



REPORT OF INDEPENDENT AUDITORS
AND FINANCIAL STATEMENTS

DESCANSO GARDENS GUILD, INC.

December 31, 2021 and 2020



MOSSADAMS

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Report of Independent Auditors

The Board of Trustees
Descanso Gardens Guild, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Descanso Gardens Guild, Inc. (the “Guild”), which comprise the statements of financial position as of December 31, 2021 and 2020, 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 (collectively, “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Descanso Gardens Guild, Inc. as of December 31, 2021 and 2020, and the results of its operations 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 (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 Descanso Gardens Guild, Inc. 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 Descanso Gardens Guild, Inc.’s ability to continue as a going concern within one year after the date that the financial statements are issued.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 Descanso Gardens Guild, Inc.’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 Descanso Gardens Guild, Inc.’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.

Moss Adams LLP

Los Angeles, California
May 17, 2022

Descanso Gardens Guild, Inc.
Statements of Financial Position

ASSETS		December 31,	
		<u>2021</u>	<u>2020</u>
CURRENT ASSETS			
Cash and cash equivalents	\$	9,462,899	\$ 1,870,947
Cash restricted to nursery project		-	194,100
Operating investments		-	679,848
Accounts receivable		69,600	87,085
Contributions receivable		13,250	153,000
Gift shop inventory		181,192	188,811
Prepaid expenses		<u>56,220</u>	<u>95,962</u>
Total current assets		9,783,161	3,269,753
ENDOWMENT INVESTMENTS		3,194,668	2,961,215
PROPERTY AND EQUIPMENT, net		<u>5,025,819</u>	<u>4,780,869</u>
Total assets		<u>\$ 18,003,648</u>	<u>\$ 11,011,837</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$	1,944,475	\$ 219,580
Accrued expenses		471,461	208,994
Deferred revenues		<u>2,516,915</u>	<u>1,820,200</u>
Total current liabilities		<u>4,932,851</u>	<u>2,248,774</u>
NET ASSETS			
Without donor restrictions			
Undesignated		9,847,926	5,583,291
Designated by the Board for operating reserve		<u>2,129,543</u>	<u>1,887,690</u>
		11,977,469	7,470,981
With donor restrictions			
Perpetual endowment		890,344	890,344
Time-restricted endowment		174,782	183,181
Purpose restrictions		<u>28,202</u>	<u>218,557</u>
		<u>1,093,328</u>	<u>1,292,082</u>
Total net assets		<u>13,070,797</u>	<u>8,763,063</u>
Total liabilities and net assets		<u>\$ 18,003,648</u>	<u>\$ 11,011,837</u>

Descanso Gardens Guild, Inc.
Statements of Activities and Changes in Net Assets

	Year Ended December 31, 2021		
	Without Donor Restriction	With Donor Restriction	Total
REVENUES, SUPPORT, AND GAINS			
Admissions	\$ 7,313,388	\$ -	\$ 7,313,388
Sales, rentals, and programs	2,083,946	-	2,083,946
Management fee	270,000	-	270,000
Subtotal, revenues	9,667,334	-	9,667,334
Memberships	3,022,112	-	3,022,112
Contributions	589,380	231,725	821,105
Grants	756,397	-	756,397
Sponsorships	218,200	-	218,200
Interest and dividends	34,698	7,706	42,404
Realized and unrealized gains on investments, net	194,429	121,136	315,565
In-kind contributions	4,330	-	4,330
Net assets released from restrictions – other	422,080	(422,080)	-
Net assets released pursuant to endowment spend rate	137,241	(137,241)	-
Subtotal, contributed sources	5,378,867	(198,754)	5,180,113
Total revenues, support, and gains	15,046,201	(198,754)	14,847,447
EXPENSES AND LOSSES			
Program services expense			
Garden stewardship and operations	7,842,212	-	7,842,212
Education, public programs, and gallery	993,888	-	993,888
Total program services expense	8,836,100	-	8,836,100
Supporting services expense			
Management and general	698,930	-	698,930
Fundraising and development	1,004,683	-	1,004,683
Total supporting services expense	1,703,613	-	1,703,613
Total expenses and losses	10,539,713	-	10,539,713
CHANGE IN NET ASSETS	4,506,488	(198,754)	4,307,734
NET ASSETS, beginning of year	7,470,981	1,292,082	8,763,063
NET ASSETS, end of year	\$ 11,977,469	\$ 1,093,328	\$ 13,070,797

Descanso Gardens Guild, Inc.
Statements of Activities and Changes in Net Assets (Continued)

