Descanso Gardens

2020 | Annual Report
There was nothing ordinary about 2020: It required flexibility, constant change, a dedicated staff, and most importantly members and visitors who supported us through it all.

The year was about many things, but in the end, I would describe it as extraordinary.

I could talk to you about the ever-changing health guidelines, the closing and reopening, masks, and social distancing, but instead, I want to tell the success story of Descanso Garden during the pandemic.

Membership is a shining example. Membership increased 50 percent in 2020. We promise our members unlimited visits and although it required a lot of work from our staff, we figured out a way to keep our members happy and our visitor numbers at safe levels. Our members are so important to us and we thank them for choosing the gardens as a place of retreat and relaxation this year.

Even though we could not continue programming, composer Pete M. Wyer’s “The Sky Beneath Our Feet” turned out to be a perfect antidote. In April, the music began playing on speakers located through the Camellia Forest. Visitors experienced the choral and instrumental composition as they walked through the garden. Inspired by the success of Pete Wyer, the Descanso staff created holiday surprises that could be enjoyed while keeping a safe distance. One highlight was the wishing tree, where visitors were encouraged to make a wish; more than 30,000 made wishes ranging from “continued health” to “more Lego sets.”

In June, tragic events, protests, and calls to action forced us to consider with new urgency, systemic racism and Descanso’s role in enacting change. Although Descanso had begun work related to diversity, equity, accessibility, and inclusion with our senior staff and board in 2019, these events prompted discussion about our understanding of racism and how museums, gardens, and Descanso Gardens specifically can play a role in addressing this issue. Descanso Gardens believes that access to nature matters, and our commitment is to make it accessible and safe for everyone.

In 2020 our Master Plan was approved by the County of Los Angeles. This plan will guide the care and improvement of Descanso for the next 10 to 15 years, and environmental sustainability and water stewardship are central to the plan. In 2020, we introduced one piece of equipment to support our water goals at Descanso: The Membrane Bioreactor (MBR) located in the southeast corner of the parking lot. The MBR takes wastewater and turns it into water for irrigating the garden. When in full use, it can produce up to 40,000 gallons of recycled water a day.

The keystone project of the Master Plan is a new nursery, which will allow us to propagate the plants we need to sustain our collections. With a generous gift in 2020 from the Anna and Harry Borun Foundation, the new Ruth Borun Nursery and Propagation Center will open in 2021. It will be better located than our current nursery and expand our nursery operations significantly, including plenty of space for plant propagation, materials storage, and educational opportunities. Our volunteers and staff will have a place worthy of the important work they do here.

We look forward to 2021 as Descanso Gardens continues to grow and inspire.

Juliann Rooke
Executive Director
Board and Staff

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Executive Director, Descanso Gardens

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Jenina Garrett
Chief Financial Officer

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David Bare
Director of Horticulture and Garden Operations

Emi Yoshimura
Director of Education

Cristeen Martinez
Director of Membership and Guest Experience

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Our Mission
Descanso Gardens is a unique Southern California landscape distinguished by its specialized botanic collections, historical significance, and rare natural beauty. Our mission is to practice exemplary stewardship of Descanso’s 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.
I’ve spent most of my life in So Cal yet I’d rarely heard of and never been to Descanso Gardens! Well my loss, until today. What an awesome place. Covid has driven us all outside and this is one of the best places to be outside for many miles around.

– Tony M.

I went this morning and the gardens were beautiful! It was a lovely and peaceful morning...

– Jessica H..

Thank you for creating an opportunity and space for inspiration and healing.

– Nicole E.

I’m thankful to have beautiful places like Descanso to visit.

– Meg M.

We were just there and absolutely loved our walk around the gardens.... It felt good feeling “normal” being surrounded by nature. Healing.

– Lara B.
Our Supporters: Sponsorships

**Rooted Sponsors**
Our first virtual fundraising event, Rooted at Descanso, was a success thanks to our supporters.

**Oak Sponsors**
Heather Sturt Haaga and Paul Haaga, Jr.
Peggy Miller

**Camellia Sponsors**
James Levin and Sarah MacDowall
Ann and Peter Murphy
Carie and Andy Salter
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Blythe Haaga Parker and Tyler Parker

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Lovell Holder
HomeStreet Bank
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Lucia and Ben Logan
Juliann and Andy Rooke
Don and Lynn Voss

**Poppy Sponsors**
Ruth and Jeremy Jones
Gary and Vicki Olson
Clarissa and Bradford Weirick
Somer Sherwood-White and Jeff White

**Bench and Chair Donors**
Tribute benches and chairs provide seating for our guests while offering a way to honor a loved one. We gratefully acknowledge contributions by the following donors toward new seating in the Gardens:

Daniel and Stacy Barnard
Tasha and Andrew Pauley Baum
Jennifer Kuo Baxter and Thomas Baxter
Kirsten Frandson
Elsa and Dale Johnston
Eric and Maryam Olberz
Sheri Rees
Bethany Stirdvant
Kimberly and Roger Wason
Jo Ann and Ashley Wedekind
Our Supporters: Center Circle Associates

**Circle Associates**

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Richard and Erin Atwater
Guilford and Gwen Babcock
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Dianne Barrett and Margaret Elfering
Sue Beatty
Carol and Terry Becker
Theresa Beland
Dimple Bhasin and Ben Pradhan
Adrienne Bolger
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Michael and Tania Cahill
Bill and Raisa Choi
John Clisham and Lu Kondor
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Jane and Patrick Delahanty
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Grant Frederick and Denise Hagan
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Gunilla and Rolf Hastrup
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David and Amy Lamb
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Julie and Lance Markowitz
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Karen Muller and Joshua Mancell
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Gary and Vicki Olson
Christopher and Virginia Orndorff
Katie and Chris Poole
Frances and Charles Porter
Kimberly Raisani
Pamela Rappel
Gillian Rodriguez
Gabriel Rodriguez
Reid and Joyce Samuelson
Joan Saperstein
Brad and Vicki Schwartz
Somer Sherwood-White and Jeff White
Andrew and Katie Shipsides
Diana Singleton
Georgene Smith
James and Jieun Son
Cameron and Doug Spitznagel
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Giancarlo Stanton
Gregory Stuck
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Amber Thomas
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Scott and Mary Tracy
Hope Tschopik Schneider
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Miss Cady S. B. Vortman
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James and Mitzi Walters
Eric and Jill Weinlein
Clarissa and Bradford Weirick
Karen and Robert Wicke
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Mike and Alice Zrodlo

**Curator’s Circle**

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Katie King and Torrey Sun
David and Kay Linden
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Donna Melby
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Ned and Shirley Russell
Carin and Andrew Salter
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Wendy Lees and Tom Boyle
Ben and Lucia Logan
Sarah Mac Dowall and James Levin
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Greg and Stephanie McLemore
Rick Neumann
Susan Redpath
William and Noel Wade

**Descanso Circle**

John D’Angona
Peter and Ann Murphy

**Benefactor’s Circle**

Margaret Leong Checca and Michael Checca
Heather Sturt Haaga and Paul Haaga
Our Supporters: Donors

Gifts of any amount support and sustain Descanso Gardens. The donors below gave philanthropic gifts over $100.

