

**Nebraska Statewide Arboretum, Inc.**  
**FINANCIAL STATEMENTS**  
**AND INDEPENDENT AUDITOR'S REPORT**  
**For the year ended June 30, 2024 and 2023**

## TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	2 - 3
FINANCIAL STATEMENTS	
Statements of financial position	4
Statements of activities	5 - 6
Statements of functional expenses	7 - 8
Statements of cash flows	9
NOTES TO FINANCIAL STATEMENTS	10 - 25



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management of  
Nebraska Statewide Arboretum, Inc.  
Lincoln, Nebraska

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Nebraska Statewide Arboretum, Inc., a nonprofit organization (the Organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 the Organization'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 the Organization'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 the Organization'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.

*Hayes & Associates, L.L.C.*

Hayes & Associates, L.L.C.  
Omaha, Nebraska  
December 17, 2024

NEBRASKA STATEWIDE ARBORETUM, INC.  
STATEMENTS OF FINANCIAL POSITION  
June 30, 2024 and 2023

ASSETS	2024	2023
<b>CURRENT ASSETS</b>		
Cash and cash equivalents:		
Operating	\$ 219,294	\$ 337,644
Spendable funds of beneficial interest in funds held by third party	107,950	94,049
Total cash and cash equivalents	327,244	431,693
Accounts receivable, net of allowance for credit loss	404,170	267,873
Inventory	17,389	19,441
Prepaid expenses	3,262	2,512
Total current assets	752,065	721,519
<b>NONCURRENT ASSETS</b>		
Restricted cash and cash equivalents	53,578	38,447
Beneficial interest in funds held by third party	401,194	362,699
Property and equipment		
Office equipment	1,934	1,934
Plant production equipment	259,465	48,960
Construction in progress	-	210,505
Accumulated depreciation	(42,624)	(28,600)
Total property and equipment	218,775	232,799
Total noncurrent assets	673,547	633,945
Total assets	\$ 1,425,612	\$ 1,355,464
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 313,244	\$ 386,184
Accrued vacation payable	50,862	45,407
Other accrued expenses	86,343	200,689
Total current liabilities	450,449	632,280
<b>NET ASSETS</b>		
Net assets without donor restrictions	509,509	353,211
Net assets with donor restrictions	465,654	369,973
Total net assets	975,163	723,184
Total liabilities and net assets	\$ 1,425,612	\$ 1,355,464

See accompanying notes and independent auditor's report.

NEBRASKA STATEWIDE ARBORETUM, INC.  
STATEMENTS OF ACTIVITIES  
For the years ended June 30, 2024 and 2023

	2024	2023
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenues and support		
Affiliate site program fees	\$ 16,196	\$ 16,926
Contributions	157,557	52,808
Grants	810,808	431,268
Contributed nonfinancial assets - facilities	67,776	67,776
Contributed nonfinancial assets - services	-	20,001
Plant sales	353,793	389,366
Memberships	83,912	70,851
Advertising	4,810	3,050
Royalties	6,956	9,393
Special event revenue	22,626	21,436
Other income	7,449	1,043
Investment return in beneficial interest in funds held by third party, net	13,333	11,001
Total revenue and support	1,545,216	1,094,919
Net assets released from restrictions	14,438	143,122
Expenses		
Program services		
Community Landscape	264,620	284,023
Horticulture	219,702	230,543
Other program services	567,086	361,792
Supporting activities		
Management and general	162,148	154,956
Fundraising	189,800	82,025
Total expenses	1,403,356	1,113,339
(Decrease) increase in net assets without donor restrictions	156,298	124,702
Net assets without donor restrictions at beginning of year	353,211	228,509
Net assets without donor restrictions at end of year	\$ 509,509	\$ 353,211

See accompanying notes and independent auditor's report.

NEBRASKA STATEWIDE ARBORETUM, INC.  
STATEMENTS OF ACTIVITIES  
For the years ended June 30, 2024 and 2023

	2024	2023
NET ASSETS WITH DONOR RESTRICTIONS		
Revenues and support		
Purpose restricted contributions	\$ 68,662	\$ 123,560
Investment return in beneficial interest in funds held by third party, net	41,457	23,092
Net assets released from restrictions	(14,438)	(143,122)
(Decrease) increase in net assets with donor restrictions	95,681	3,530
Net assets with donor restrictions at beginning of year	369,973	366,443
Net assets with donor restrictions at end of year	465,654	369,973
Total (decrease) increase in net assets	251,979	128,232
Net assets at beginning of year	723,184	594,952
Net assets at end of year	\$ 975,163	\$ 723,184

See accompanying notes and independent auditor's report.