	Year Ended December 31, 2020		
	Without Donor Restriction	With Donor Restriction	Total
REVENUES, SUPPORT, AND GAINS			
Admissions	\$ 2,452,234	\$ -	\$ 2,452,234
Sales, rentals, and programs	834,685	-	834,685
Management fee	270,000	-	270,000
Other revenue	15,667	-	15,667
Subtotal, revenues	3,572,586	-	3,572,586
Memberships	1,707,636	-	1,707,636
Contributions	523,191	275,321	798,512
Grants	636,300	-	636,300
Sponsorships	96,340	-	96,340
Interest and dividends	36,130	11,226	47,356
Realized and unrealized gains on investments, net	201,020	132,215	333,235
In-kind contributions	4,868	-	4,868
Net assets released from restrictions – other	85,879	(85,879)	-
Net assets released pursuant to endowment spend rate	155,159	(155,159)	-
Subtotal, contributed sources	3,446,523	177,724	3,624,247
Total revenues, support, and gains	7,019,109	177,724	7,196,833
EXPENSES AND LOSSES			
Program services expense			
Garden stewardship and operations	4,237,013	-	4,237,013
Education, public programs, and gallery	791,257	-	791,257
Total program services expense	5,028,270	-	5,028,270
Supporting services expense			
Management and general	719,225	-	719,225
Fundraising and development	664,195	-	664,195
Total supporting services expense	1,383,420	-	1,383,420
Total expenses and losses	6,411,690	-	6,411,690
CHANGE IN NET ASSETS	607,419	177,724	785,143
NET ASSETS, beginning of year	6,863,562	1,114,358	7,977,920
NET ASSETS, end of year	<u>\$ 7,470,981</u>	<u>\$ 1,292,082</u>	<u>\$ 8,763,063</u>

Descanso Gardens Guild, Inc.

Statements of Functional Expenses

Year Ended December 31, 2021

	Program Services		Program Total	Management and General	Fundraising and Development	Total
	Garden Stewardship Operations	Public Programs Education and Gallery				
Salaries and benefits	\$ 2,256,414	\$ 243,642	\$ 2,500,056	\$ 458,168	\$ 576,280	\$ 3,534,504
Professional services	2,643,557	286,453	2,930,010	61,467	66,850	3,058,327
Cost of sales	710,496	-	710,496	-	-	710,496
Depreciation	418,608	241,893	660,501	44,724	1,388	706,613
Repairs and maintenance	557,849	-	557,849	-	-	557,849
Utilities	248,410	47,021	295,431	18,016	24,598	338,045
Office expense and supplies	106,473	13,302	119,775	8,522	16,390	144,687
Printing and copying	88,944	23,947	112,891	450	86,208	199,549
Bank and credit card fees	289,642	3,200	292,842	991	3,436	297,269
Fees and honorariums	-	15,320	15,320	-	-	15,320
Insurance	158,504	97,628	256,132	28,407	560	285,099
Inventory loss	21,640	-	21,640	-	-	21,640
Bad debt expense	-	-	-	-	3,000	3,000
Plants and horticultural supplies	53,423	-	53,423	-	-	53,423
Event expense	2,325	-	2,325	573	114,653	117,551
Postage and freight	57,269	75	57,344	4,035	720	62,099
Maintenance supplies	122,519	8,498	131,017	-	15,888	146,905
Storage rental	54,384	-	54,384	-	-	54,384
Catering	928	7,004	7,932	7,186	4,536	19,654
Dues, subscriptions, and books	23,168	3,444	26,612	15,997	3,027	45,636
Telephone	11,434	1,685	13,119	1,506	3,213	17,838
Donations	8,700	-	8,700	-	-	8,700
Legal and accounting	-	-	-	44,508	-	44,508
Travel	72	175	247	157	-	404
Board expenses	-	-	-	1,313	-	1,313
Professional development	261	554	815	1,986	29	2,830
Taxes and licenses	7,192	47	7,239	924	-	8,163
Advertising	-	-	-	-	83,907	83,907
Total	\$ 7,842,212	\$ 993,888	\$ 8,836,100	\$ 698,930	\$ 1,004,683	\$ 10,539,713

Descanso Gardens Guild, Inc.
Statements of Functional Expenses (Continued)

