

ANN NORTON SCULPTURE GARDENS, INC.
REPORT ON AUDIT OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

ANN NORTON SCULPTURE GARDENS, INC.

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Report of Independent Auditor

To the Board of Trustees
Ann Norton Sculpture Gardens, Inc.
West Palm Beach, Florida

Opinion

We have audited the accompanying financial statements of Ann Norton Sculpture Gardens, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ann Norton Sculpture Gardens, Inc. as of June 30, 2024, and the changes in its net assets, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Ann Norton Sculpture Gardens, Inc. 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.

Management's Responsibility 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 Ann Norton Sculpture Gardens, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Ann Norton Sculpture Gardens, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ann Norton Sculpture Gardens, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Templeton & Company, LLP

West Palm Beach, Florida
March 3, 2025

ANN NORTON SCULPTURE GARDENS, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2024

ASSETS

Current assets:

Cash and cash equivalents	\$	57,867
Investments		285,287
Grants receivable		90,141
Pledges receivable, current		48,588
Inventory - museum store		26,891
Donated art and items held for sale		<u>56,500</u>
Total current assets		565,274
Property and equipment, net		3,561,772
Pledges receivable, noncurrent		23,333
Collections, at fair value		<u>1,727,420</u>
Total assets	\$	<u><u>5,877,799</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable and accrued expenses	\$	49,587
Deferred membership revenue and other liabilities		<u>81,826</u>
Total current liabilities		<u>131,413</u>
Net assets:		
Without donor restrictions		3,947,045
With donor restrictions		<u>1,799,341</u>
Total net assets		<u>5,746,386</u>
Total liabilities and net assets	\$	<u><u>5,877,799</u></u>

See accompanying notes to financial statements.

ANN NORTON SCULPTURE GARDENS, INC.

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Support and revenue:			
Contributions and grants	\$ 707,619	\$ -	\$ 707,619
Program and other income	260,262	-	260,262
Special events, net of direct expenses of \$127,818	158,330	-	158,330
Memberships	129,731	-	129,731
Admissions	68,274	-	68,274
Museum store, net of cost of sales of \$19,447	8,212	-	8,212
Net investment return	14,341	-	14,341
Net assets released from restrictions	<u>98,271</u>	<u>(98,271)</u>	<u>-</u>
Total support and revenue	<u>1,445,040</u>	<u>(98,271)</u>	<u>1,346,769</u>
Expenses:			
Program services:			
Exhibitions	545,748	-	545,748
Gardens conservancy	136,605	-	136,605
Community enrichment	296,015	-	296,015
Supporting services:			
Management and general	110,376	-	110,376
Fund raising	<u>91,885</u>	<u>-</u>	<u>91,885</u>
Total expenses	<u>1,180,629</u>	<u>-</u>	<u>1,180,629</u>
Change in net assets	264,411	(98,271)	166,140
Net assets - beginning of year	<u>3,682,634</u>	<u>1,897,612</u>	<u>5,580,246</u>
Net assets - end of year	<u>\$ 3,947,045</u>	<u>\$ 1,799,341</u>	<u>\$ 5,746,386</u>

See accompanying notes to financial statements.

ANN NORTON SCULPTURE GARDENS, INC
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2024

	Program Services			Supporting Services		Total
	Exhibitions	Gardens Conservancy	Community Enrichment	Management and General	Fund Raising	
Salaries, wages, benefits and payroll taxes	\$ 100,160	\$ 34,547	\$ 20,724	\$ 31,086	\$ 20,724	\$ 207,241
Office supplies, postage and freight	31,295	45,151	24,100	22,264	21,672	144,482
Program costs	82,505	-	5,958	-	-	88,463
Facilities maintenance	80,928	-	23,122	5,781	5,781	115,612
Events	64,362	-	112,017	-	-	176,379
Insurance	55,667	7,797	2,599	2,599	2,599	71,261
Professional fees	-	-	-	16,222	-	16,222
Contract services	-	-	60,919	-	-	60,919
Telecommunications and technology costs	2,264	3,266	1,743	1,611	1,568	10,452
Utilities	11,066	2,371	790	790	790	15,807
Depreciation	53,906	17,290	15,360	3,840	3,840	94,236
Advertising, marketing and public relations	63,595	26,183	28,683	26,183	34,911	179,555
Total expenses	<u>\$ 545,748</u>	<u>\$ 136,605</u>	<u>\$ 296,015</u>	<u>\$ 110,376</u>	<u>\$ 91,885</u>	<u>\$ 1,180,629</u>

See accompanying notes to financial statements.

ANN NORTON SCULPTURE GARDENS, INC.