$100+

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$75,000+
Margaret Leong Checca and Michael Checca

$150,000+
The Anna and Harry Borun Foundation
Report of Independent Auditors

The Board of Trustees
Descanso Gardens Guild, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Descanso Gardens Guild, Inc. (the “Guild”), which comprise the statements of financial position as of December 31, 2020 and 2019, 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”).

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

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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, we express no such opinion. An audit also 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Guild 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 2 to the financial statements, in 2019 the Guild adopted Accounting Standards Update (ASU) No. 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, and ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). Topic 606 was adopted using the modified retrospective method applied to all contracts. Our opinion is not modified with respect to these matters.

Moss Adams LLP

Los Angeles, California
May 19, 2021
**Descanso Gardens Guild, Inc.**

**Statements of Financial Position**

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
</tr>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$1,870,947</td>
</tr>
<tr>
<td>Cash restricted to nursery project</td>
<td>194,100</td>
</tr>
<tr>
<td>Operating investments</td>
<td>679,848</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>87,085</td>
</tr>
<tr>
<td>Contributions receivable</td>
<td>153,000</td>
</tr>
<tr>
<td>Gift shop inventory</td>
<td>188,811</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>95,962</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>3,269,753</td>
</tr>
<tr>
<td><strong>ENDOWMENT INVESTMENTS</strong></td>
<td></td>
</tr>
<tr>
<td>Endowment investments</td>
<td>2,961,215</td>
</tr>
<tr>
<td><strong>PROPERTY AND EQUIPMENT, net</strong></td>
<td></td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>4,780,869</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$11,011,837</td>
</tr>
</tbody>
</table>

| LIABILITIES AND NET ASSETS | | |
| **CURRENT LIABILITIES** | | |
| Accounts payable | $219,580 | $1,154,571 |
| Accrued expenses | 208,994 | 391,022 |
| Deferred revenues | 1,820,200 | 1,635,912 |
| **Total current liabilities** | 2,248,774 | 3,181,505 |

| NET ASSETS | | |
| **Without donor restrictions** | | |
| Undesignated | 5,583,291 | 5,242,456 |
| Designated by the Board for operating reserve | 1,887,690 | 1,621,106 |
| **Total net assets** | 7,470,981 | 6,863,562 |
| **With donor restrictions** | | |
| Perpetual endowment | 890,344 | 890,344 |
| Time-restricted endowment | 183,181 | 194,899 |
| Purpose restrictions | 218,557 | 29,115 |
| **Total net assets** | 1,292,082 | 1,114,358 |

| | | |
| **Total liabilities and net assets** | | |
| | $11,011,837 | $11,159,425 |

See accompanying notes.
## Descanso Gardens Guild, Inc.

### Statements of Activities and Changes in Net Assets

<table>
<thead>
<tr>
<th>Without Donor</th>
<th>With Donor</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES, SUPPORT, AND GAINS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Admissions</td>
<td>$2,452,234</td>
<td>-</td>
</tr>
<tr>
<td>Sales, rentals, and programs</td>
<td>834,685</td>
<td>-</td>
</tr>
<tr>
<td>Management fee</td>
<td>270,000</td>
<td>-</td>
</tr>
<tr>
<td>Other revenue</td>
<td>15,667</td>
<td>-</td>
</tr>
<tr>
<td><strong>Subtotal, revenues</strong></td>
<td>3,572,586</td>
<td>-</td>
</tr>
<tr>
<td>Memberships</td>
<td>1,707,636</td>
<td>-</td>
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<tr>
<td>Contributions</td>
<td>523,191</td>
<td>275,321</td>
</tr>
<tr>
<td>Grants</td>
<td>636,300</td>
<td>-</td>
</tr>
<tr>
<td>Sponsorships</td>
<td>96,340</td>
<td>-</td>
</tr>
<tr>
<td>Interest and dividends</td>
<td>36,130</td>
<td>11,226</td>
</tr>
<tr>
<td>Realized and unrealized gains on investments, net</td>
<td>201,020</td>
<td>132,215</td>
</tr>
<tr>
<td>In-kind contributions</td>
<td>4,868</td>
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</tr>
<tr>
<td>Net assets released from restrictions – other</td>
<td>85,879</td>
<td>(85,879)</td>
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<tr>
<td>Net assets released pursuant to endowment spend rate</td>
<td>155,159</td>
<td>(155,159)</td>
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<tr>
<td><strong>Subtotal, contributed sources</strong></td>
<td>3,446,523</td>
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</tr>
<tr>
<td><strong>Total revenues, support, and gains</strong></td>
<td>7,019,109</td>
<td>177,724</td>
</tr>
<tr>
<td><strong>EXPENSES AND LOSSES</strong></td>
<td></td>
<td></td>
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<tr>
<td>Program services expense</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Garden stewardship and operations</td>
<td>4,258,148</td>
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<tr>
<td>Education, public programs, and gallery</td>
<td>793,435</td>
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<tr>
<td><strong>Total program services expense</strong></td>
<td>5,051,583</td>
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<tr>
<td>Supporting services expense</td>
<td></td>
<td></td>
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<tr>
<td>Management and general</td>
<td>690,522</td>
<td>-</td>
</tr>
<tr>
<td>Fundraising and development</td>
<td>669,585</td>
<td>-</td>
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<tr>
<td><strong>Total supporting services expense</strong></td>
<td>1,360,107</td>
<td>-</td>
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<tr>
<td><strong>Total expenses and losses</strong></td>
<td>6,411,690</td>
<td>-</td>
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<tr>
<td><strong>CHANGE IN NET ASSETS</strong></td>
<td>607,419</td>
<td>177,724</td>
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<tr>
<td><strong>NET ASSETS, beginning of year</strong></td>
<td>6,863,562</td>
<td>1,114,358</td>
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<tr>
<td><strong>NET ASSETS, end of year</strong></td>
<td>$7,470,981</td>
<td>$1,292,082</td>
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See accompanying notes.
Descanso Gardens Guild, Inc.
Statements of Activities and Changes in Net Assets (Continued)