NEBRASKA STATEWIDE ARBORETUM, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
For the year ended June 30, 2024

	Program Services				Supporting Activities		Total
	Community Landscape	Horticulture	Other Program Service	Total Program Services	Management and General	Fundraising	
Salaries and wages	\$ 148,114	\$ 72,402	\$ 138,088	\$ 358,604	\$ 24,195	\$ 39,347	\$ 422,146
Grants and stipends	-	-	285,121	285,121	-	-	285,121
Program supplies	12,311	100,513	26,612	139,436	1,049	86,367	226,852
Employee benefits	47,109	22,858	43,919	113,886	5,960	12,515	132,361
Professional fees	2,500	-	15,525	18,025	56,022	644	74,691
In-kind expenses - facilities	23,944	11,618	22,323	57,885	3,030	6,361	67,276
Printing and postage	336	-	3,136	3,472	38,443	-	41,915
Payroll taxes	10,668	4,869	9,991	25,528	1,411	2,990	29,929
Miscellaneous	3,220	770	382	4,372	838	20,896	26,106
Bank charges	1,428	517	-	1,945	9,949	5,384	17,278
Depreciation	4,991	2,422	4,653	12,066	632	1,326	14,024
Rent and utilities	3,349	1,161	6,298	10,808	345	635	11,788
Information Technology	320	-	-	320	5,967	5,252	11,539
Insurance	3,925	1,904	3,423	9,252	496	1,043	10,791
Office expenses	-	330	-	330	7,348	2,465	10,143
Travel	-	-	4,019	4,019	5,095	-	9,114
Advertising	-	-	2,538	2,538	10	4,193	6,741
Food	1,709	-	409	2,118	1,269	197	3,584
Telecommunications	696	338	649	1,683	89	185	1,957
Total expense	<u>\$ 264,620</u>	<u>\$ 219,702</u>	<u>\$ 567,086</u>	<u>\$ 1,051,408</u>	<u>\$ 162,148</u>	<u>\$ 189,800</u>	<u>\$ 1,403,356</u>

See accompanying notes and independent auditor's report.



NEBRASKA STATEWIDE ARBORETUM, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
For the year ended June 30, 2023

	Program Services				Supporting Activities		Total
	Community Landscape	Horticulture	Other Program Service	Total Program Services	Management and General	Fundraising	
Salaries and wages	\$ 110,389	\$ 77,764	\$ 91,005	\$ 279,158	\$ 24,899	\$ 37,322	\$ 341,379
Program supplies	9,502	145,545	53,701	208,748	2,343	522	211,613
Grants and stipends	-	-	199,273	199,273	-	-	199,273
Employee benefits	72,882	-	-	72,882	4,964	9,610	87,456
In-kind rent and utilities	56,065	-	-	56,065	3,819	7,392	67,276
Rent and utilities	5,531	-	60	5,591	336	652	6,579
Professional fees	49	-	5,635	5,684	50,288	4,994	60,966
Printing and postage	374	-	2,729	3,103	38,842	-	41,945
Payroll taxes	7,802	5,276	6,688	19,766	1,163	2,093	23,022
Bank charges	515	2	-	517	8,913	9,009	18,439
Insurance	6,915	-	-	6,915	471	912	8,298
Office expenses	605	495	-	1,100	6,902	23	8,025
Information technology	240	-	-	240	3,273	4,225	7,738
Travel	-	-	2,526	2,526	4,530	95	7,151
Miscellaneous	2,901	1,461	175	4,537	1,058	1,468	7,063
Food	5,713	-	-	5,713	1,159	175	7,047
Advertising	-	-	-	-	544	2,934	3,478
Telecommunications	2,307	-	-	2,307	157	305	2,769
Depreciation	2,233	-	-	2,233	153	294	2,680
Credit loss expense	-	-	-	-	1,142	-	1,142
Total expense	<u>\$ 284,023</u>	<u>\$ 230,543</u>	<u>\$ 361,792</u>	<u>\$ 876,358</u>	<u>\$ 154,956</u>	<u>\$ 82,025</u>	<u>\$ 1,113,339</u>

See accompanying notes and independent auditor's report.

