities of the Society were expanded to include the Foundation's activities, including the furtherance of educational and scientific programs dealing with roses, as well as the operation of The American Rose Center located in Shreveport, Louisiana.

Basis of Accounting

The financial statements of The American Rose Society have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Inventory

Inventories are stated at the lower of cost (determined on a first-in, first-out basis) or market.

Investments

The Society has adopted FASB ASC 958-320, "Accounting for Certain Investments Held by Not-for-Profit Organizations." Under FASB ASC 958-320, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Fair values are computed based on quoted market values as provided by the Society's financial advisors. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Investment income, gains and losses are reported net of direct and indirect investment expenses.

Property and Equipment

Property and equipment are stated at cost. Donated assets, such as land, are valued at the estimated fair market value on the date of donation. The Society uses the straight-line method of depreciation over estimated lives ranging from 3 to 25 years. Generally, items over \$5,000 are capitalized.

The American Rose Society

Summary of Significant Accounting Policies

(Continued)

Income Taxes

As a nonprofit organization, the Society is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code, but must file an annual return with the Internal Revenue Service that contains information on its financial operations. Therefore, no provision for income taxes has been made in the financial statements. The Society is required to review various tax positions it has taken with respect to its exempt status and determine whether in fact it continues to qualify as a tax-exempt entity. In addition, as a tax-exempt entity, the Society must assess whether it has any tax positions associated with unrelated business income subject to income tax. The Society does not expect any of these tax positions to change significantly over the next twelve months. Any penalties related to late filings or other requirements would be recognized as penalties expense in the Society's accounting records.

The Society is required to file U.S. Federal Form 990 for informational purposes. Its federal income tax returns for the tax years 2018 and beyond remain subject to examination by the Internal Revenue Service.

Revenue and Support

For the year ended December 31, 2018, the Society adopted Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. Under ASU 2016-14, The American Rose Society is required to report information regarding the financial position and activities according to two classes of net assets; assets with donor restrictions and assets without donor restrictions.

Net Assets

Assets without donor restrictions – The part of net assets that are not restricted by donor/grantor-imposed stipulations.

Assets with donor restrictions – The part of net assets that are restricted by donor/grantor-imposed stipulations.

The American Rose Society

Summary of Significant Accounting Policies

(Continued)

Revenue and Support - (continued)

Revenue

All donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Revenue without donor restrictions and the related assets, which are set aside or otherwise designated by the board of directors for specific uses, are reflected as revenue without donor restrictions and net assets without donor restrictions in the accompanying financial statements.

The Society reports gifts of land, buildings and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Society reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Revenue from Contracts with Customers

For the year ending December 31, 2019, the Society adopted ASU 2014-09 – “Revenue from Contracts with Customers (Topic 606)” as amended. Under the ASU, entities are required to identify and segment contracts into performance obligations and to account for certain contract costs and revenues as contract assets or contract liabilities.

The American Rose Society

Summary of Significant Accounting Policies

(Continued)

Performance Obligations

Retail Sales Revenue

Revenue from retail sales of merchandise is recognized at a point in time when control of the goods transfers to the customer in an amount that reflects the consideration the Society expects to receive in exchange for the goods. Typically, control is deemed to transfer at the date at which the goods are shipped, title has passed to the customer, and the customer accepts the goods.

The Society does not have a return policy; thus, no provision has been made in these financial statements for a refund liability.

Advertising and Endorsement Revenues

Revenue from sales of advertising and product endorsements in Society publications is recognized at a point in time directly associated with the date of issuance of the publication in an amount that reflects the consideration the Society expects to receive in exchange for the services provided.

Sale of Periodicals and Other Publications

Revenue from the sale of periodicals and other publications is recognized at a point in time when the periodical or other publication ships to the customer in an amount that reflects the consideration the Society expects to receive in exchange for those goods.