<table>
<thead>
<tr>
<th></th>
<th>Without Donor</th>
<th>With Donor</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES, SUPPORT, AND GAINS</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Admissions</td>
<td>$ 5,430,832</td>
<td>-</td>
<td>$ 5,430,832</td>
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<td>Sales, rentals, and programs</td>
<td>2,346,622</td>
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<td>2,346,622</td>
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<td>270,000</td>
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<td><strong>Subtotal, revenues</strong></td>
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<td>Memberships</td>
<td>1,461,684</td>
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<td>Contributions</td>
<td>397,926</td>
<td>203,098</td>
<td>601,024</td>
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<td>Sponsorships</td>
<td>206,600</td>
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<td>206,600</td>
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<td>Interest and dividends</td>
<td>41,640</td>
<td>16,200</td>
<td>57,840</td>
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<td>Realized and unrealized losses on investments, net</td>
<td>236,875</td>
<td>210,068</td>
<td>446,943</td>
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<td>In-kind contributions</td>
<td>26,250</td>
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<td>26,250</td>
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<td>Net assets released from restrictions – other</td>
<td>235,068</td>
<td>(235,068)</td>
<td>-</td>
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<td>Net assets released pursuant to endowment spend rate</td>
<td>217,255</td>
<td>(217,255)</td>
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<td><strong>Subtotal, contributed sources</strong></td>
<td>2,823,298</td>
<td>(22,957)</td>
<td>2,800,341</td>
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<tr>
<td><strong>Total revenues, support, and gains</strong></td>
<td>10,871,819</td>
<td>(22,957)</td>
<td>10,848,862</td>
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<table>
<thead>
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<th></th>
<th>Without Donor</th>
<th>With Donor</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EXPENSES AND LOSSES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services expense</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Garden stewardship and operations</td>
<td>7,189,149</td>
<td>-</td>
<td>7,189,149</td>
</tr>
<tr>
<td>Education, public programs and gallery</td>
<td>1,286,992</td>
<td>-</td>
<td>1,286,992</td>
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<tr>
<td><strong>Total program services expense</strong></td>
<td>8,476,141</td>
<td>-</td>
<td>8,476,141</td>
</tr>
<tr>
<td>Supporting services expense</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management and general</td>
<td>676,028</td>
<td>-</td>
<td>676,028</td>
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<tr>
<td>Fundraising and development</td>
<td>1,005,608</td>
<td>-</td>
<td>1,005,608</td>
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<tr>
<td><strong>Total supporting services expense</strong></td>
<td>1,681,636</td>
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<td>1,681,636</td>
</tr>
<tr>
<td><strong>Total expenses and losses</strong></td>
<td>10,157,777</td>
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<td>10,157,777</td>
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<tr>
<td><strong>CHANGE IN NET ASSETS</strong></td>
<td>714,042</td>
<td>(22,957)</td>
<td>691,085</td>
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<tr>
<td><strong>NET ASSETS, beginning of year (restated)</strong></td>
<td>6,149,520</td>
<td>1,137,315</td>
<td>7,286,835</td>
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<tr>
<td><strong>NET ASSETS, end of year</strong></td>
<td>$ 6,863,562</td>
<td>$ 1,114,358</td>
<td>$ 7,977,920</td>
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See accompanying notes.
## Descanso Gardens Guild, Inc.
### Statements of Functional Expenses

**Program Services**

<table>
<thead>
<tr>
<th>Year Ended December 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Garden Public Programs</strong></td>
</tr>
<tr>
<td>Stewardship Education Program</td>
</tr>
<tr>
<td>Operations &amp; Gallery Total</td>
</tr>
<tr>
<td>Management</td>
</tr>
<tr>
<td>Fundraising</td>
</tr>
<tr>
<td><strong>Total</strong></td>
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</table>