Year Ended December 31, 2020

	Program Services		Program Total	Management and General	Fundraising and Development	Total
	Garden Stewardship Operations	Public Programs Education and Gallery				
Salaries and benefits	\$ 1,902,625	\$ 190,913	\$ 2,093,538	\$ 504,863	\$ 464,906	\$ 3,063,307
Professional services	322,666	151,677	474,343	37,287	18,730	530,360
Cost of sales	385,859	-	385,859	-	-	385,859
Depreciation	351,914	223,264	575,178	40,345	1,281	616,804
Repairs and maintenance	315,898	15,132	331,030	83	539	331,652
Utilities	174,265	31,197	205,462	24,376	16,387	246,225
Office expense and supplies	70,958	12,922	83,880	11,014	14,518	109,412
Printing and copying	49,858	23,597	73,455	1,254	71,703	146,412
Bank and credit card fees	158,520	942	159,462	11,007	2,152	172,621
Fees and honorariums	-	34,455	34,455	-	-	34,455
Insurance	114,593	75,267	189,860	25,440	417	215,717
Inventory loss	36,932	-	36,932	-	-	36,932
Bad debt expense	-	-	-	-	5,000	5,000
Plants and horticultural supplies	163,771	-	163,771	-	-	163,771
Event expense	-	-	-	-	15,649	15,649
Postage and freight	30,220	106	30,326	3,840	596	34,762
Maintenance supplies	57,788	25,119	82,907	1,002	55	83,964
Storage rental	52,932	-	52,932	-	-	52,932
Catering	734	1,025	1,759	4,829	2,498	9,086
Dues, subscriptions, and books	21,387	2,939	24,326	13,669	2,887	40,882
Telephone	11,074	1,526	12,600	2,006	2,895	17,501
Legal and accounting	-	-	-	33,407	-	33,407
Travel	1,838	44	1,882	1,453	43	3,378
Board expenses	-	-	-	138	-	138
Professional development	805	455	1,260	1,932	989	4,181
Taxes and licenses	12,376	677	13,053	1,280	657	14,990
Advertising	-	-	-	-	42,293	42,293
Total	\$ 4,237,013	\$ 791,257	\$ 5,028,270	\$ 719,225	\$ 664,195	\$ 6,411,690

Descanso Gardens Guild, Inc.

Statements of Cash Flows

	Years Ended December 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 4,307,734	\$ 785,143
Adjustments to reconcile changes in net assets to net cash from operating activities		
Gains on operating investments	3,633	(5,473)
Contributions restricted from SBA PPP loan	(636,347)	(636,300)
Depreciation expense	706,614	616,804
Endowment net investment return	(319,198)	(327,768)
Changes in operating assets and liabilities		
Accounts receivable	17,485	316,500
Contributions receivable	139,750	(148,000)
Gift shop inventory	7,619	198,694
Prepaid expenses	39,742	(64,514)
Accounts payable	1,724,895	(934,991)
Accrued expenses	262,467	(182,028)
Deferred revenues	696,715	184,288
Net cash provided by (used in) operating activities	<u>6,951,109</u>	<u>(197,645)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(1,803,287)	(2,138,653)
Proceeds from sales of investments	2,565,247	1,809,325
Purchases of property and equipment	(951,564)	(543,905)
Net cash used in investing activities	<u>(189,604)</u>	<u>(873,233)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from SBA PPP loan	636,347	636,300
Proceeds from line of credit	-	500,000
Repayment on line of credit	-	(500,000)
Net cash provided by financing activities	<u>636,347</u>	<u>636,300</u>
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	7,397,852	(434,578)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of year	<u>2,065,047</u>	<u>2,499,625</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, end of year	<u>\$ 9,462,899</u>	<u>\$ 2,065,047</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ 6,875</u>
RECONCILIATION TO STATEMENT OF FINANCIAL POSITION		
Cash and cash equivalents	\$ 9,462,899	\$ 1,870,947
Cash restricted to nursery project	-	194,100
	<u>\$ 9,462,899</u>	<u>\$ 2,065,047</u>

Note 1 – Organization

Garden operations and stewardship – Descanso Gardens Guild, Inc. (the “Guild”), is a nonprofit organization whose mission is to practice exemplary stewardship of Descanso Gardens’ distinctive character and assets, offer people an experience close to nature, and cultivate understanding of the natural world and people’s place in it through inspiration, education, and example. The Guild was formed in 1960 and operates out of facilities at Descanso Gardens (the “Gardens”).

The Gardens are located in La Cañada Flintridge, California, and were established in 1937. The Gardens are owned by the County of Los Angeles (the “County”) and encompass 160 acres of land. The Gardens contain a variety of floral and horticultural exhibits and are open to members and the general public.

Education, public programs, and gallery – Descanso Gardens is a valuable resource for educators seeking to facilitate meaningful nature experiences. Serving over 14,000 participants each year from all over the County and beyond, the Guild provides opportunities for students to discover and connect with the natural world through close observation, self-guided exploration, and hands-on learning.

The Sturt Haaga Gallery was conceived as an important addition to Descanso’s education mission. Programming in the gallery derives from and seeks to illuminate the intersection between contemporary arts and the sciences represented by the garden – botany, horticulture, biology, ecology, conservation, and the study of gardens as cultural artifacts.

Note 2 – Summary of Significant Accounting Policies

Basis of presentation – The accompanying financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP).

Cash, cash equivalents, and restricted cash – The Guild considers all cash and highly liquid investments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. The Guild considers restricted cash to be all cash held for the purpose of the Borun Nursery building project. Cash and highly liquid financial instruments restricted to endowments that are perpetual in nature, or other long-term purposes, are excluded from this definition.

Receivables and credit policies – Accounts receivable consist primarily of unsecured noninterest-bearing amounts due from the County related to funding for the wastewater treatment facility and amounts due from the Guild’s caterer under a revenue-share arrangement for food and beverage operations at the Gardens. As of December 31, 2021 and 2020, accounts receivable amounts owed by the County totaled approximately \$0 and \$75,000, respectively. The Guild determines the allowance for uncollectible accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. At December 31, 2021 and 2020, no allowance was deemed necessary.