Facility and Grounds Rental

Revenue from short-term rentals of facility and grounds is recognized at a point in time when the customer exercises or has the right to exercise usage over the specified facility and grounds in an amount that reflects the consideration the Society expects to be entitled to in exchange for the usage provided.

The American Rose Society

Summary of Significant Accounting Policies

(Continued)

Performance Obligations – (continued)

Garden Entry and Events

Revenue from sales of admissions to the gardens and events is recognized at a point in time when the customer exercises the right of access to the gardens or the event in an amount that reflects the consideration the Society expects to be entitled to in exchange for the access.

Membership Dues

The Society offers a variety of membership options for individuals and local societies. In exchange for membership dues, the Society provides various goods and services including subscriptions to Society periodical publications, free or discounted garden admissions, access to expert guidance, and discounts with participating third-party benefit providers. Membership dues do not contain a contribution element and are nonrefundable. Revenue from membership dues is recognized based on the type of membership as follows:

- Revenue from memberships other than lifetime memberships is recognized at a point time when control over the benefit goods or services transfers to the member in an amount that reflects the expected cost plus a margin. Typically, control is deemed to transfer at the date at which the goods are shipped, or the services are provided.
- Revenue from lifetime membership is recognized over time on a straight-line basis over 20 years.

Sales Taxes

The Society is required to collect local and state sales taxes based on a percentage of qualifying sales. The Society's policy is to exclude sales taxes from the transaction price of all revenue when collected and from expenses paid. Instead, the Society records the collection and payment of sales taxes through a liability account.

The American Rose Society

Summary of Significant Accounting Policies

(Continued)

Shipping and Handling

The Society treats shipping and handling activities as a part of the underlying promise to transfer goods to customers and to not treat them as a separate performance obligation. Thus, no portion of revenue received from customers is allocated to shipping and handling activities. All shipping and handling costs are classified as fulfillment costs.

Advertising Costs

Advertising costs are expensed as incurred.

Uses of 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 the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the valuation of investments, allowance for doubtful accounts, the lives of property and equipment and allocation of management costs to supported programs.

Accounts Receivable

Accounts receivable are presented in the accompanying financial statement net of any allowance for doubtful accounts. Management periodically reviews past due accounts to determine if circumstances indicate that all, or a portion, of a customer's account will not be collectible. Based on this assessment, management reserves that portion of the receivable deemed to be uncollectible. At December 31, 2020 and 2019, the allowance for bad debts was \$0 and \$0, respectively.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting activities benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

<u>Expenses</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and effort
Utilities	Square footage

The American Rose Society

Summary of Significant Accounting Policies

(Concluded)

**Cash and Cash
Equivalents**

For purposes of the statements of cash flows, the Society considers all cash in bank accounts and highly liquid debt instruments, not associated with the nonexpendable portion of endowment trusts, with an original or remaining maturity of three months or less, to be cash equivalents. For the year ended December 31, 2020, the Society adopted Accounting Standards Update (ASU) 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash." The Society considers cash and cash equivalents with donor restrictions as restricted cash.

**Subsequent
Events**

Management evaluated events subsequent to the American Rose Society's most recent year end through August 23, 2021, the date the financial statements were available for issuance. No material subsequent events that require recognition or additional disclosure in the financial statements were noted.

The American Rose Society

Notes to Financial Statements

1. Inventory

Inventories at December 31, 2020 and 2019 consisted of the following:

	2020	2019
Merchandise and books	\$39,714	\$37,013
Gift Shop	970	1,279
	\$40,684	\$38,292

2. Investments

Investments are carried at market value with realized and unrealized gains or losses netted with investment income and expenses in the statement of activities. The Society maintains interest bearing deposit accounts, which hold operating cash and cash related to all funds with donor restrictions. Long-term investments are invested in a variety of securities.