NEBRASKA STATEWIDE ARBORETUM, INC.  
STATEMENTS OF CASH FLOWS  
For the years ended June 30, 2024 and 2023

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Decrease) increase in net assets	\$ 251,979	\$ 128,232
Adjustments to reconcile (decrease) increase in net assets to net cash provided (used) by operating activities:		
Unrealized loss (gain) of beneficial interest in funds held by third party	(38,495)	(16,047)
Depreciation expense	14,024	1,142
Decrease (increase) in operating assets:		
Accounts receivable	(136,297)	(265,103)
Grants receivable	-	-
Inventory	2,052	(1,515)
Prepaid expenses	(750)	2,906
Increase (decrease) in operating liabilities:		
Agency accounts payable	(72,940)	321,455
Accrued sales tax	-	(1,182)
Accrued vacation payable	5,455	5,701
Other accrued expenses	(114,346)	187,907
	(89,318)	363,496
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property & equipment	-	(233,941)
	-	(233,941)
Net increase (decrease) in cash, restricted cash and cash equivalents	(89,318)	129,555
Cash, restricted cash and cash equivalents at beginning of year	470,140	340,585
Cash, restricted cash and cash equivalents at end of year	\$ 380,822	\$ 470,140
Cash and cash equivalents	\$ 219,294	\$ 337,644
Cash restricted for communication project	5,407	5,329
Cash restricted for the greenhouse	33,319	33,118
Cash restricted for agency	14,852	-
Cash held by third party	107,950	94,049
	\$ 380,822	\$ 470,140

See accompanying notes and independent auditor's report.

Nebraska Statewide Arboretum, Inc.  
NOTES TO FINANCIAL STATEMENTS  
For the year ended June 30, 2024 and 2023

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies of Nebraska Statewide Arboretum, Inc., (the Organization).

1. Organization

The Organization is a nonprofit corporation organized to promote sustainable landscapes for healthy homes and communities through initiatives in education, community landscapes and the environment. The Organization shares this mission with the University of Nebraska-Lincoln (the University) and the Nebraska Forest Service (the Service). The Organization accomplishes its mission through several programs:

- The Community Landscape program provides grants and other assistance to communities and organizations for the development and maintenance of public landscape projects.
- The Horticulture program encourages the introduction and conservation of plant species through research and distribution of plant materials to the public, either directly through the sales of selected species, or in cooperation with commercial nurseries.
- The Affiliate Site program is a network of affiliated arboreta throughout the state. The Organization provides recognition and support to sites that meet its qualifications and choose to become affiliated.
- The Organization promotes education and appreciation of flora through its membership program. Members receive various publications, access to discounted plants and other items, and invitations to special educational events and tours.
- The Outreach program sponsors educational events, public speakers and an annual plant sale.

The Organization's programs are funded from a variety of private contributions, grants, program fees and other sources. See Note D for more details regarding the relationship between the Organization, the University, and the Service.

2. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recognized when incurred, not when received or paid. Accordingly, all significant receivables, payables, and other liabilities have been recorded.

Nebraska Statewide Arboretum, Inc.  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
For the year ended June 30, 2024 and 2023

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Basis of Presentation

The Organization's financial statements conform to the recommendations of the *Presentation of Financial Statements* section within the *Not-for-Profit Entities* topic of the FASB Accounting Standards Codification (Codification). Therefore, the Organization's net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- Net assets without donor restrictions - Revenue and net assets that are not subject to donor-imposed stipulations. Net assets over which the Board of Directors has discretionary control are included with net assets without donor restrictions.
- Net assets with donor restrictions - Revenue and net assets are reported as donor restricted if they are received with donor stipulations that limit their use. Donors may place a specific purpose or time restriction on assets or may contribute the assets to be held into perpetuity. When a donor 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 as net assets released from restrictions.

As discussed at Note G, the Board has also designated certain funds for specific intended uses. Due to the absence of donor restrictions, this is considered to be a subset or component of net assets without donor restrictions.

4. Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents designated for long-term purposes or received with donor-imposed restrictions limiting their use to long-term purposes are not considered cash or cash equivalents for purposes of the statement of cash flows.

5. Restricted Cash

The Organization is required to hold funds restricted for the programs funded by the Nebraska Environmental Trust in separate accounts. Such accounts are shown as a separate component of cash and cash equivalents in the Statements of Financial Position.

Nebraska Statewide Arboretum, Inc.  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
For the year ended June 30, 2024 and 2023

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6. Beneficial interest in funds held by the University of Nebraska Foundation

The Organization is the beneficiary of two permanent endowments and one board designated endowment which are held in common trust funds administered and controlled by the University of Nebraska Foundation (the Foundation). These funds are reported at estimated fair value as determined by the Foundation. Additions to principal and changes in fair value are reported as additions or reductions in the Statements of Activities. Income credited but not yet transferred from the Foundation is shown as spendable earnings on the Statements of Financial Position. Income received from endowment funds is reported as an addition to net assets with or without donor restrictions, depending on the terms of the endowment as specified by the donor.

7. Accounts Receivable and Allowance for Credit Losses

Accounts receivables are stated at the amount management expects to collect. Accounts receivable consists primarily of amounts due from various clients for plant sales and specialized landscaping project services. Management typically has not experienced credit loss in the past. Management believes that the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for accounts receivable held at June 30, 2024 and 2023 because the composition of the accounts receivable at those dates are consistent with that used in developing the historical credit-loss percentages. Additionally, management has determined that the current and reasonable and supportable forecasted economic conditions are consistent with the economic conditions included in the historical information. As a result, management considers all receivables to be fully collectible and, therefore, no allowance for doubtful accounts is provided.

8. Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed according to the straight-line method using the respective asset's anticipated useful life (typically 3 to 10 years). The Organization expenses minor additions, supplies, and repairs which are less than \$2,500.

Nebraska Statewide Arboretum, Inc.  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
For the year ended June 30, 2024 and 2023

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

9. Inventory

The Organization holds inventory consisting of plants which are either purchased or propagated for sale. Purchased plants are recorded at the cost of original purchase and subsequent costs to ready for sale. Propagated plants are valued at the estimated cost of purchasing a similar saleable plant. Estimated cost is determined by marking down the anticipated propagated plant sales value by the average mark-up percentage of purchased plants. This naturally adjusts the estimated cost to lower than market value.

10. Revenue Recognition

All contributions are considered available for the Organization’s general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as increases in net assets with donor restrictions. Contributions received with restrictions that are met in the same reporting period are reported as contributions and an increase in net assets without donor restrictions.

The Organization recognizes revenue from program fees when the services are provided. Membership dues, which are nonrefundable, are comprised of an exchange element based on the benefits received, and a contribution element for the difference. The Organization recognizes the exchange portion of membership dues over the membership period, and the contribution portion immediately.

Plant sales include revenues recognized upon the delivery of goods to customers at the point of sale and excludes taxes collected on the sale of good. Revenue is recognized when the goods are purchased by the customer, which satisfies performance obligations. Cost of sales include the goods and paper, labor and occupancy, and other operating costs relating to plant sales.

To determine revenue recognition for arrangements that the Organization determines are within the scope of Topic 606 the Organization performs the following five steps:

- i. Identify the contract with a customer;
- ii. Identify the performance obligations in the contract;
- iii. Determine the transaction price;
- iv. Allocate the transaction price to the performance obligations in the contract;  
And
- v. Recognize revenue when (or as) the Organization satisfied the performance obligation.

Nebraska Statewide Arboretum, Inc.  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
For the year ended June 30, 2024 and 2023

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

10. Revenue Recognition – Continued

The Organization only applies the five-step model to contracts when it is probable that it will collect the consideration it is entitled to in exchange for the goods and services it transfers to the customer. At contract inception, once the contract is determined to be within the scope of Topic 606, the Organization assesses the goods or services promises within each contract and determines those performance obligations.

The Organization then assesses whether each promised good or service is distinct and recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

11. Compensated Absences

Employees of the Organization are entitled to paid vacation days, depending on the employee's respective job classification and length of service. The value of this accrued expense on the Statements of Financial Position is determined at each employee's rate of compensation at the respective year end.