Descanso Gardens Guild, Inc.

Notes to Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

Contributions receivable – Contributions receivable represent amounts due from donors for financial commitments to the Guild’s programs. The Guild records contributions receivable that are expected to be collected within one year at net realizable value. Contributions receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the Statement of Activities. The Guild’s contribution receivables were all deemed collectible within one year. Allowances for contributions receivable are determined based on review of the individual donors and agreements. At December 31, 2021 and 2020, no allowance was deemed necessary.

Gift shop inventory – Inventory consists of program-related merchandise held-for-sale in the gift shop and is stated at the lower of cost or market determined by the first-in first-out method, or net realizable value.

Property and equipment and leasehold improvements – The Guild records property and equipment and leasehold improvement additions over \$2,500 at cost or, if donated, at fair value at the date of donation. Depreciation is computed using the straight-line method over the shorter of the term of the operating agreement or the estimated useful life of the related assets as follows:

Vehicles and machinery	7–15 years
Equipment	3–10 years
Furniture and fixtures	5–10 years
Leasehold improvements	5–8 years

When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Guild reviews the carrying values of property and leasehold improvements for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2021 and 2020.

Investments – The Guild records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at fair value in the statements of financial position. Net investment return/(loss) and interest income are reported in the statements of activities and consist of realized and unrealized capital gains and losses, and interest and dividend income, respectively, and both are shown net of external investment expenses. The Guild from time to time holds cash balances in excess of short-term operating cash needs that are transferred to an investment account. These balances are treated as operating investments and are held in short-term instruments, such as U.S. Treasury bills, with maturities designed to follow the timing of operating cash needs. Endowment funds consist of funds established by donors to provide annual funding for specific activities and general operations. Endowment funds are subject to the Guild’s asset allocation guidelines and spending policy for endowment funds.

Note 2 – Summary of Significant Accounting Policies (continued)

Net assets – Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-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. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

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.

Revenue and revenue recognition – Membership revenue is recognized evenly during the membership term. Admission revenue is recognized when the activity or event occurs.

Gifts of equipment and securities are recognized 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 until the assets are placed in service.

Revenues from grants and contracts that are nonreciprocal are treated like contributions. If the grant or contract is conditional, a barrier to entitlement exists, and revenue is recognized when the barrier is considered overcome and as allowable expenditures under such agreements are incurred, as increases in net assets without donor restrictions. If the grant or contract is unconditional, revenue is reported as an increase in net assets without donor restrictions.

Revenues from management fees and sales, rentals, and programs are recognized when the transaction occurs and/or earned and are reported as increases in net assets without donor restrictions.

Deferred revenues consist of advanced ticket sales, unearned management fees, unearned memberships, and deposits received for future rental events and meetings to be held subsequent to year end. Deferred revenues are recognized when the event occurs or when service performance has been completed.

Contributions – Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose 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.

Descanso Gardens Guild, Inc.

Notes to Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

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. In 2020, the Guild received a conditional promise in the amount of \$600,000 for the Borun Nursery project. Of this amount, \$200,000 and \$200,000 were recognized as contributions with donor restrictions and included in the statements of activities for the years ended December 31, 2021 and 2020, respectively, as conditions were met.

Unconditional promises to give are reported as revenue in the period received and are considered available for unrestricted use unless specifically restricted by the donor. When a donor restriction expires, such as when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and change in net assets as net assets released from restrictions.

Contributions of nonfinancial assets consist of contributed services and contributed plant or living specimens and supplies. Contributed services consist of volunteers donating time and services to the Guild's operations. The Guild recognizes contributed services if the services a) create or enhance long-lived assets, or b) require specialized skills that would be purchased if not provided by donation. The Guild uses various methods of valuation techniques to determine the value of contributed plant or living specimens and supplies including: a) current price obtained from publicly available resources, or b) current price provided by the donor from supporting invoices. Contributed nonfinancial assets are recorded as in-kind contribution revenue in the statements of activities. For the years ended December 31, 2021 and 2020, contributed plant or living specimens and supplies contribution revenue was \$4,330 and \$4,868, respectively. There were no contributed services meeting the Guild's revenue recognition criteria for the years ended December 31, 2021 and 2020.

Sponsorship revenue – Sponsorship revenue recognition is evaluated individually for each transaction to determine whether it falls under the scope of an exchange transaction (Topic 606, *Revenue from Contracts with Customers*) or a non-reciprocal transaction (Topic 958-605, *Not-for-Profit Entities – Revenue Recognition*). If the sponsoring entity receives commensurate value in return for their cash transferred, the transaction falls under the scope of Topic 606 (e.g., revenue for goods/services provided). If the sponsoring entity does not receive commensurate value in return for their cash transferred, the transaction falls under the scope of Topic 958-605 (e.g., a contribution). The Guild recognized \$218,200 and \$96,340 in sponsorship revenue for the years ended December 31, 2021 and 2020, respectively. For both years, all sponsorship revenues were recognized as contributions.