<table>
<thead>
<tr>
<th></th>
<th>Operations</th>
<th>Education &amp; Gallery</th>
<th>Program Total</th>
<th>Management</th>
<th>Fundraising</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>Salaries and benefits</td>
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<td>$190,913</td>
<td>$2,093,538</td>
<td>$504,863</td>
<td>$464,906</td>
<td>$3,063,307</td>
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<tr>
<td>Professional services</td>
<td>322,666</td>
<td>474,343</td>
<td>37,287</td>
<td>18,730</td>
<td>530,360</td>
<td></td>
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<tr>
<td>Cost of sales</td>
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<td>385,859</td>
<td>0</td>
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<td>385,859</td>
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</tr>
<tr>
<td>Depreciation</td>
<td>351,914</td>
<td>575,178</td>
<td>40,345</td>
<td>1,281</td>
<td>616,804</td>
<td></td>
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<tr>
<td>Repairs and maintenance</td>
<td>315,898</td>
<td>331,030</td>
<td>83</td>
<td>539</td>
<td>331,652</td>
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<tr>
<td>Utilities</td>
<td>174,265</td>
<td>205,462</td>
<td>24,376</td>
<td>16,387</td>
<td>246,225</td>
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<td>Office expense and supplies</td>
<td>70,958</td>
<td>83,880</td>
<td>11,014</td>
<td>14,518</td>
<td>109,412</td>
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<td>73,455</td>
<td>1,254</td>
<td>71,703</td>
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<td>Bank and credit card fees</td>
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<td>159,462</td>
<td>11,007</td>
<td>215,717</td>
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<td></td>
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<tr>
<td>Fees and honorariums</td>
<td>-</td>
<td>34,455</td>
<td>-</td>
<td>-</td>
<td>34,455</td>
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<tr>
<td>Insurance</td>
<td>114,593</td>
<td>189,860</td>
<td>25,440</td>
<td>417</td>
<td>215,717</td>
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<td>Inventory loss</td>
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<td>36,932</td>
<td>-</td>
<td>-</td>
<td>36,932</td>
<td></td>
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<tr>
<td>Bad debt expense</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5,000</td>
<td></td>
</tr>
<tr>
<td>Plants and horticultural supplies</td>
<td>163,771</td>
<td>163,771</td>
<td>-</td>
<td>-</td>
<td>163,771</td>
<td></td>
</tr>
<tr>
<td>Event expense</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>15,649</td>
<td></td>
</tr>
<tr>
<td>Postage and freight</td>
<td>30,220</td>
<td>30,326</td>
<td>3,840</td>
<td>596</td>
<td>34,762</td>
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<td>Maintenance supplies</td>
<td>57,788</td>
<td>82,907</td>
<td>1,002</td>
<td>55</td>
<td>83,964</td>
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<tr>
<td>Storage rental</td>
<td>52,932</td>
<td>52,932</td>
<td>-</td>
<td>-</td>
<td>52,932</td>
<td></td>
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<tr>
<td>Catering</td>
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<td>1,025</td>
<td>1,759</td>
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<td>2,498</td>
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<td>Dues, subscriptions, and books</td>
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<td>24,326</td>
<td>13,669</td>
<td>2,887</td>
<td>40,862</td>
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<tr>
<td>Telephone</td>
<td>11,074</td>
<td>12,600</td>
<td>2,006</td>
<td>2,895</td>
<td>17,501</td>
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<tr>
<td>Legal and accounting</td>
<td>21,135</td>
<td>23,313</td>
<td>4,704</td>
<td>33,407</td>
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<td></td>
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<tr>
<td>Travel</td>
<td>1,838</td>
<td>1,882</td>
<td>1,453</td>
<td>43</td>
<td>3,378</td>
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<tr>
<td>Board expenses</td>
<td>-</td>
<td>-</td>
<td>138</td>
<td>-</td>
<td>138</td>
<td></td>
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<tr>
<td>Professional development</td>
<td>805</td>
<td>1,260</td>
<td>1,932</td>
<td>989</td>
<td>4,181</td>
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<td>Taxes and licenses</td>
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<td>13,053</td>
<td>1,280</td>
<td>14,990</td>
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<td>-</td>
<td>42,293</td>
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**Total**

|                        | $4,258,148 | $793,435           | $5,051,583    | $690,522   | $669,585    | $6,411,690  |

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

### Garden Public Programs

<table>
<thead>
<tr>
<th>Description</th>
<th>Operations</th>
<th>Education &amp; Gallery</th>
<th>Program Total</th>
<th>Management</th>
<th>Fundraising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and benefits</td>
<td>$2,328,864</td>
<td>$294,639</td>
<td>$2,623,503</td>
<td>$475,814</td>
<td>$556,140</td>
<td>$3,655,457</td>
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<td>Professional services</td>
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<td>382,779</td>
<td>2,645,890</td>
<td>77,184</td>
<td>93,398</td>
<td>2,816,472</td>
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<tr>
<td>Cost of sales</td>
<td>604,877</td>
<td>-</td>
<td>604,877</td>
<td>-</td>
<td>-</td>
<td>604,877</td>
</tr>
<tr>
<td>Depreciation</td>
<td>346,911</td>
<td>222,891</td>
<td>569,802</td>
<td>32,426</td>
<td>1,279</td>
<td>603,507</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>713,567</td>
<td>14,916</td>
<td>728,483</td>
<td>363</td>
<td>709</td>
<td>729,555</td>
</tr>
<tr>
<td>Utilities</td>
<td>159,730</td>
<td>79,865</td>
<td>239,595</td>
<td>13,311</td>
<td>13,311</td>
<td>253,217</td>
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<tr>
<td>Office expense and supplies</td>
<td>94,329</td>
<td>12,870</td>
<td>107,199</td>
<td>5,946</td>
<td>12,582</td>
<td>125,727</td>
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<td>45,454</td>
<td>103,928</td>
<td>3,367</td>
<td>109</td>
<td>117,303</td>
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<td>Bank and credit card fees</td>
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<td>2,037</td>
<td>189,883</td>
<td>5,933</td>
<td>5,933</td>
<td>201,802</td>
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<td>168,408</td>
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<td>-</td>
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<td>144,474</td>
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<td>Inventory loss</td>
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<td>-</td>
<td>21,000</td>
<td>-</td>
<td>-</td>
<td>21,000</td>
</tr>
<tr>
<td>Plants and horticultural supplies</td>
<td>114,532</td>
<td>-</td>
<td>114,532</td>
<td>-</td>
<td>-</td>
<td>114,532</td>
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<tr>
<td>Event expense</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>114,532</td>
</tr>
<tr>
<td>Event rental expense</td>
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<td>-</td>
<td>12,235</td>
<td>112</td>
<td>-</td>
<td>13,347</td>
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<td>Postage and freight</td>
<td>38,063</td>
<td>178</td>
<td>38,241</td>
<td>4,331</td>
<td>3,987</td>
<td>42,539</td>
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<tr>
<td>Maintenance supplies</td>
<td>58,670</td>
<td>3,151</td>
<td>61,821</td>
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<td>240</td>
<td>62,061</td>
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<tr>
<td>Storage rental</td>
<td>44,900</td>
<td>-</td>
<td>44,900</td>
<td>-</td>
<td>-</td>
<td>44,900</td>
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<tr>
<td>Catering</td>
<td>2,730</td>
<td>2,188</td>
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<td>12,832</td>
<td>24,793</td>
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<td>Dues, subscriptions, and books</td>
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<td>3,079</td>
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<td>3,155</td>
<td>45,165</td>
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<td>1,648</td>
<td>13,795</td>
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<td>18,278</td>
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<td>Legal and accounting</td>
<td>15,172</td>
<td>1,871</td>
<td>17,043</td>
<td>2,951</td>
<td>3,753</td>
<td>23,794</td>
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<tr>
<td>Travel</td>
<td>2,898</td>
<td>585</td>
<td>3,483</td>
<td>5,430</td>
<td>11,223</td>
<td>21,856</td>
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<tr>
<td>Board expenses</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>408</td>
<td>-</td>
<td>408</td>
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<tr>
<td>Professional development</td>
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<td>2,982</td>
<td>5,444</td>
<td>3,498</td>
<td>9,024</td>
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<td>Taxes and licenses</td>
<td>9,058</td>
<td>898</td>
<td>9,956</td>
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<td>267</td>
<td>10,247</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>106,952</td>
<td>106,952</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$7,189,149</strong></td>
<td><strong>$1,286,992</strong></td>
<td><strong>$8,476,141</strong></td>
<td><strong>$676,028</strong></td>
<td><strong>$1,005,608</strong></td>
<td><strong>$10,157,777</strong></td>
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</tbody>
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See accompanying notes.
### Descanso Gardens Guild, Inc.
#### Statements of Cash Flows