12. Income Taxes

Nebraska Statewide Arboretum, Inc., is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. As such, income earned in the performance of its exempt purpose is not subject to income tax. Any income earned through activities not related to its exempt purpose is subject to unrelated business income tax at normal corporate rates. The Organization has small amounts of advertising revenue which, less deductions, may be subject to unrelated business income taxes. However, no provision has been reflected in the financial statements as there were no such taxes paid during the fiscal years ending June 30, 2024 and 2023, nor are any anticipated for the years then ended. Management also believes that the Organization holds no uncertain tax positions. The tax years which still may be subject to an Internal Revenue Service audit are for fiscal years ending June 30, 2023, 2022 and 2021.

13. Contributed Facilities & Services

Contributed nonfinancial assets include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received.

Nebraska Statewide Arboretum, Inc.  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
For the year ended June 30, 2024 and 2023

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

13. Contributed Facilities & Services - Continued

The Organization does not sell donated gifts-in-kind. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

The Organization is provided facility space by the University of Nebraska - Lincoln to be used in organizational activities. This includes office space, shade house, production house, and warehouse space for a total of 8,398 sq. ft. used. The Organization uses an additional 22,581 sq. ft. of land from UNL for the purposes of their nursery, trial garden, and greenhouse space. For the year ended June 30, 2024, the Organization used the space provided at a total value of \$67,776.

The Organization is provided funding by the Institute of Agriculture and National Resources (IANR) at the University of Nebraska – Lincoln to be used for salary support. The Organization did not receive funding for the year ended June 30, 2024.

14. Expense Allocation

The organization reports expenses according to program, general management and fundraising. Program expenses are reported separately for community landscape, horticulture and other program services for the year ended June 30, 2024.

Certain costs have been allocated among the programs and supporting services in reasonable ratios determined by management. Allocated costs include insurance, employee benefits, depreciation, rent, telecommunications and in-kind rent expenses and are allocated by the employee salaries based on a percentage of where time is utilized.

15. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



Nebraska Statewide Arboretum, Inc.  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
For the year ended June 30, 2024 and 2023

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

16. Advertising Costs

The Organization uses marketing and advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising costs for the year ended June 30, 2024 were \$6,741.

17. New Accounting Pronouncements

The Organization adopted Accounting Standards Update 2016-13, Financial Instruments – Credit Losses (Topic 326), effective August 1, 2023. This standard changed how entities measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change is a shift from an incurred loss model to an expected loss model. Under the standard, disclosures are required to provide financial statement users with information in analyzing an organization’s exposure to credit risk and the measurement of credit losses. The impact of adoption was not material to the financial statements.

NOTE B. BENEFICIAL INTEREST IN FUNDS HELD BY THIRD PARTY

The Organization holds three donor-restricted and one Board-of-Directors designated endowment funds. The composition of these endowment funds by asset type as of June 30, are as follows:

	2024		
	Spendable endowment funds held	Beneficial interest in funds held by third	Total
Nebraska Statewide Arboretum	\$ 32,936	\$ 127,955	\$ 160,891
Wishart Horticultural Fund	51,444	216,765	268,209
Young Memorial Fund	4,360	-	4,360
Board designated endowment	19,210	56,474	75,684
Total	\$ 107,950	\$ 401,194	\$ 509,144

Nebraska Statewide Arboretum, Inc.  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
For the year ended June 30, 2024 and 2023

NOTE B. BENEFICIAL INTEREST IN FUNDS HELD BY THIRD PARTY – CONTINUED

	2023		
	Spendable endowment funds held	Beneficial interest in funds held by third	Total
	Nebraska Statewide Arboretum	\$ 28,559	\$ 111,682
Wishart Horticultural Fund	43,889	199,136	243,025
Young Memorial Fund	4,360	-	4,360
Board designated endowment	17,241	51,881	69,122
Total	\$ 94,049	\$ 362,699	\$ 456,748

The Board of Directors of the Organization has interpreted the Nebraska Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. In conjunction with the University of Nebraska Foundation, the custodian, the Organization has determined that the portion of the endowment to be held into perpetuity is to be reflected as the current fair value of the original contributions rather than the fair value of the original gift on the date of contribution. As a result of this interpretation, the Organization classifies as donor restricted net assets to be held in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts donated to the endowment, and (c) the accumulated fair value adjustments related to the original gifts.