Income taxes – The Guild is exempt from income taxes under Internal Revenue Code §501(c)(3) and California Revenue and Taxation Code §23701(d).

Note 2 – Summary of Significant Accounting Policies (continued)

The Guild recognizes the impact of tax positions in the financial statements if that position is more-likely-than-not to be sustained on audit, based on the technical merits of the position. To date, the Guild has not recorded any uncertain tax positions. During the years ended December 31, 2021 and 2020, the Guild did not recognize any amount in potential interest and penalties associated with uncertain tax positions.

Advertising – The Guild expenses advertising costs as incurred. Advertising expenses totaled approximately \$84,000 and \$42,000 for the years ended December 31, 2021 and 2020, respectively.

Functional expenses – The costs of providing the Guild’s programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among garden stewardship and operations, public programs, and supporting services benefited. Such allocations are determined by management on an equitable basis and are allocated based on the nature of expense and based on either percentage of revenues, square footage, or headcount.

Use of estimates – The preparation of financial statements in accordance with U.S. GAAP requires and includes management estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, the reported amounts of revenues, and other support and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations

Cash and cash equivalents – The Guild maintains its cash and cash equivalent accounts with high credit quality financial institutions. At times during the year, cash in these accounts may exceed the insured limits. The Guild has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

Investments – The Guild holds investments in equities, treasury bonds, equity funds, and exchange traded funds (which consist of equity and fixed-income securities). Invested funds are subject to certain risks, such as market fluctuation, credit risk, and changes in interest rates, which could result in losses in the event of adverse economic circumstances. The Guild attempts to limit its risk associated with investments through diversification and by utilizing the expertise and processes of an outside investment advisor.

Revenue – A significant portion of the Guild’s admissions revenue has historically been derived from its winter programming, *Carved!* and *Enchanted: Forest of Light* (“*Enchanted*”) events. Due to the COVID-19 pandemic, both events were cancelled for fiscal year 2020. For the years ended December 31, 2021 and 2020, *Carved!* and *Enchanted* ticket sales accounted for 35% and 8%, respectively, of the Guild’s total revenue.

Descanso Gardens Guild, Inc.

Notes to Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

Reclassifications – Certain amounts presented in the prior year financial statements have been reclassified to conform to the current year presentation. Reclassifications of prior year amounts have no impact on net assets.

Recent accounting pronouncements – In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the timing of expense recognition in the statements of activities and changes in net assets. The new standard is effective for years beginning after December 15, 2021, including interim periods within those years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Guild is currently evaluating the impact of its pending adoption of the new standard on the financial statements.

Note 3 – Liquidity and Availability

The following represents the Guild's financial assets and available financial resources at December 31, 2021 and 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

	2021	2020
Financial assets at year end		
Cash and cash equivalents	\$ 9,462,899	\$ 1,870,947
Accounts receivable	69,600	87,086
Contributions receivable	13,250	153,000
Investments	3,194,668	3,641,063
	<u>12,740,417</u>	<u>5,752,096</u>
Available financial resources		
Add:		
Endowment spending-rate distributions and appropriations	127,000	120,100
Line of credit	500,000	500,000
	<u>627,000</u>	<u>620,100</u>
Less: amounts not available to be used within one year		
Net assets with donor restrictions	28,202	218,557
Designated by the Board for endowment	2,129,543	1,887,690
Perpetual endowment	890,344	890,344
Time-restricted endowment	174,782	183,181
	<u>3,222,871</u>	<u>3,179,772</u>
Financial assets and resources available to meet general expenditures over the next twelve months	<u>\$ 10,144,546</u>	<u>\$ 3,192,424</u>

Note 3 – Liquidity and Availability (continued)

The Guild's endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from donor-restricted endowments up to the stipulated annual spending rate is available for general use.

The Guild's Board-designated endowment of \$2,129,543 and \$1,887,690 as of December 31, 2021 and 2020, respectively, is subject to an annual spending rate of 4% of the average of the total account value as of December 31 of the preceding three years, as described in Note 8. Although the Guild does not intend to spend from this Board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

As part of the Guild's liquidity management plan, the Guild invests cash in excess of daily requirements in short-term investments such as U.S. Treasury bills, with maturities designed to follow the timing of operating cash needs. In addition, the Guild also maintains a line of credit, as described in Note 7, which could be drawn upon if additional cash was needed for operations.

Note 4 – Management Agreement

The Guild has an agreement with the County in which it manages, operates, and maintains the Gardens, including the grounds, buildings, facilities, and other improvements in exchange for a management fee. The agreement expires in October 2024 and includes one five-year renewal option.

Note 5 – Investments

The Guild reports all of its investments at fair value in accordance with generally accepted accounting principles. U.S. GAAP defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including 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 or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity'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 (unadjusted) in active markets for identical assets or liabilities that the Guild can access at the measurement date.