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2024

Cash flows from operating activities:	
Change in net assets	\$ 166,140
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	94,236
Net unrealized loss on investments	3,617
Changes in operating assets and liabilities:	
Accounts receivable	14,000
Grants receivable	(90,141)
Pledges receivable	23,269
Inventory	(3,220)
Accounts payable and accrued expenses	41,707
Deferred membership revenue and other liabilities	16,247
Annuity payable	<u>(50,000)</u>
Net cash provided by operating activities	<u>215,855</u>
Cash flows from investing activities:	
Proceeds from sales of investments, net of purchases	117,209
Purchases of property and equipment and construction costs paid	<u>(603,528)</u>
Net cash used in investing activities	<u>(486,319)</u>
Decrease in cash and cash equivalents	(270,464)
Cash and cash equivalents - beginning of year	<u>328,331</u>
Cash and cash equivalents - end of year	<u>\$ 57,867</u>

See accompanying notes to financial statements.

ANN NORTON SCULPTURE GARDENS, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 – Nature of Activities and Summary of Significant Accounting Policies

Nature of activities

Ann Norton Sculpture Gardens, Inc. (the Organization or the Gardens) is a not-for-profit corporation founded in 1977. The Organization's mission is to enrich lives with nature, art and history, by maintaining an educational museum, an outdoor park for wildlife and art, and providing a setting for the display of sculptures and other works of Ann Norton. The Organization also provides tours, symposia and exhibitions to the public.

Basis of presentation

Ann Norton Sculpture Gardens, Inc.'s financial statements are prepared on the accrual basis of accounting in accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*.

Net assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of donor restrictions, as follows:

Net assets without donor restrictions - Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the Gardens, the environment in which it operates, the purpose specified in the corporate documents and its application for tax-exempt status, and any limits resulting from contractual arrangements with creditors or others that are entered into in the course of operations.

Net assets with donor restrictions - Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Gardens must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Net assets restricted for acquisition of building or equipment (or less commonly the contribution of those assets directly) are reported as net assets with donor restrictions until the specified assets are placed in service, unless the donor provided more specific directions about the period of their use.

Contributions and unconditional promises to give

The receipts of unconditional promises to give are reported as net assets without donor imposed restrictions unless explicit donor stipulations or circumstances surrounding the receipt of the promise make it clear that the donor did not intend it to be used to support activities of the current period. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value, which approximates fair value. Unconditional promises to give due in more than one year are reported at the present value of estimated future cash flows. Amortization of the discount is recorded as additional contribution revenue. An allowance for uncollectible promises to give is provided based on management's judgment, including such factors as prior collection history and type of contribution.

The Gardens reports non-cash contributions as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-lived assets are reported as donor restricted contributions,

ANN NORTON SCULPTURE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Contributions and unconditional promises to give, continued

Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Gardens reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributions of art are valued using appraised values. The Organization holds contributed art for sale. Proceeds from the sale of contributed art will be used for program and supporting service activities. No in-kind contributions were received during 2024.

Grants

Resources from grants and conditional promises to give are recorded as revenues when the related costs are incurred. All other grants, unless restricted, are recorded as revenue when the grant is awarded.

Revenue recognition

Under ASC 606, the Organization recognizes revenue when control of the promised goods or services is transferred to outside parties in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those goods or services. The Organization has multiple revenue sources that are accounted for as exchange transactions, including visitors' admissions, membership and program fees, special events, museum store, and other revenue.

Admissions

The Gardens recognizes revenue from visitors' contributions when received and admissions upon sale or date of services, as applicable.

Memberships

Annual membership dues are recognized as revenue when received, and multi-year membership dues are recognized as revenue ratably over the membership period.

Program income

Activity fees for programs are recognized when the program occurs.

Special events

Special events represent various activities undertaken to raise funds for the Organization for both restricted and unrestricted purposes. Special events revenue is recognized at the time of the special event.

Museum store

Revenue from the museum store and other activities include retail sales and other revenue. The Gardens recognizes revenue from these sources upon sale.

Cash and cash equivalents

Cash and cash equivalents include demand deposit and money market accounts. The Organization maintains its cash and cash equivalent accounts at financial institutions located in Florida. The Organization considers all highly liquid investments with an original maturity of less than three months when purchased to be cash equivalents.

ANN NORTON SCULPTURE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Investments

Investments include money market funds and mutual funds. Mutual funds are measured at fair value. Investment income is recognized as earned and realized gains and losses on investments are recognized upon the sale of investments. Unrealized gains and losses are recognized based on changes in fair values during the period. Net investment returns are reported in appropriate net asset classifications based upon the existence of donor restrictions, if any.

Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that material changes in values of investments will occur in the near-term. The Gardens has an investment policy, utilizes management oversight, a third-party investment advisor and regularly reviews its investment portfolio to monitor these risks.