The remaining portion of the donor-restricted endowment fund that is not classified in donor restricted to perpetuity is classified either as net assets without donor restrictions or net asset with time or purpose donor restrictions based on the donor's intentions. That balance is composed of non-reinvested investment earnings, or “spendable endowment funds held.”

The spendable endowment funds in the Nebraska Statewide Arboretum Endowment are available for the ongoing operations of the Organization and are therefore net assets without donor restrictions. However, the funds held from the Wishart Horticultural Fund are restricted for use in the horticulture program to support the development of rare species of plants.

The Organization does not have a formal spending policy, but the Board of Directors approves disbursements from the spendable endowment fund balance, as determined by the Foundation.

Nebraska Statewide Arboretum, Inc.  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
For the year ended June 30, 2024 and 2023

NOTE B. BENEFICIAL INTEREST IN FUNDS HELD BY THIRD PARTY – CONTINUED

In accordance with the Nebraska UPMIFA, the Organization considers the following factors in determining to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organizations and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization

The endowment net asset composition by fund at June 30,:

<u>Endowment Name</u>	2024			<u>Total</u>
	Without Donor Restrictions	Donor Restricted: Purpose	Donor Restricted: Perpetuity	
Nebraska Statewide Arboretum	\$ 32,936	\$ -	\$127,955	\$160,891
Wishart Horticultural Fund	-	51,444	216,765	268,209
Young Memorial Fund	4,360	-	-	4,360
Board designated endowment	75,684	-	-	75,684
Total	\$112,980	\$ 51,444	\$344,720	\$509,144

<u>Endowment Name</u>	2023			<u>Total</u>
	Without Donor Restrictions	Donor Restricted: Purpose	Donor Restricted: Perpetuity	
Nebraska Statewide Arboretum	\$ 28,559	\$ -	\$111,682	\$140,241
Wishart Horticultural Fund	-	43,889	199,136	243,025
Young Memorial Fund	4,360	-	-	4,360
Board designated endowment	69,122	-	-	69,122
Total	\$102,041	\$ 43,889	\$310,818	\$456,748

Nebraska Statewide Arboretum, Inc.  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
For the year ended June 30, 2024 and 2023

NOTE B. BENEFICIAL INTEREST IN FUNDS HELD BY THIRD PARTY - CONTINUED

Changes in the endowment composition are as follows during the years ending June 30,:

	2024				Total
	Nebraska Statewide Arboretum	Wishart Horticulture Fund	Young Memorial Fund	Board designated endowment	
Fair Value as of July 1, 2023	\$ 140,241	\$ 243,025	\$ 4,360	\$ 69,122	\$ 456,748
Contributions	-	-	-	-	-
Earnings	4,377	7,555	-	1,969	13,901
Disbursements	-	-	-	-	-
Fair value adjustment	16,273	17,629	-	4,593	38,495
Fair Value as of June 30, 2024	<u>\$ 160,891</u>	<u>\$ 268,209</u>	<u>\$ 4,360</u>	<u>\$ 75,684</u>	<u>\$ 509,144</u>

  

	2023				Total
	Nebraska Statewide Arboretum	Wishart Horticulture Fund	Young Memorial Fund	Board designated endowment	
Fair Value as of July 1, 2022	\$ 128,138	\$ 227,128	\$ 3,400	\$ 64,981	\$ 423,647
Contributions	-	-	960	-	960
Earnings	4,908	8,874	-	2,312	16,094
Disbursements	-	-	-	-	-
Fair value adjustment	7,195	7,023	-	1,829	16,047
Fair Value as of June 30, 2023	<u>\$ 140,241</u>	<u>\$ 243,025</u>	<u>\$ 4,360</u>	<u>\$ 69,122</u>	<u>\$ 456,748</u>

During the fiscal year ending June 30, 2016, the Organization was named the beneficiary of gifts made to the Nebraska University Foundation - Cyril Bish Arboretum Support fund and to the Nebraska Community Foundation- Nebraska Statewide Arboretum fund, respectively. All charitable distributions from these funds are to be made to the Organization. In accordance with the *Transfer of Assets to a Not-for-Profit Entities* topic of the Codification, these endowments are not recorded by the Organization as assets due to the donor's ability to redirect the donation and the Foundation's variance power, respectively. No income was received for the years ended June 30, 2024 and 2023.