Descanso Gardens Guild, Inc.

Notes to Financial Statements

Note 5 – Investments (continued)

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These 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.

Level 3 – Unobservable inputs for the asset or liability. In these situations, the Guild develops inputs using the best information available in the circumstances.

The investments of the Guild in Level 1 include cash equivalents, direct equity investments, bond and equity mutual funds, and exchange traded funds, and are valued based on quoted market prices of identical assets.

The investments of the Guild in Level 2 include U.S. Treasury bonds and are valued based on quoted market prices of similar assets.

Transfers between hierarchy levels are recognized at the end of the reporting period. There were no transfers for the years ended December 31, 2021 and 2020.

The following is a summary of investments at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash equivalents	\$ 78,640	\$ 106,779
Direct equities – domestic	1,896,084	1,670,460
Bond funds – mutual funds	481,555	487,248
Equity funds – mutual funds	187,503	151,063
Exchange traded funds – equities	59,564	189,368
Exchange traded funds – bond funds	491,322	386,347
U.S. Treasury bonds	-	649,798
	<u>\$ 3,194,668</u>	<u>\$ 3,641,063</u>

Descanso Gardens Guild, Inc.
Notes to Financial Statements

Note 5 – Investments (continued)

The following tables present the Guild's investments by the fair value hierarchy levels as of December 31, 2021 and 2020:

	Fair Value Measurements at December 31, 2021			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Operating Investments				
Cash equivalents	\$ -	\$ -	\$ -	\$ -
U.S. Treasury bonds	-	-	-	-
	-	-	-	-
Endowment Investments				
Cash equivalents	78,640	78,640	-	-
Equities – domestic	1,896,084	1,896,084	-	-
Exchange traded funds – equities	59,564	59,564	-	-
Exchange traded funds – bond funds	491,322	491,322	-	-
Bond mutual funds	481,555	481,555	-	-
Equity mutual funds	187,503	187,503	-	-
	3,194,668	3,194,668	-	-
Total investments	\$ 3,194,668	\$ 3,194,668	\$ -	\$ -

	Fair Value Measurements at December 31, 2020			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Operating Investments				
Cash equivalents	\$ 30,050	\$ 30,050	\$ -	\$ -
U.S. Treasury bonds	649,798	-	649,798	-
	679,848	30,050	649,798	-
Endowment Investments				
Cash equivalents	76,729	76,729	-	-
Equities – domestic	1,670,460	1,670,460	-	-
Exchange traded funds – equities	189,368	189,368	-	-
Exchange traded funds – bond funds	386,347	386,347	-	-
Bond mutual funds	487,248	487,248	-	-
Equity mutual funds	151,063	151,063	-	-
	2,961,215	2,961,215	-	-
Total investments	\$ 3,641,063	\$ 2,991,265	\$ 649,798	\$ -

Descanso Gardens Guild, Inc.

Notes to Financial Statements

Note 6 – Property and Equipment

As of December 31, 2021 and 2020, property and equipment consisted of the following:

	<u>2021</u>	<u>2020</u>
Vehicles and machinery	\$ 855,359	\$ 554,287
Equipment	236,040	225,261
Leasehold improvements	7,842,726	7,064,910
Furniture and fixtures	429,955	429,955
Construction in progress	<u>817,976</u>	<u>956,079</u>
 Total gross, property, and equipment	 10,182,056	 9,230,492
 Accumulated depreciation	 <u>(5,156,237)</u>	 <u>(4,449,623)</u>
 Total property and equipment, net	 <u>\$ 5,025,819</u>	 <u>\$ 4,780,869</u>

Depreciation expense for the years ended December 31, 2021 and 2020, was \$706,614 and \$616,804, respectively.

The land and buildings occupied and operated by the Guild are not included in the financial statements, as title to such land and buildings is held by the County.

Note 7 – Line of Credit

The Guild has a revolving line of credit with a banking institution which allows for borrowings up to \$500,000 and is secured by the Guild's receivables, gift shop inventory, and equipment. The borrowings bear interest at the Wall Street Journal prime rate plus 1.0%, but not less than 4.25% per annum (4.25% at December 31, 2021 and 2020). The line of credit expires on August 1, 2022.

As of December 31, 2021 and 2020, there was no balance outstanding on the line of credit. Interest expense for the years ended December 31, 2021 and 2020, was \$0 and \$6,875, respectively.