<table>
<thead>
<tr>
<th>CASH FLOWS FROM OPERATING ACTIVITIES</th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>$785,143</td>
<td>$691,085</td>
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<tr>
<td>Adjustments to reconcile changes in net assets to net cash from operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gains on operating investments</td>
<td>(5,473)</td>
<td>(8,802)</td>
</tr>
<tr>
<td>Contributions restricted from SBA PPP loan</td>
<td>(636,300)</td>
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</tr>
<tr>
<td>Depreciation expense</td>
<td>616,804</td>
<td>603,507</td>
</tr>
<tr>
<td>Endowment net investment return</td>
<td>(327,768)</td>
<td>(438,141)</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>316,500</td>
<td>(107,240)</td>
</tr>
<tr>
<td>Contributions receivable</td>
<td>(148,000)</td>
<td>5,000</td>
</tr>
<tr>
<td>Gift shop inventory</td>
<td>198,694</td>
<td>(51,914)</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(64,514)</td>
<td>(4,057)</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>(934,991)</td>
<td>377,436</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>(182,028)</td>
<td>175,930</td>
</tr>
<tr>
<td>Deferred revenues</td>
<td>184,288</td>
<td>181,414</td>
</tr>
</tbody>
</table>

Net cash (used in) provided by operating activities

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(197,645)</td>
<td>1,424,218</td>
</tr>
</tbody>
</table>

#### CASH FLOWS FROM INVESTING ACTIVITIES

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases of investments</td>
<td>(2,138,653)</td>
<td>(1,901,496)</td>
</tr>
<tr>
<td>Proceeds from sales of investments</td>
<td>1,899,325</td>
<td>1,929,017</td>
</tr>
<tr>
<td>Purchases of property and equipment</td>
<td>(543,905)</td>
<td>(1,289,249)</td>
</tr>
</tbody>
</table>

Net cash used in investing activities

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(873,233)</td>
<td>(1,261,728)</td>
</tr>
</tbody>
</table>

#### CASH FLOWS FROM FINANCING ACTIVITIES

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from SBA PPP loan</td>
<td>636,300</td>
<td>-</td>
</tr>
<tr>
<td>Proceeds from line of credit</td>
<td>500,000</td>
<td>-</td>
</tr>
<tr>
<td>Repayment on line of credit</td>
<td>(500,000)</td>
<td>-</td>
</tr>
</tbody>
</table>

Net cash provided by financing activities

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>636,300</td>
<td>-</td>
</tr>
</tbody>
</table>

#### NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(434,578)</td>
<td>162,490</td>
</tr>
</tbody>
</table>

#### CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of year

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$2,499,625</td>
<td>$2,337,135</td>
</tr>
</tbody>
</table>

#### CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, end of year

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$2,065,047</td>
<td>$2,499,625</td>
</tr>
</tbody>
</table>

#### SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash paid during the year for interest</td>
<td>$6,875</td>
<td>-</td>
</tr>
</tbody>
</table>

#### RECONCILIATION TO STATEMENT OF FINANCIAL POSITION

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$1,870,947</td>
<td>$2,499,625</td>
</tr>
<tr>
<td>Cash restricted to nursery project</td>
<td>194,100</td>
<td>-</td>
</tr>
</tbody>
</table>

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$2,065,047</td>
<td>$2,499,625</td>
</tr>
</tbody>
</table>

See accompanying notes.
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 Los Angeles 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 noninterest-bearing amounts due from the County related to funding for the wastewater treatment facility, ticket brokers for admissions, 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, 2020 and 2019, accounts receivable amounts owed by the County totaled approximately $75,000 and $324,000, 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, 2020 and 2019, no allowance was deemed necessary.
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. Allowances for contributions receivable are determined based on review of the individual donors and agreements. At December 31, 2020 and 2019, 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: 5–30 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, 2020 and 2019.

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.
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 and board-designated endowment.

*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** – In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958-605)* in June 2018. These standards replace existing revenue recognition rules with a comprehensive revenue measurement and recognition standard and expanded disclosure requirements. These standards became effective for annual reporting periods beginning after December 15, 2018, for non-public entities. The Guild has adopted this new treatment using the modified retrospective method. Accordingly, prior periods have not been adjusted to conform to the new guidance. There was determined to be no cumulative effect to opening net assets after applying the new guidance to all contracts with customers that were not completed as of January 1, 2019. The adoption is not expected to have a material impact on future financial results, as the adoption did not change the recognition pattern for the Guild’s existing revenue streams.

Revenue is recognized when earned. Membership revenue is recognized evenly during the membership term. Admission and sponsorship 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.
Note 2 – Summary of Significant Accounting Policies (continued)

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.

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 was recognized as contributions with donor restrictions and included in the statement of activities for the year ended December 31, 2020, 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.

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.

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 $96,340 and $206,600 in sponsorship revenue for the years ended December 31, 2020 and 2019, respectively. For both years, all sponsorship revenues were recognized as contributions.
Note 2 – Summary of Significant Accounting Policies (continued)

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

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, 2020 and 2019, 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 $42,000 and $107,000 for the years ended December 31, 2020 and 2019, 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 Enchanted: Forest of Light (“Enchanted”) event. Due to the COVID-19 pandemic, this event was cancelled for fiscal year 2020. For the years ended December 31, 2020 and 2019, Enchanted ticket sales accounted for 0% and 33%, respectively, of the Guild’s total revenue.
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 FASB issued 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 at December 31, 2020 and 2019, 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:

<table>
<thead>
<tr>
<th>Financial assets at year end</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$1,870,947</td>
<td>$2,499,625</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>87,085</td>
<td>403,585</td>
</tr>
<tr>
<td>Contributions receivable</td>
<td>153,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Investments</td>
<td>3,641,063</td>
<td>2,978,494</td>
</tr>
<tr>
<td>Total financial assets</td>
<td>5,752,095</td>
<td>5,886,704</td>
</tr>
</tbody>
</table>