The carrying values of investments as of December 31, 2020, with comparative totals for 2019, are summarized as follows:

	December 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
U.S. equities	\$ -	\$1,910,193	\$1,910,193
International equities	-	383,594	383,594
Mutual funds	-	1,095,166	1,095,166
Fixed income	-	925,514	925,514
	\$ -	\$4,314,467	\$4,314,467

The American Rose Society

Notes to Financial Statements

(Continued)

2. Investments (continued)

	December 31, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
U.S. equities	\$ -	\$1,485,334	\$1,485,334
International equities	-	411,135	411,135
Mutual funds	-	1,051,683	1,051,683
Fixed income	-	1,287,331	1,287,331
	\$ -	\$4,235,483	\$4,235,483

3. Fair Value of Financial Instruments

The Society has adopted the provisions of FASB ASC 820-10 and subsections. Under FASB ASC 820-10, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

FASB ASC 820-10 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on adjusted quoted prices in active markets for identical assets or liabilities as of the reporting date. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly, as of the reporting date.

The American Rose Society

Notes to Financial Statements

(Continued)

3. Fair Value of Financial Instruments (Continued)

Level 3 – Valuations based on inputs are unobservable and include situations where there is little, if any, market activity of the investment. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

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

	December 31, 2020			Total
	Level 1	Level 2	Level 3	
U.S. equities	\$1,910,193	\$ -	\$ -	\$1,910,193
International equities	383,594	-	-	383,594
Mutual funds	1,095,166	-	-	1,095,166
Fixed income	925,514	-	-	925,514
Total	\$4,314,467	\$ -	\$ -	\$4,314,467

	December 31, 2019			Total
	Level 1	Level 2	Level 3	
U.S. equities	\$1,485,334	\$ -	\$ -	\$1,485,334
International equities	411,135	-	-	411,135
Mutual funds	1,051,683	-	-	1,051,683
Fixed income	1,287,331	-	-	1,287,331
Total	\$4,235,483	\$ -	\$ -	\$4,235,483

The American Rose Society

Notes to Financial Statements

(Continued)

4. Endowment Trusts

The Society has four Endowment Trusts whose values are included in cash and investments in the statements of financial position.

Maintenance Endowment Trust

The Maintenance Endowment Trust (the "MET") was established to provide for a permanent source of revenue for the maintenance of and improvements to the American Rose Center in Shreveport, Louisiana. In general, contributions and other sources of revenue, which are considered principal of the Trust, are to be held in perpetuity to provide a source of income to further the MET's objectives.

Income of the MET, net of expenses, is to be deposited to net assets without donor restrictions to be used to provide for the maintenance of and improvements to the American Rose Center. The trustees of the Trust may also retain so much of the income of the Trust as they deem necessary to maintain the purchasing power of the assets of the Trust, but in no event are funds in excess of the then-current rate of inflation to be retained. Three Trustees appointed by the Society's Board of Directors administer the Trust.

It is the policy of the trustees to appropriate funds for current operations in an amount deemed necessary to meet the intentions of the trust instrument without invading non-expendable trust principal. Amounts remaining in the income fund of the MET are disbursed on an as needed basis to fund current operations in lieu of adding such funds to the nonexpendable principal portion of the MET.

The American Rose Society

Notes to Financial Statements

(Continued)

4. Endowment Trusts - (continued)

Research Endowment Trust Fund

The Research Endowment Trust Fund (the "Research Trust") was established to further research related to roses. In general, the trustees of the Research Trust are empowered to grant research grants to the extent of the income of the Research Trust, plus 14% of the principal balance of the Research Trust.

The trustees of the Research Trust have interpreted state law as requiring the net appreciation in the assets of the fund be added to the principal portion of the Research Trust. The Research Trust governing documents allow the trustees to use all income and up to 14% of the principal of the Research Trust in any year to fund research grants. Accordingly, any gains or losses on Research Trust investments are added to or deducted from the principal portion of the Research Trust and classified as net assets with donor restrictions.

The trustees of the Research Trust may appropriate funds only to support research grants, subject to the approval of the Society's Board of Directors. It is the policy of the trustees to review any applications submitted and expend assets of the Research Trust only in accordance with the trust instruments.