Nebraska Statewide Arboretum, Inc.  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
For the year ended June 30, 2024 and 2023

NOTE B. BENEFICIAL INTEREST IN FUNDS HELD BY THIRD PARTY – CONTINUED

During the fiscal years ending June 30, 2024 and 2023, the fair value of the Cyril Bish fund was \$213,603 and \$196,231, respectively. During the fiscal years ending June 30, 2024 and 2023, the fair value of the Nebraska Statewide Arboretum fund of the Nebraska Community Foundation was \$150,221 and \$153,657 respectively.

NOTE C. PROPERTY AND EQUIPMENT

A summary of major classifications of property and equipment at June 30,:

<u>Property and equipment</u>	<u>Estimated Useful Lives</u>	<u>2024</u>	<u>2023</u>
Furniture and fixtures	3-10 years	\$ 1,934	\$ 1,934
Equipment	5-10 years	259,465	48,960
Construction in progress		-	210,505
		<u>261,399</u>	<u>261,399</u>
Less accumulated depreciation		<u>(42,624)</u>	<u>(28,600)</u>
Net property and equipment		<u>\$ 218,775</u>	<u>\$ 232,799</u>

NOTE D. RELATED PARTIES

University of Nebraska - Lincoln

The Organization contracts with the University to manage and conduct its programs. The Organization's personnel costs paid through the University payroll system are reimbursed by the Organization. Some operations of the Organization reported in these financial statements are administered by the University through the use of the University agency funds, where income is received and expenses paid through these funds held by the University on the Organization's behalf. In addition, the agency account balances are included on the Statements of Financial Position. If agency accounts have negative balances at year end, they are reported as liabilities.

The University provides certain facilities, equipment, and support services to the Organization at little or no charge through state appropriated funds. The value of those in-kind contributions has been reflected in the Statements of Activities at a value of \$67,776 and \$87,777 for the years ending June 30, 2024 and 2023, respectively. During the years ended June 30, 2024 and 2023, the University's Institute of Agriculture and Natural Resources (IANR) funded \$0 and \$20,001 respectively, of personnel costs for employees who provided services for the Organization.

Nebraska Statewide Arboretum, Inc.  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
For the year ended June 30, 2024 and 2023

NOTE D. RELATED PARTIES - CONTINUED

The Organization can apply for grant funding when the University is ineligible to apply or where the Organization has an advantage in the selection process.

Nebraska Forest Service

Effective July 1, 2009, the Organization entered into an affiliation agreement with the Nebraska Forest Service (the Service). The Nebraska State Forester is the administrative head of the Service but reports to the Vice Chancellor of the University's Institute of Agriculture and Natural Resources (IANR). The Service is considered to be a part of the University. Under the affiliation agreement, the Service is primarily responsible for administrative support and supervision of the Organization in cooperation with the Organization's Board of Directors. The Nebraska Forest Service and IANR are represented on the Organization's Board by ex-officio members. However, the Service has not committed any budgetary support to the Organization, other than a portion of the personnel costs for certain employees who split time between the Organization and the Service.

NOTE E. CONCENTRATIONS

The Organization receives support from the State of Nebraska through financial and in-kind support it receives from the University and from competitive grants from the Nebraska Environmental Trust and the Nebraska Department of Environmental Quality.

The total revenue recorded from various Nebraska entities for the years ending June 30, 2024 and 2023, respectively was \$878,584 and \$519,045 or 53.5% and 47.0% of recorded revenue. If this support for the Organization were cut or eliminated, it could affect the Organization's present level of operations.

NOTE F. RETIREMENT BENEFIT PLAN

Employees of the Organization are compensated through the University's agency accounts and are, therefore, eligible to participate in the University of Nebraska retirement plan. To be eligible an employee needs to work at least half-time and have reached age 26 and attain two years of service. Participation is mandatory at age 30 and two years of service. The retirement plan is a retirement annuity with Teachers Insurance and Annuity Association, College Retirement Equities Fund (TIAA/CREF). The Plan is fully funded. For the years ended June 30, 2024 and 2023, the organization's employer contribution was \$27,894 and \$18,563, respectively.

