



The American Rose Society

Financial Statements
Years Ended December 31, 2022 and 2021

The American Rose Society

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Independent Auditor's Report

The Audit Committee
The American Rose Society
Shreveport, Louisiana

Opinion

I have audited the accompanying financial statements of The American Rose Society (a Louisiana not-for-profit corporation), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related summary of accounting policies and notes to financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The American Rose Society as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of The American Rose Society and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 American Rose Society'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

My 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 my 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, I:

- 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 American Rose Society'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The American Rose Society's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Other Supplementary Information

My audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The Schedule of Compensation, Benefits and Other Payments to Agency Head is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation, Benefits and Other payments to Agency Head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, The Schedule of Compensation, Benefits and Other Payments to Agency Head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Emphasis of Matter

As discussed in Note 19 to the financial statements, the American Rose Society adopted new accounting pronouncements for the years ended December 31, 2022 and 2021. My opinion is not modified with respect to this matter.



Certified Public Accountant

Shreveport, Louisiana
September 22, 2023

The American Rose Society

Statements of Financial Position

	December 31, 2022			December 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions Restated	With Donor Restrictions	Total Restated
Assets						
Current assets:						
Cash and cash equivalents (Note 11)	\$ 139,450	\$ 733,581	\$ 873,031	\$ 138,897	\$1,033,123	\$1,172,020
Accounts receivable	23,952	-	23,952	9,411	-	9,411
Inventories (Note 1)	39,937	-	39,937	39,986	-	39,986
Prepaid and deferred expenses	3,767	-	3,767	2,616	-	2,616
Total current assets	207,106	733,581	940,687	190,910	1,033,123	1,224,033
Assets held for long-term investment (Notes 2 and 3)	-	3,708,668	3,708,668	-	4,393,318	4,393,318
Property and equipment, net (Note 6)	2,234,329	-	2,234,329	1,860,368	-	1,860,368
Lease right of use asset (Note 10)	24,664	-	24,664	39,948	-	39,948
Total Assets	\$2,466,099	\$4,442,249	\$6,908,348	\$2,091,226	\$5,426,441	\$7,517,667
Liabilities and Net Assets						
Current liabilities:						
Accounts payable and accrued expenses	184,860	-	184,860	112,690	-	112,690
Line of credit	14,553	-	14,553	-	-	-
Deferred revenues, current portion (Notes 7, 8 and 9)	152,455	-	152,455	162,280	-	162,280
Other deferred revenues (Notes 7 and 8)	44,845	-	44,845	20,592	-	20,592
Refundable advances	43,169	-	43,169	-	-	-
Lease liability, current portion (Note 10)	5,866	-	5,866	10,531	-	10,531
Total current liabilities	445,748	-	445,748	306,093	-	306,093
Long term liabilities						
Deferred revenues (Notes 7, 8 and 9)	93,353	-	93,353	84,962	-	84,962
Lease liability (Note 10)	16,824	-	16,824	29,417	-	29,417
Total Liabilities	555,925	-	555,925	420,472	-	420,472
Net assets:						
Without donor restrictions	1,910,174	-	1,910,174	1,670,754	-	1,670,754
With donor restrictions (Note 17)	-	4,442,249	4,442,249	-	5,426,441	5,426,441
Total net assets	1,910,174	4,442,249	6,352,423	1,670,754	5,426,441	7,097,195
	\$2,466,099	\$4,442,249	\$6,908,348	\$2,091,226	\$5,426,441	\$7,517,667

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

The American Rose Society

Statements of Activities

Year Ended December 31,	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Changes in net assets						
Revenue and Support:						
Contributions, operating activities	\$ 2,000	\$ 379,919	\$ 381,919	\$ -	\$ 635,648	\$ 635,648
Membership dues	284,928	-	284,928	298,608	-	298,608
Annual Fund	166,115	-	166,115	179,075	-	179,075
Garden events and entry	138,510	-	138,510	103,296	-	103,296
Governmental grants (Note 14)	106,112	-	106,112	105,147	-	105,147
Gift shop	69,247	-	69,247	56,431	-	56,431
Weddings and rentals	53,825	-	53,825	24,720	-	24,720
Publications and advertising	41,150	-	41,150	56,242	-	56,242
Contributions, investing activities	-	7,340	7,340	-	21,075	21,075
Other	1,455	-	1,455	7,079	-	7,079
Net assets released from restrictions	755,465	(755,465)	-	591,672	(591,672)	0
Total revenue and support	1,618,807	(368,206)	1,250,601	1,422,270	65,051	1,487,321
Other Revenue:						
Investment return, net	-	(572,874)	(572,874)	-	427,055	427,055
Gain on disposition of assets	-	-	-	38,095	-	38,095
Contributions of nonfinancial assets	-	-	-	1,988	-	1,988
Total other revenue	-	(572,874)	(572,874)	40,083	427,055	467,138
Total revenue, support, and other revenue	1,618,807	(941,080)	677,727	1,462,353	492,106	1,954,459
Expenses:						
Publication program	224,631	-	224,631	203,969	-	203,969
Garden program	359,798	43,112	402,910	291,345	22,386	313,731
Society program	155,043	-	155,043	158,368	14,000	172,368
Management and general	639,915	-	639,915	600,652	-	600,652
Total expenses	1,379,387	43,112	1,422,499	1,254,334	36,386	1,290,720
Increase (decrease) in net assets	239,420	(984,192)	(744,772)	208,019	455,720	663,739
Net assets, beginning of year	1,670,754	5,426,441	7,097,195	1,462,735	4,970,721	6,433,456
Net assets, end of year	\$1,910,174	\$4,442,249	\$6,352,423	\$1,670,754	\$5,426,441	\$7,097,195