Education Endowment Trust

The Education Endowment Trust (the "Education Trust") was established to provide funds for the development, publication and distribution of educational materials on the culture of the rose, the establishment and advancement of local societies and otherwise for the benefit of the American Rose Society.

Endowment Trust

The Endowment Trust was established to provide perpetual endowment for the support, development, and improvement of the American Rose Society.

The American Rose Society

Notes to Financial Statements

(Continued)

4. Endowment Trusts (continued)

Endowment Investment Policy

The Society has established prudent investment and spending policies with the objective of maintaining the purchasing power of its endowed assets in perpetuity while providing a stable level of support to the Society. To achieve this objective, the Society's asset allocation strategy is reviewed periodically and adjusted to target a total return that covers inflation, administrative expenses, and spending allocations, while minimizing volatility.

The Society classifies as net assets with donor restrictions the original value of gifts donated for permanent endowment, any subsequent gifts to such endowments, and accumulations subsequently made at the direction of the applicable donor instrument.

From time to time, the fair value of assets associated with individual endowment funds may fall below the level that the donor or state law requires the Society to maintain as a fund of perpetual duration. There were no such deficiencies at December 31, 2020 or 2019.

The following summarize the fair market value of the endowments:

	December 31, 2020			
	Without Donor Restrictions	With Donor Restrictions		Total
		Nonexpendable	Expendable	
Maintenance	\$ -	\$3,232,452	\$ 832,443	\$4,064,895
Education	\$ -	195,308	14,476	209,784
Research	\$ -	-	282,420	282,420
Endowment	\$ -	170,511	68,375	238,886
	\$ -	\$3,598,271	\$1,197,714	\$4,795,985

The American Rose Society

Notes to Financial Statements

(Continued)

4. Endowment Trusts (continued)

	December 31, 2019			
	Without Donor Restrictions	With Donor Restrictions		Total
		Nonexpendable	Expendable	
Maintenance	\$ -	\$3,230,360	\$ 839,090	\$4,069,450
Education	\$ -	194,133	784	194,917
Research	\$ -	-	249,753	249,753
Endowment	\$ -	170,461	59,194	229,655
	\$ -	\$3,594,954	\$1,148,821	\$4,743,775

The following summarizes endowment activities and changes in value:

	Maintenance	Education	Research	Endowment	Total
Balance, December 31, 2018	\$3,718,962	\$180,788	\$237,285	\$207,193	\$4,344,228
Donations	200	1,150	11,710	1,255	14,315
Investment income, net	546,775	27,296	31,678	29,468	635,217
Appropriated for operations	(196,487)	(14,317)	(30,920)	(8,261)	(249,985)
Balance, December 31, 2019	4,069,450	194,917	249,753	229,655	4,743,775
Donations	2,092	1,175	1,585	50	4,902
Investment income, net	392,904	19,734	31,082	22,230	465,950
Appropriated for operations, net of returns	(399,551)	(6,042)	-	(13,049)	(418,642)
Balance, December 31, 2019	\$4,064,895	\$209,784	\$282,420	\$238,886	\$4,795,985

The American Rose Society

Notes to Financial Statements

(Continued)

5. Charitable Remainder Unitrust

During 1999, the Society was designated as the "Charitable Organization" in a charitable remainder unitrust created by George R. L. Meiling. The Trust document states that all of the principal and income of the Trust be distributed to The American Rose Society Educational Trust upon the death of Susan C. Meiling. However, per the Trust terms, the donor may designate one or more other organizations to receive distributions in addition to or in substitution of the Society. Since the above represents only an "intention to give" by the donor, an asset is not reflected on the subject financial statements.