Add: endowment spending-rate distributions and appropriations

| Add: endowment spending-rate distributions and appropriations | 120,100 | 113,200 |

Less: amounts not available to be used within one year

<table>
<thead>
<tr>
<th>Less: amounts not available to be used within one year</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets with donor restrictions</td>
<td>218,557</td>
<td>29,115</td>
</tr>
<tr>
<td>Designated by the board for endowment</td>
<td>1,887,690</td>
<td>1,621,106</td>
</tr>
<tr>
<td>Perpetual endowment</td>
<td>890,344</td>
<td>890,344</td>
</tr>
<tr>
<td>Time-restricted endowment</td>
<td>183,181</td>
<td>194,899</td>
</tr>
<tr>
<td>Total</td>
<td>3,179,772</td>
<td>2,735,464</td>
</tr>
</tbody>
</table>

Financial assets available to meet general expenditures over the next twelve months

| Financial assets available to meet general expenditures over the next twelve months | $2,692,423 | $3,264,440 |
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 $1,887,690 and $1,621,106 as of December 31, 2020 and 2019, 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.
Note 5 – Investments (continued)

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.

**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, 2020 and 2019.

The following is a summary of investments at December 31, 2020 and 2019:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash equivalents</td>
<td>$106,779</td>
<td>$140,727</td>
</tr>
<tr>
<td>Direct equities – domestic</td>
<td>1,670,460</td>
<td>1,494,820</td>
</tr>
<tr>
<td>Bond funds – mutual funds</td>
<td>487,248</td>
<td>500,126</td>
</tr>
<tr>
<td>Equity funds – mutual funds</td>
<td>151,063</td>
<td>226,255</td>
</tr>
<tr>
<td>Exchange traded funds – equities</td>
<td>189,368</td>
<td>188,703</td>
</tr>
<tr>
<td>Exchange traded funds – bond funds</td>
<td>386,347</td>
<td>228,753</td>
</tr>
<tr>
<td>U.S. Treasury bonds</td>
<td>649,798</td>
<td>199,110</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$3,641,063</strong></td>
<td><strong>$2,978,494</strong></td>
</tr>
</tbody>
</table>
Note 5 – Investments (continued)

The following tables present the Guild’s investments by the fair value hierarchy levels as of December 31, 2020 and 2019:

<table>
<thead>
<tr>
<th>Assets</th>
<th>Quoted Prices Significant in Active Markets for Identical Assets</th>
<th>Significant Other Observable Inputs</th>
<th>Significant Unobservable Inputs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total (Level 1)</td>
<td>(Level 2)</td>
<td>(Level 3)</td>
</tr>
<tr>
<td><strong>Total investments</strong></td>
<td>$3,641,063</td>
<td>$2,991,265</td>
<td>$649,798</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Assets</th>
<th>Quoted Prices Significant in Active Markets for Identical Assets</th>
<th>Significant Other Observable Inputs</th>
<th>Significant Unobservable Inputs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Investments</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash equivalents</td>
<td>$30,050</td>
<td>$30,050</td>
<td>-</td>
</tr>
<tr>
<td>U.S. Treasury bonds</td>
<td>649,798</td>
<td>-</td>
<td>649,798</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$679,848</td>
<td>30,050</td>
<td>649,798</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Assets</th>
<th>Quoted Prices Significant in Active Markets for Identical Assets</th>
<th>Significant Other Observable Inputs</th>
<th>Significant Unobservable Inputs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Endowment Investments</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash equivalents</td>
<td>76,729</td>
<td>76,729</td>
<td>-</td>
</tr>
<tr>
<td>Equities – domestic</td>
<td>1,670,460</td>
<td>1,670,460</td>
<td>-</td>
</tr>
<tr>
<td>Exchange traded funds – equities</td>
<td>189,368</td>
<td>189,368</td>
<td>-</td>
</tr>
<tr>
<td>Exchange traded funds – bond funds</td>
<td>386,347</td>
<td>386,347</td>
<td>-</td>
</tr>
<tr>
<td>Bond mutual funds</td>
<td>487,248</td>
<td>487,248</td>
<td>-</td>
</tr>
<tr>
<td>Equity mutual funds</td>
<td>151,063</td>
<td>151,063</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total investments</strong></td>
<td>$2,961,215</td>
<td>2,961,215</td>
<td>199,110</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Assets</th>
<th>Quoted Prices Significant in Active Markets for Identical Assets</th>
<th>Significant Other Observable Inputs</th>
<th>Significant Unobservable Inputs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total investments</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash equivalents</td>
<td>73,050</td>
<td>73,050</td>
<td>-</td>
</tr>
<tr>
<td>U.S. Treasury bonds</td>
<td>199,110</td>
<td>-</td>
<td>199,110</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>272,145</td>
<td>73,050</td>
<td>199,110</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Assets</th>
<th>Quoted Prices Significant in Active Markets for Identical Assets</th>
<th>Significant Other Observable Inputs</th>
<th>Significant Unobservable Inputs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Endowment Investments</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash equivalents</td>
<td>67,692</td>
<td>67,692</td>
<td>-</td>
</tr>
<tr>
<td>Equities – domestic</td>
<td>1,494,820</td>
<td>1,494,820</td>
<td>-</td>
</tr>
<tr>
<td>Exchange traded funds – equities</td>
<td>188,703</td>
<td>188,703</td>
<td>-</td>
</tr>
<tr>
<td>Exchange traded funds – bond funds</td>
<td>228,753</td>
<td>228,753</td>
<td>-</td>
</tr>
<tr>
<td>Bond mutual funds</td>
<td>500,126</td>
<td>500,126</td>
<td>-</td>
</tr>
<tr>
<td>Equity mutual funds</td>
<td>226,255</td>
<td>226,255</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total investments</strong></td>
<td>$2,978,494</td>
<td>$2,779,384</td>
<td>$199,110</td>
</tr>
</tbody>
</table>
Descanso Gardens Guild, Inc.
Notes to Financial Statements

Note 6 – Property and Equipment

As of December 31, 2020 and 2019, property and equipment consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vehicles and machinery</td>
<td>$554,287</td>
<td>$554,290</td>
</tr>
<tr>
<td>Equipment</td>
<td>225,261</td>
<td>157,993</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>7,064,910</td>
<td>6,899,307</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>429,955</td>
<td>379,008</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>956,079</td>
<td>695,990</td>
</tr>
<tr>
<td><strong>Total gross, property, and equipment</strong></td>
<td><strong>9,230,492</strong></td>
<td><strong>8,686,588</strong></td>
</tr>
</tbody>
</table>

Accumulated depreciation  
(4,449,623) (3,832,820)

**Total property and equipment, net**  
$4,780,869 $4,853,768

Depreciation expense for the years ended December 31, 2020 and 2019, was $616,804 and $603,507, 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 had a revolving line of credit with a banking institution which allowed for borrowings up to $500,000 and was secured by the Guild’s receivables, gift shop inventory, and equipment. The borrowings bore interest at a rate equal to the sum of the applicable index plus 1.5% (6.25% at December 31, 2019) or 5.00%. The line of credit expired on September 10, 2020, and was not renewed.