Note 8 – Endowments

Endowments (the "Endowment") consist of individual funds established by donors to provide annual funding for specific activities and general operations. The Endowment also includes certain net assets without donor restrictions designated for endowment by the board of trustees. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Descanso Gardens Guild, Inc.
Notes to Financial Statements

Note 8 – Endowments (continued)

The board of trustees has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation 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 Guild classifies as net assets with donor restriction (a) the original value of the gifts donated to the endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with UPMIFA, the following factors are to be considered in making a determination to appropriate or accumulate endowment funds:

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

As of December 31, 2021 and 2020, the Guild had the following endowment net asset composition by type of fund:

December 31, 2021	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 2,129,543	\$ -	\$ 2,129,543
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	890,344	890,344
Donor-restricted term endowment	-	174,782	174,782
	<u>\$ 2,129,543</u>	<u>\$ 1,065,126</u>	<u>\$ 3,194,669</u>
December 31, 2020	Without Donor Restriction	With Donor Restrictions	Total
Board-designated endowment funds	\$ 1,887,690	\$ -	\$ 1,887,690
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	890,344	890,344
Donor-restricted term endowment	-	183,181	183,181
	<u>\$ 1,887,690</u>	<u>\$ 1,073,525</u>	<u>\$ 2,961,215</u>

Descanso Gardens Guild, Inc.

Notes to Financial Statements

Note 8 – Endowments (continued)

Investment and spending policies – Unless otherwise specified by the donors, the Guild’s spending policy for endowment funds is to transfer an amount equal to 4% of the average of the total account value as of December 31 of the preceding three years.

The Guild has adopted investment policies for endowment assets that enhance the Guild’s capabilities to execute its current mission in the short term and provide stability and institutional longevity over the very long term. Investments should be sufficiently diversified to provide total returns to achieve the preservation of capital, funding an annual transfer to support operations, protecting capital from inflation, and increasing capital while minimizing the risks inherent in market swings and economic conditions.

The asset allocation guidelines for the endowments are as follows:

	Allocation Range	Target
Equity investments	40% to 80%	65%
Fixed income securities	20% to 60%	35%
Cash and cash equivalents	0% to 5%	0%

Changes in endowment net assets for the years ended December 31, 2021 and 2020, are as follows:

Year Ended December 31, 2021	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,887,690	\$ 1,073,525	\$ 2,961,215
Investment return, net	33,560	7,706	41,266
Net unrealized gain	198,052	121,136	319,188
Appropriation of endowment assets pursuant to spending-rate policy	-	(99,000)	(99,000)
Reclassification for underwater endowments	10,241	(10,241)	-
Appropriation of endowment assets subject to passage of time – SHG term endowment	-	(28,000)	(28,000)
Endowment net assets, end of year	<u>\$ 2,129,543</u>	<u>\$ 1,065,126</u>	<u>\$ 3,194,669</u>
Year Ended December 31, 2020	Without Donor Restriction	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,621,106	\$ 1,085,243	\$ 2,706,349
Investment return, net	16,924	11,226	28,150
Net unrealized gain	214,601	132,215	346,816
Appropriation of endowment assets pursuant to spending-rate policy	-	(92,100)	(92,100)
Reclassification for underwater endowments	35,059	(35,059)	-
Appropriation of endowment assets subject to passage of time – SHG term endowment	-	(28,000)	(28,000)
Endowment net assets, end of year	<u>\$ 1,887,690</u>	<u>\$ 1,073,525</u>	<u>\$ 2,961,215</u>

Descanso Gardens Guild, Inc.
Notes to Financial Statements

Note 9 – Net Assets with Donor Restrictions

Net assets with donor restrictions were as follows for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose		
Borun Nursery	\$ -	\$ 194,100
Other Purposes	28,202	24,307
Front Drive	-	150
	<u>\$ 28,202</u>	<u>\$ 218,557</u>
Endowments		
Subject to the passage of time		
SHG Term Endowment	\$ 174,782	\$ 183,181
Subject to endowment spending policy and appropriation		
Permanently restricted to general endowment	890,344	890,344
Total endowments	<u>\$ 1,065,126</u>	<u>\$ 1,073,525</u>
Total net assets with donor restrictions	<u>\$ 1,093,328</u>	<u>\$ 1,292,082</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Expiration of time restrictions	<u>\$ 28,000</u>	<u>\$ 28,000</u>
Satisfaction of purpose restrictions		
Borun Nursery	404,100	10,900
Other Purposes	17,830	47,458
Front Drive	150	27,521
	<u>422,080</u>	<u>85,879</u>
Restricted-purpose spending-rate distributions and appropriations		
Reclass	<u>109,241</u>	<u>127,159</u>
Total	<u>\$ 559,321</u>	<u>\$ 241,038</u>

Descanso Gardens Guild, Inc.

Notes to Financial Statements

Note 10 – Joint Costs of Activities that Include a Fundraising Appeal

The Guild produces a newsletter thrice yearly that includes programmatic and administrative information, together with a request for contributions in support of the Guild’s mission. During the years ended December 31, 2021 and 2020, the costs of producing the newsletter included joint costs not directly attributable to any single function. Those costs were allocated among the following functional expense categories as follows for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Garden stewardship and operations	\$ 57,755	\$ 35,668
Education, public programs, and gallery	10,268	11,402
Management and general	-	1,254
Fundraising and development	<u>3,850</u>	<u>3,801</u>
	<u>\$ 71,873</u>	<u>\$ 52,125</u>

Note 11 – Commitments

Leases – The Guild leases warehouse storage space under an operating lease agreement. The lease expires in November 2024. Future minimum lease payments under the non-cancelable operating lease are as follows:

	<u>Operating Lease</u>
Years Ending December 31,	
2022	\$ 56,156
2023	57,840
2024	<u>54,472</u>
Total	<u>\$ 168,468</u>

The Guild leases a postage meter with monthly payments of \$198 through October 2026.