6. Property and Equipment

The major classifications of property and equipment as of December 31, 2020 and 2019 were as follows:

	2020	2019
Buildings and gardens	\$ 4,623,708	\$ 4,509,455
Furniture, fixtures and equipment	402,931	383,058
Land	100,000	100,000
	5,126,639	4,992,513
Accumulated depreciation	(3,503,635)	(3,359,650)
Property and equipment, net	\$ 1,623,004	\$ 1,632,863

7. Contract Balances

The Society records contract assets and liabilities related to contracts with customers.

Contract assets consist of the Society's right to payment from customers for goods or services that have been provided to those customers, with the right to collection conditional on something other than the passage of time.

Contract liabilities, represented as Deferred Revenues in the financial statements, consist of the Society's obligations to transfer goods or services to customers for which the Society has received consideration from customers, including advance payments received from customers for future goods and services.

The American Rose Society

Notes to Financial Statements

(Continued)

7. Contract Balances – (continued)

Accounts receivables represent the Society's unconditional right to receive payment for the fulfillment of contract performance obligations or other conditions.

Accounts receivable, contract assets and contract liability balances are as follows:

	2020	2019
Accounts receivable	\$ 14,950	\$ 7,964
Contract assets	\$ -	\$ -
Contract liabilities	\$257,793	\$268,506

8. Contract Liabilities (Deferred Revenues)

The following summarizes significant changes in contract liabilities:

	2020	2019
Contract liabilities, beginning of year:		
Membership dues	\$ 249,689	\$ 257,582
Other contracts	18,817	27,012
	<u>268,506</u>	<u>284,594</u>
Revenue recognized that was included in contract liabilities at the beginning of the year:		
Membership dues	(173,708)	(178,156)
Other contracts	(7,900)	(9,845)
	<u>(181,608)</u>	<u>(188,001)</u>
Increases in contract liabilities due to cash received during the year:		
Membership dues	170,895	170,263
Other contracts	-	1,650
	<u>170,895</u>	<u>171,913</u>
Contract liabilities, end of year:		
Membership dues	246,876	249,689
Other contracts	10,917	18,817
	<u>\$ 257,793</u>	<u>\$ 268,506</u>

The American Rose Society

Notes to Financial Statements

(Continued)

9. Deferred Membership Dues

Membership dues collected in advance are recorded as deferred revenue and recognized as income at a point in time when contract performance obligations are fulfilled. Lifetime membership dues are recorded as deferred revenue and recognized over a twenty (20) year period on a straight-line basis.

The following is a summary of membership dues collected in advance, including the unamortized portion of lifetime memberships:

	2020	2019
2020	\$ -	\$167,185
2021	170,203	38,414
2022	37,875	11,004
2023	8,510	435
Thereafter	30,288	32,651
Total	\$246,876	\$249,689
Current portion of deferred revenue	\$170,203	\$167,185
Long term portion of deferred revenue	\$ 76,673	\$ 82,504

The American Rose Society

Notes to Financial Statements

(Continued)

10. Lease Obligations

The organization leases various office equipment under operating leases. Minimum lease payments on long-term operating leases by year and in the aggregate for the year ended December 31, 2020 are as follows:

2021	\$ 9,798
2022	8,090
2023	8,090
2025	8,090
2026	2,022
Total	\$36,090

Lease expense for the years ended December 31, 2020 and 2019 amounted to \$8,821 and \$8,885, respectively.

11. Disaggregation of Revenues

Revenue, disaggregated by time of transfer of goods and services follows:

	2020	2019
Revenue recognized based on goods and services transferred to customers at a point in time:		
Membership dues, other than lifetime	\$296,550	\$307,627
Advertising and endorsements	67,500	50,823
Garden entry and events	66,527	80,304
Retail sales	38,647	64,428
Facility and grounds rental	37,000	43,227
Periodical and publications	-	8,061
Total revenue recognized at a point in time	\$506,224	\$554,470
Revenue recognized based on goods and services transferred over time:		
Membership dues, lifetime	\$ 6,523	\$ 6,325
Total revenues recognized over time	\$ 6,523	\$ 6,325

The American Rose Society

Notes to Financial Statements

(Continued)

12. Availability of Financial Assets

The following reflects the Society's financial assets as of the statements of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statements of financial position date. Amounts not available include amounts set aside for long-term investing in endowments that could be drawn upon if the governing boards approves that action. However, any amounts already approved by the governing boards for disbursement from the endowments for general expenditure have not been subtracted from amounts reported as unavailable.