In October 2020, the Guild signed a new line of credit agreement with a new 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% (5.75% at December 31, 2020), but not less than 4.25% per annum. The line of credit expires on August 1, 2021.

As of December 31, 2020 and 2019, there was no balance outstanding on the line of credit. Interest expense for the years ended December 31, 2020 and 2019, was $6,875 and $0, 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.

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, 2020 and 2019, the Guild had the following endowment net asset composition by type of fund:

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2020</th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board-designated endowment funds</td>
<td>$1,887,690</td>
<td>$</td>
<td></td>
<td>$1,887,690</td>
</tr>
<tr>
<td>Donor-restricted endowment funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor</td>
<td>$890,344</td>
<td></td>
<td>$890,344</td>
<td></td>
</tr>
<tr>
<td>Donor-restricted term endowment</td>
<td>$183,181</td>
<td></td>
<td>$183,181</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$1,887,690</td>
<td>$1,073,525</td>
<td>$2,961,215</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2019</th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board-designated endowment funds</td>
<td>$1,621,106</td>
<td>$</td>
<td></td>
<td>$1,621,106</td>
</tr>
<tr>
<td>Donor-restricted endowment funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor</td>
<td>$890,344</td>
<td></td>
<td>$890,344</td>
<td></td>
</tr>
<tr>
<td>Donor-restricted term endowment</td>
<td>$194,899</td>
<td></td>
<td>$194,899</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$1,621,106</td>
<td>$1,085,243</td>
<td>$2,706,349</td>
<td></td>
</tr>
</tbody>
</table>
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:

<table>
<thead>
<tr>
<th>Allocation Range</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity investments</td>
<td>40% to 80%</td>
</tr>
<tr>
<td>Fixed income securities</td>
<td>20% to 60%</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>0% to 5%</td>
</tr>
</tbody>
</table>

Changes in endowment net assets for the years ended December 31, 2020 and 2019, are as follows:

<table>
<thead>
<tr>
<th>Year Ended December 31, 2020</th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment net assets, beginning of year</td>
<td>$1,621,106</td>
<td>$1,085,243</td>
<td>$2,706,349</td>
</tr>
<tr>
<td>Investment return, net</td>
<td>16,924</td>
<td>11,226</td>
<td>28,150</td>
</tr>
<tr>
<td>Net unrealized gain</td>
<td>214,601</td>
<td>132,215</td>
<td>346,816</td>
</tr>
<tr>
<td>Appropriation of endowment assets pursuant to spending-rate policy</td>
<td>(92,100)</td>
<td>(92,100)</td>
<td></td>
</tr>
<tr>
<td>Reclassification for underwater endowments</td>
<td>35,059</td>
<td>(35,059)</td>
<td>-</td>
</tr>
<tr>
<td>Appropriation of endowment assets subject to passage of time – SHG term endowment</td>
<td>(28,000)</td>
<td>(28,000)</td>
<td></td>
</tr>
<tr>
<td>Endowment net assets, end of year</td>
<td>$1,887,690</td>
<td>$1,073,525</td>
<td>$2,961,215</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year Ended December 31, 2019</th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment net assets, beginning of year</td>
<td>$1,251,110</td>
<td>$1,076,231</td>
<td>$2,327,341</td>
</tr>
<tr>
<td>Investment return, net</td>
<td>19,113</td>
<td>16,200</td>
<td>35,313</td>
</tr>
<tr>
<td>Net unrealized gain</td>
<td>246,828</td>
<td>210,068</td>
<td>456,896</td>
</tr>
<tr>
<td>Appropriation of endowment assets pursuant to spending-rate policy</td>
<td>(85,201)</td>
<td>(85,201)</td>
<td></td>
</tr>
<tr>
<td>Reclassification for underwater endowments</td>
<td>104,055</td>
<td>(104,055)</td>
<td>-</td>
</tr>
<tr>
<td>Appropriation of endowment assets subject to passage of time – SHG term endowment</td>
<td>(28,000)</td>
<td>(28,000)</td>
<td></td>
</tr>
<tr>
<td>Endowment net assets, end of year</td>
<td>$1,621,106</td>
<td>$1,085,243</td>
<td>$2,706,349</td>
</tr>
</tbody>
</table>
Note 9 – Net Assets with Donor Restrictions

Net assets with donor restrictions were as follows for the years ended December 31, 2020 and 2019:

<table>
<thead>
<tr>
<th>Subject to expenditure for specified purpose</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borun Nursery</td>
<td>$194,100</td>
<td>-</td>
</tr>
<tr>
<td>Restricted gifts &lt;$25K</td>
<td>8,841</td>
<td>2,500</td>
</tr>
<tr>
<td>Garden Operations</td>
<td>466</td>
<td>4,050</td>
</tr>
<tr>
<td>Front Drive</td>
<td>150</td>
<td>5,353</td>
</tr>
<tr>
<td>Arborjet</td>
<td>15,000</td>
<td>15,000</td>
</tr>
<tr>
<td>CA Natives</td>
<td>-</td>
<td>2,212</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$218,557</strong></td>
<td><strong>$29,115</strong></td>
</tr>
</tbody>
</table>

Endowments

Subject to the passage of time

<table>
<thead>
<tr>
<th>Endowment</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>SHG Term Endowment</td>
<td>$183,181</td>
<td>$194,899</td>
</tr>
</tbody>
</table>