Nebraska Statewide Arboretum, Inc.  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
For the year ended June 30, 2024 and 2023

NOTE G. NET ASSETS LIMITATIONS AND RESTRICTIONS

As discussed in Note A3, the Board has designated certain funds for intended uses. Therefore, net assets without donor restrictions are composed of designated funds and undesignated funds for the years ending June 30, 2024 and 2023, respectively.

	2024	2023
Board designated endowment	\$ 75,684	\$ 69,122
Undesignated net assets without donor restrictions	433,825	284,089
Total net assets without donor restrictions	\$ 509,509	\$ 353,211

Net assets with donor restriction at June 30,:

	2024	2023
Net assets with donor restrictions for time or purpose:		
Earnings from Wishart Horticultural Fund	51,444	43,889
Brandle graduate student	1,500	1,500
Maxwell Contributions	14,655	13,766
Omaha Community Foundation	5,000	-
Cooper Foundation	3,335	-
Julie & David Zhan	45,000	-
Total net assets with donor restrictions for time or purpose	120,934	59,155

Net assets with donor restrictions to be held into perpetuity:

Nebraska Statewide Arboretum Endowment	127,955	111,682
Wishart Horticulture Fund	216,765	199,136
Total net assets with donor restrictions to be held into perpetuity	344,720	310,818
Total net assets with donor restrictions	\$ 465,654	\$ 369,973

In conformance with donor's intentions, earnings from the Nebraska Statewide Arboretum Endowment are for the general support and operation of the Organization. However, earnings from the Wishart Horticulture Fund are restricted for use in the horticulture program to support the development of rare species of plants.

Nebraska Statewide Arboretum, Inc.  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
For the year ended June 30, 2024 and 2023

NOTE H. FAIR VALUE MEASUREMENTS

The Organization reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

Level 1: Quoted prices for identical assets or liabilities in active markets to which the organization has access at the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets in markets that are not active;
- observable inputs other than quoted prices for the asset liability (for example, interest rates and yield curves); and
- inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3: Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair market value to the extent that observable inputs are not available.

When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. The primary use of fair value measures in the Organization's financial statements is the recurring measurement of investments.

The Organization used the following methods and significant assumptions to estimate fair value:

*Beneficial interest held by third party:* Determined by the trustee. The common trust funds held by the trustee is composed of a mixture of public and private investments with various methodologies of assessing fair values.

Assets and liabilities measured at fair value on recurring basis are summarized below.

	2024			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Beneficial interest in funds held by the University of Nebraska Foundation	\$ 107,950	\$ -	\$ 401,194	\$ 509,144
Total assets as fair value	\$ 107,950	\$ -	\$ 401,194	\$ 509,144



Nebraska Statewide Arboretum, Inc.  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
For the year ended June 30, 2024 and 2023

NOTE H. FAIR VALUE MEASUREMENTS – CONTINUED

	2023			
	Level 1	Level 2	Level 3	Total
Beneficial interest in funds held by the University of Nebraska Foundation	\$ 94,049	\$ -	\$ 362,699	\$ 456,748
Total assets as fair value	\$ 94,049	\$ -	\$ 362,699	\$ 456,748

NOTE I. LIQUIDITY

The Organization must maintain sufficient resources to meet responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year. The following reflects the Organization's liquid financial assets as of the June 30, 2024 and 2023, respectively, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of net position date.

	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 380,822	\$ 470,140
Accounts receivable, net	404,170	267,873
Grants receivable	-	-
Beneficial interest in funds held by third party	401,194	362,699
Total financial assets:	1,186,186	1,100,712
Less limitations on financial assets due to:		
Restricted cash and cash equivalents	(53,578)	(38,447)
Other restricted net assets	(412,076)	(331,526)
Designated by the Board of Directors for long-term purposes	(75,684)	(69,122)
Financial assets available to meet cash needs for general expenditures	\$ 644,848	\$ 661,617

The Organization does not have a formal liquidity management policy; however, management typically structures its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Nebraska Statewide Arboretum, Inc.  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
For the year ended June 30, 2024 and 2023

NOTE J. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 17, 2024, the date the financial statements were available to be issued. No events or transactions were noted to that date which requires further disclosure.