	2020	2019
Financial assets at year end	\$ 5,156,516	\$ 4,976,879
Less those unavailable for general expenditure within one year due to contractual or donor-imposed restrictions:		
Investments held in perpetual trust	(3,598,271)	(3,594,954)
Subject to appropriation and satisfaction of donor restrictions	(1,197,714)	(1,148,821)
Restricted by donor with time or purpose restrictions	(174,736)	(123,916)
Financial assets available to meet cash needs for general expenditures within one year	\$ 185,795	\$ 109,188

The American Rose Society's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	2020	2019
Cash and cash equivalents	\$170,845	\$101,224
Accounts receivable	14,950	7,964
Total financial assets	\$185,795	\$109,188

The American Rose Society

Notes to Financial Statements

(Continued)

13. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes:

	2019	2018
Investments held in perpetual trust:		
Maintenance Endowment Trust	\$3,232,452	\$3,230,360
Education Endowment Trust	195,308	194,133
Endowment Trust	170,511	170,461
Total investments held in perpetual trust	3,598,271	3,594,954
Subject to appropriation and satisfaction of donor restrictions:		
Maintenance Endowment Trust	832,443	839,090
Education Endowment Trust	14,476	784
Research Endowment Trust	282,420	249,753
Endowment Trust	68,375	59,194
Total subject to appropriation and satisfaction of donor restrictions	1,197,714	1,148,821
Restricted by donor with time or purpose restrictions:		
Watkins Reflecting Pool	67,917	74,215
Great Garden Restoration	106,819	49,701
Total restricted by donor with time or purpose restrictions	174,736	123,916
Total net assets with donor restrictions	\$4,970,721	\$4,867,691

The American Rose Society

Notes to Financial Statements

(Concluded)

14. Adoption of New Pronouncement

For the year ended December 31, 2020, the Society adopted Accounting Standards Update (ASU) 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash," which addresses classification and presentation of changes in restricted cash on the statement of cash flows. ASU 2016-18 requires an entity's reconciliation of the beginning-of-period and end-of-period total amounts shown on the statement of cash flows to include cash and cash equivalents amounts generally described as restricted cash and restricted cash equivalents.

The Financial Accounting Standards Board has not defined restricted cash or restricted cash equivalents. The Society considers restricted cash to include cash contributions, grants or other support received with donor restrictions that have not been released from restriction through fulfillment of the stipulated restrictions.

The Society has adopted ASU 2016-18 using a retrospective method. Cash and cash equivalents with donor restrictions, including associated changes if applicable, are presented in a separate column on the statement of financial position and statement of cash flows.

15. Line of Credit

The Society has a Prime plus 4.5% (7.75 percent at December 31, 2019), unsecured, \$25,000 line of credit with Capital One Bank. Borrowings at December 31 2020 and 2019 were \$0 and \$23,180 respectively.

16. Governmental Grants

Governmental grant revenue comprises \$105,147 from the Paycheck Protection Program (PPP) loan administered by the Small Business Administration. Under the provisions of the PPP loan, eligible entities may receive loans backed by the Small Business Administration to pay for certain qualifying expenses. The loans are potentially forgivable provided the funds are used for qualifying expenses within the specified timeframe.

Management used all the funds for qualifying expenses within the allowable timeframe and made application for loan forgiveness in April 2021. Management anticipates the loan to be fully forgiven and has elected to treat the loan as a conditional contribution under the provisions of ASC 958-605 "Not-for-profit Entities: Revenue Recognition."