The Guild leases office equipment with monthly payments of \$275 for 48 months through July 2024.

Rent expense for the years ended December 31, 2021 and 2020, was \$54,384 and \$52,932 respectively.

Catering agreement – The Guild has a catering agreement that provides a third party with exclusive rights to conduct all food and beverage operations at the Gardens. The Guild receives 10% of gross sales from the café and special events and 15% of gross sales from catering events. The agreement expires in May 2025 and includes a five-year renewal option.

Descanso Gardens Guild, Inc.
Notes to Financial Statements

Note 12 – Employee Benefit Plan

The Guild sponsors the Descanso Gardens Guild Plan (the “Plan”), a defined contribution plan. The Plan covers eligible employees who meet certain eligibility requirements. Contributions to the Plan are made through elective employee deferrals and employer discretionary contributions. Employer contributions made for the years ended December 31, 2021 and 2020, were \$53,191 and \$55,276, respectively.

Note 13 – Deferred Revenue

Deferred revenues for the years ended December 31, 2021 and 2020, totaled \$2,516,915 and \$1,820,199, respectively. Included in those amounts are deferred revenues related to admissions, memberships, programs, and rentals. The following table provides information about significant changes in deferred admissions and membership revenue for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Deferred admissions and membership revenue, beginning of period	\$ 1,581,330	\$ 1,429,419
Decreases in deferred revenue due to performance satisfaction	(1,425,237)	(1,239,944)
Increases in deferred revenue due to cash received during the period	<u>2,136,852</u>	<u>1,391,855</u>
Deferred admissions and membership revenue, end of period	<u>\$ 2,292,945</u>	<u>\$ 1,581,330</u>

Note 14 – COVID-19 Pandemic

As a result of the COVID-19 pandemic in 2020, the Guild evaluated the pandemic’s impact on its operations, customers, employees, and vendors.

At this stage, the impact on the Guild’s operations and results has been positive. As the Guild operates in the botanical gardens sector that offers its visitors an experience close to nature, the Guild has found increased demand for safe outdoor spaces and programs. The Guild continues to follow the various government policies and advice to continue operations in the best and safest way possible for the health of its members, visitors, and employees.

Note 15 – Grant Revenue

The Guild obtained a loan from a financial institution in the amount of \$636,300 under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan was subject to a note dated April 28, 2020, and bore interest at a rate of 1%. The term of the loan was two years. Monthly payments begin after a 10-month deferral from the end of the 6-month covered period. The loan was subject to partial or full forgiveness and the Guild applied for full forgiveness of the loan amount. The loan may be repaid at any time with no prepayment penalty.

Descanso Gardens Guild, Inc.

Notes to Financial Statements

Note 15 – Grant Revenue (continued)

In March 2021, the Guild was granted a second round of PPP funding in the amount of \$636,347 under similar terms to the PPP first-round note. The loan was scheduled to mature in March 2026.

The Guild accounted for the PPP loans as conditional contributions in accordance with FASB Accounting Standards Codification (ASC) Subtopic: 958-065, *Not-for-Profit Entities: Revenue Recognition*. PPP loan proceeds in the amounts of \$636,347 and \$636,300 in 2021 and 2020, respectively, were recorded as refundable advance liabilities when received.

During the years ended December 31, 2021 and 2020, the Guild recognized contributions of \$636,347 and \$636,300, respectively, as qualifying expenses were incurred and conditions were substantially met. The Guild reported these contributions in the Statement of Activities and Changes in Net Assets for the year ended December 31, 2021 and 2020, as grants.

In June and September 2021, the Guild received notice from the Small Business Administration that all of the PPP funds were used appropriately and all amounts under both loans were fully forgiven.

Under the provisions of the CARES Act signed into law on March 27, 2020, and the subsequent extension of the CARES Act, the Guild was eligible for a refundable employee retention credit subject to certain criteria. The Guild recognized \$5,217 and \$113,079 in employee retention credits for the third and fourth quarters of 2020, respectively.

For the year ended December 31, 2021, the Guild recognized in the statement of activities \$118,952 in tax credits which were received as cash refunds and were accounted for as grant revenue.

The Guild has filed for a refund of the employee retention credits of \$152,000 for the second quarter of 2020 but cannot reasonably estimate when it will receive any or all of the remaining funds.

Note 16 – Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are available to be issued. The Guild recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Guild's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are available to be issued.

The Guild has evaluated subsequent events through May 17, 2022, which is the date the financial statements were available to be issued.