Subject to endowment spending policy and appropriation

<table>
<thead>
<tr>
<th>Permanently restricted to general endowment</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>890,344</td>
<td>890,344</td>
</tr>
</tbody>
</table>

Total endowments

<table>
<thead>
<tr>
<th>Total endowments</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$1,073,525</td>
<td>$1,085,243</td>
</tr>
</tbody>
</table>

Total net assets with donor restrictions

<table>
<thead>
<tr>
<th>Total net assets with donor restrictions</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$1,292,082</td>
<td>$1,114,358</td>
</tr>
</tbody>
</table>

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, 2020 and 2019:

<table>
<thead>
<tr>
<th>Subject to Expiration of time restrictions</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$28,000</td>
<td>$28,000</td>
</tr>
</tbody>
</table>

Satisfaction of purpose restrictions

<table>
<thead>
<tr>
<th>Subject to Satisfaction of purpose restrictions</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borun Nursery</td>
<td>10,900</td>
<td>-</td>
</tr>
<tr>
<td>Harvest Garden</td>
<td>-</td>
<td>982</td>
</tr>
<tr>
<td>Ahmanson Grant</td>
<td>-</td>
<td>95,800</td>
</tr>
<tr>
<td>Restricted gifts &lt;$25K</td>
<td>36,962</td>
<td>36,362</td>
</tr>
<tr>
<td>Garden Accessibility</td>
<td>-</td>
<td>12,310</td>
</tr>
<tr>
<td>Garden Operations</td>
<td>8,284</td>
<td>12,270</td>
</tr>
<tr>
<td>Front Drive</td>
<td>27,521</td>
<td>41,665</td>
</tr>
<tr>
<td>Water Project</td>
<td>-</td>
<td>4,828</td>
</tr>
<tr>
<td>CA Natives</td>
<td>2,212</td>
<td>4,288</td>
</tr>
<tr>
<td>ED Innovation Fund</td>
<td>-</td>
<td>26,563</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>113,879</td>
<td>263,068</td>
</tr>
</tbody>
</table>

Restricted-purpose spending-rate distributions and appropriations

| Total restricted-purpose spending-rate         | 2020  | 2019  |
| distributions and appropriations              |       |       |
| Reclass                                       | 127,159 | 189,256|
| **Total**                                     | **$241,038** | **$452,324** |
Note 10 – Joint Costs of Activities that Include a Fund-Raising 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, 2020 and 2019, 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, 2020 and 2019:

<table>
<thead>
<tr>
<th>Category</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Garden stewardship and operations</td>
<td>$35,668</td>
<td>$23,423</td>
</tr>
<tr>
<td>Education, public programs, and gallery</td>
<td>11,402</td>
<td>23,071</td>
</tr>
<tr>
<td>Management and general</td>
<td>1,254</td>
<td>1,018</td>
</tr>
<tr>
<td>Fundraising and development</td>
<td>3,801</td>
<td>1,344</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$52,125</strong></td>
<td><strong>$48,856</strong></td>
</tr>
</tbody>
</table>

Note 11 – Commitments

**Leases** – The Guild leased warehouse storage space under an operating lease agreement on a quarterly basis with payments of $13,500. The Guild cancelled this lease in November 2019.

In December 2019, the Guild entered into a non-cancelable operating lease for storage space. The lease expires in November 2024. Future minimum lease payments under the non-cancelable operating lease are as follows:

<table>
<thead>
<tr>
<th>Years Ending December 31,</th>
<th>Operating Lease</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>$54,520</td>
</tr>
<tr>
<td>2022</td>
<td>56,156</td>
</tr>
<tr>
<td>2023</td>
<td>57,840</td>
</tr>
<tr>
<td>2024</td>
<td>54,472</td>
</tr>
<tr>
<td>2025</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$222,988</strong></td>
</tr>
</tbody>
</table>

The Guild leased office equipment with monthly payments of $521 through July 2020.

The Guild leases a postage meter with monthly payments of $198 through May 2022.

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

Rent expense for the years ended December 31, 2020 and 2019, was $52,932 and $51,184, respectively.
Note 11 – Commitments (continued)

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.

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, 2020 and 2019, were $55,276 and $63,420, respectively.

Note 13 – Deferred Revenue

Deferred revenues for the years ended December 31, 2020 and 2019, totaled $1,820,199 and $1,635,912, 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, 2020 and 2019:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred admissions and membership revenue, beginning of period</td>
<td>$1,429,419</td>
<td>$1,245,481</td>
</tr>
<tr>
<td>Decreases in deferred revenue due to performance satisfaction</td>
<td>(1,239,944)</td>
<td>(644,742)</td>
</tr>
<tr>
<td>Increases in deferred revenue due to cash received during the period</td>
<td>1,391,855</td>
<td>828,680</td>
</tr>
<tr>
<td>Deferred admissions and membership revenue, end of period</td>
<td>$1,581,330</td>
<td>$1,429,419</td>
</tr>
</tbody>
</table>

Note 14 – COVID-19 Pandemic

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Guild is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the Guild’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Guild’s customers, employees, and vendors, all of which at present cannot be determined. Accordingly, the extent to which COVID-19 may impact the Guild’s financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of the pandemic.
Note 15 – Paycheck Protection Program Loan

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 is subject to a note dated April 28, 2020, and bears interest at a rate of 1%. The term of the loan is two years. Monthly payments begin after a 10-month deferral from the end of the 6-month covered period. The loan is subject to partial or full forgiveness and the Guild has applied for full forgiveness of the loan amount. The loan may be repaid at any time with no prepayment penalty.

The Guild accounted for the PPP loan as a conditional contribution in accordance with FASB Accounting Standards Codification (ASC) Subtopic: 958-065, Not-for-Profit Entities: Revenue Recognition. PPP loan proceeds in the amount of $636,300 were recorded as a refundable advance liability when received. During the year ended December 31, 2020, the Guild recognized contributions of $636,300 as qualifying expenses were incurred and conditions were substantially met. The Guild reported these contributions in the Statement of Activities for the year ended December 31, 2020, as grants.

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.

On March 8, 2021, the Guild received approval from the Small Business Administration (SBA) for the second round of PPP funding in the amount of $636,347 under similar terms to the PPP first-round note (see Note 15). The loan matures in March 2026.

The Guild has evaluated subsequent events through May 19, 2021, which is the date the financial statements were available to be issued.