Accounts and grants receivable

Accounts receivable or grants receivable is recorded when the Organization has a right to consideration in exchange for goods or services that the Organization has provided or for reimbursable costs the Organization has incurred. These receivables are evaluated for collectability and allowances for amounts deemed potentially uncollectible are determined based on historical trends and aging of these balances. There was no allowance for credit losses related to receivables outstanding as of June 30, 2024.

Pledges receivable

Pledges outstanding are recorded as revenue when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. The Organization uses the allowance method to determine estimated uncollectible amounts. The provision is based upon historical experience and management's analysis of specific promises made on an individual basis. There was no allowance for doubtful accounts related to pledges outstanding as of June 30, 2024.

Inventory – Museum store

Inventory consists of merchandise held for resale in the Museum store, including books and other items that are stated at the of lower of cost, determined by the first-in first out method, or net realizable value.

Donated art and items held for sale

Contributions of art and items held for sale are valued using appraised value on the date of contribution. Proceeds from the sale of the of the contributed art and items will be used for program and supporting services activities.

Fair value of financial instruments

Cash and cash equivalents, receivables, accounts payable and accrued expenses are reflected in the financial statements at carrying value which approximate fair value because of the short-term maturity of these instruments.

Contributed services

The Organization does not recognize any support, revenue or expense from services contributed by volunteers. A number of unpaid volunteers make significant contributions of their time in furtherance of the Organization's mission. The value of this contributed time is not reflected in these financial statements.

ANN NORTON SCULPTURE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Concentration of credit risk

Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of cash and cash equivalents. Accounts at commercial banking institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization is exposed to risk for the amount of funds held in any one institution in excess of the insurance limit. The Organization minimizes its risk by periodically evaluating its banking relations and using those institutions with a high credit rating. The Organization has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Property and equipment

Property and equipment additions are stated at cost if purchased or, if acquired by contribution, at the estimated fair market value on the date of contribution. The Organization provides for depreciation over the estimated useful lives of the related assets using the straight-line method.

Estimated useful lives are summarized in the following table:

Building, gardens, and improvements	5-39 years
Furniture, fixtures and equipment	3-18 years

Maintenance and repairs are charged to expense as incurred.

Functional allocation of expenses

The Organization has three major programs: Exhibitions, Gardens Conservancy and Community Enrichment. The costs of providing program and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Program services are those that are related to the performance of the public service purpose of the Organization. Support services are those expenses incurred in the fund raising and management activities of the Organization. Expenses that can be identified as program or support services are charged directly to the program or support category and expenses that are common to both categories are allocated to the program or support services based on systematic methods and estimates made by management, as follows:

- Salaries and wages, benefits, and payroll taxes are allocated based on a budgeted headcount prepared for each program and supporting activity.
- Office supplies, postage, freight, telecommunications and technology costs, advertising, marketing, public relations, depreciation, insurance, utilities, and facilities maintenance are allocated on a square footage basis dependent on the programs and supporting activities occupying the space.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Gardens. Fund raising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct its fund raising activities in conjunction with other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fund raising and management and general expenses in accordance with standards for accounting for costs of activity that include fund raising. Additionally, advertising costs are expensed as incurred.

ANN NORTON SCULPTURE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Income taxes

The Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for income taxes has been recorded in the financial statements. The Organization is required to operate in conformity with the provisions of the Internal Revenue Code to maintain its exempt status.

Management analyzes tax positions in jurisdictions where it is required to file income tax returns. Based on its evaluation, management did not identify any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease. Interest and penalties attributable to income taxes, if any, are included in operating expenses. No such interest or penalties were recorded for the year ended June 30, 2024. The Organization is no longer subject to income tax examinations for years prior to 2021.

Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Collections

All contributions of works of art, historical artifacts and similar assets, whether held as part of a collection or for other purposes, have been recognized at their estimated fair value at the date of receipt based upon appraisals or similar valuations. All such items, whether contributed or purchased, are capitalized and periodically adjusted to their appraised value based on appraisals from independent third parties.

Collections are preserved, cared for, and kept unencumbered, and activities verifying their existence and assessing their condition are performed continuously. The proceeds from deaccession of collection items may be used for acquisitions of new collection items or the direct care of existing collections. The Organization adheres to the ethical principles and considers direct care to entail actions that enhance the life, usefulness, or quality of the collection items to ensure they will continue to benefit the public. The Organization's collection management policy includes conservation services, archival services, and collection care as activities that are considered direct care of collection items.

Note 2 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2024 are:

Financial assets:	
Cash and cash equivalents	\$ 57,867
Investments	285,287
Grants receivable	90,141
Pledges receivable, net	<u>71,921</u>
	505,216
Less financial assets held to meet donor-imposed restrictions:	
Purpose-restricted net assets (Note 8)	<u>(71,921)</u>
Amount available for general expenditures within one year	<u>\$ 433,295</u>

The above table reflects donor-restricted financial assets as unavailable because it is the Gardens' intention to use those resources for the support of the Gardens' specific purposes.

ANN NORTON SCULPTURE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 3 – Investments

A summary of investments, by investment type, at June 30, 2024, is presented as follows:

Money market funds	\$ 7,655
Mutual funds:	
Fixed income funds	258,865
Exchange traded funds	9,840
Alternative funds	<u>8,927</u>
	<u>\$ 285,287</u>

The following schedule summarizes the net investment return on investments for the year ended June 30, 2024:

Interest and dividend income	\$ 17,958
Unrealized loss, net	<u>(3,617)</u>
Net investment return	<u>\$ 14,341</u>

Unrealized loss, net includes \$4,100 of investment expenses for the year ended June 30, 2024.

Note 4 – Pledges Receivable

Pledges receivable consist of the following at June 30, 2024:

Capital campaign pledges	\$ 75,000
Less: unamortized discount	<u>(3,079)</u>
Net pledges receivable	<u>\$ 71,921</u>
Amounts due in:	
Less than one year	\$ 50,000
One to five years	<u>25,000</u>
Total	<u>\$ 75,000</u>

A discount rate ranging from 3% to 4%, is applied to pledges with terms in excess of one year as of June 30, 2024.

Note 5 – Fair Value Measurements

Accounting guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date.

Level 2 – Pricing inputs are other than quoted prices in active markets which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models and other valuation methodologies.

ANN NORTON SCULPTURE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 5 – Fair Value Measurements, Continued

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

The Organization utilizes the following fair value valuation methodologies, none of which have been changed during the year:

Money Market Funds: Valued at the net asset value of shares held by the Organization at year-end.

Mutual Funds: Valued at the net asset value of shares held by the Organization at year-end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date.

The following table summarizes the Organization’s assets and liabilities measured at fair value based on the valuation methodology applied by the Organization as of June 30, 2024:

	Fair Value Measurements as of June 30, 2024			
	Level 1:	Level 2:	Level 3:	Total
Assets:				
Money market funds	\$ 7,655	\$ -	\$ -	\$ 7,655
Mutual funds:				
Fixed income funds	258,865	-	-	258,865
Exchange traded funds	9,840	-	-	9,840
Alternative funds	<u>8,927</u>	-	-	<u>8,927</u>
Total mutual funds	<u>277,632</u>	-	-	<u>277,632</u>
	<u>\$ 285,287</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 285,287</u>

Note 6 – Property and Equipment

The following is a summary of property and equipment as of June 30, 2024:

Land	\$ 416,671
Building, gardens and improvements	3,634,665
Furniture, fixtures and equipment	<u>32,212</u>
	4,083,548
Less: accumulated depreciation	<u>(622,342)</u>
	3,461,206
Construction in progress	<u>100,566</u>
Property and equipment, net	<u>\$ 3,561,772</u>

Depreciation expense amounted to \$94,236 for the year ended June 30, 2024. Construction in progress represents amounts incurred for improvements to the Organization’s building.

ANN NORTON SCULPTURE GARDENS, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 7 – Annuity Payable

During 2022, the Organization executed a charitable gift annuity agreement whereby it entered into an irrevocable contract with a donor. The Organization agreed to make payments to the donor annually over the life of the donor. The Organization received cash in the amount of \$500,000, and a related liability in the amount of \$100,000 was recorded as an annuity payable. During the year ended June 30, 2024, a final payment of \$50,000 was made on the annuity payable. The Organization maintained the charitable gift annuity investments in a separate account in accordance with applicable state laws, until the donor passed and the charitable gift annuity agreement terminated.

Note 8 – Net Assets with Donor Restrictions

Net assets with donor restrictions as of June 30, 2024 are restricted for the following purposes:

Purpose restriction:	
Capital campaign	\$ <u>71,921</u>
Perpetual in nature:	
Collections	<u>1,727,420</u>
	<u>\$ 1,799,341</u>

Note 9 – Net Assets Released from Restrictions

Net assets are released from donor restriction by incurring costs or expenses satisfying the restricted purposes or by the occurrence of events as specified by the donors.

Net assets were released from restrictions for the year ended June 30, 2024 for the following purposes:

Special events and exhibits	\$ 75,002
Capital campaign	<u>23,269</u>
	<u>\$ 98,271</u>

Note 10 – Subsequent Events

The Organization evaluated events occurring subsequent to June 30, 2024 through March 3, 2025, the date on which the financial statements were available to be issued, for matters that should be recorded in the financial statements or disclosed in the footnotes thereto.