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

Year ended December 31,

2022

	Program Activities			Supporting Activities	Total Expenses
	Publication Program	Garden Program	Society Program	Management and General	
Expenses:					
Bank charges	\$ -	\$ -	\$ -	\$ 6,039	\$ 6,039
Board of directors	-	-	-	9,592	9,592
Christmas in Roseland	-	46,056	-	-	46,056
Computer and IT	-	-	-	7,524	7,524
Convention and conferences	-	-	-	1,513	1,513
Depreciation	-	105,561	-	87,520	193,081
Dues and subscriptions	-	-	-	2,708	2,708
Editorial and publications	111,600	-	-	-	111,600
Garden promotion	-	30,520	-	-	30,520
Gift shop	-	-	-	3,138	3,138
Gift shop inventory	-	-	-	28,006	28,006
Gifts in-kind	-	-	-	-	-
Grounds	-	67,597	-	-	67,597
Insurance	-	-	18,895	54,269	73,164
Interest	-	-	-	162	162
Investment released for operations	-	-	-	-	-
Janitorial	-	1,888	-	3,570	5,458
Klima expenses	-	-	-	1,489	1,489
Lease expenses	-	-	-	3,978	3,978
Legal and accounting	-	-	-	18,596	18,596
Membership	-	-	21,195	-	21,195
Miscellaneous	-	-	-	13,752	13,752
Office and computer supplies	1,647	-	4,740	13,073	19,460
Patron promotional expenses	-	-	-	19,654	19,654
Payroll and related expenses	111,384	114,950	110,213	287,767	624,314
Postage	-	-	-	19,690	19,690
Repairs and maintenance	-	6,111	-	2,909	9,020
Telephone	-	-	-	17,317	17,317
Utilities	-	19,151	-	37,649	56,800
Weddings	-	11,076	-	-	11,076
Total expenses	\$224,631	\$402,910	\$155,043	\$639,915	\$1,422,499

The American Rose Society

Statements of Functional Expenses

2021

Program Activities			Supporting Activities	Total Expenses
Publication Program	Garden Program	Society Program	Management and General	
\$ -	\$ -	\$ -	\$ 6,168	\$ 6,168
-	-	-	8,298	8,298
-	25,571	-	-	25,571
-	-	-	7,464	7,464
-	-	-	12,255	12,255
-	86,629	-	75,035	161,664
-	-	-	3,263	3,263
96,501	-	-	-	96,501
-	741	-	-	741
-	-	-	1,647	1,647
-	-	-	24,956	24,956
-	1,988	-	-	1,988
-	46,969	-	-	46,969
-	-	17,961	51,065	69,026
-	-	-	-	-
-	-	14,000	-	14,000
-	882	-	1,746	2,628
-	285	-	2,831	3,116
-	-	-	9,274	9,274
-	-	-	18,000	18,000
-	-	22,515	-	22,515
-	-	-	1,089	1,089
1,796	-	4,319	18,453	24,568
-	-	-	7,280	7,280
105,672	117,274	113,573	282,254	618,773
-	-	-	17,759	17,759
-	1,005	-	1,084	2,089
-	-	-	17,821	17,821
-	16,180	-	32,910	49,090
-	16,207	-	-	16,207
\$203,969	\$313,731	\$172,368	\$600,652	\$1,290,720

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

Year Ended December 31,	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Cash flows from operating activities:			
Change in net assets	\$ 239,420	\$ (984,192)	\$ (744,772)
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation expense	193,081	-	193,081
Gain/loss on disposition of assets	-	-	-
Realized (gains) on investments	-	(50,141)	(50,141)
Unrealized (gains) losses on investments	-	724,098	724,098
Changes in operating assets and liabilities:			
Accounts and pledges receivable	(14,541)	-	(14,541)
Inventory	49	-	49
Prepaid and deferred expenses	(1,151)	-	(1,151)
Accounts payable and accrued expenses	72,169	-	72,169
Deferred revenues	65,989	-	65,989
Operating lease liability	(1,974)	-	(1,974)
Net cash provided by operating activities	553,042	(310,235)	242,807
Cash flows from investing activities:			
Additions to property and equipment	(567,042)	-	(567,042)
Payments for purchase of investments	-	(811,223)	(811,223)
Proceeds from sales of investments	-	821,916	821,916
Net cash provided (used) by investing activities	(567,042)	10,693	(556,349)
Cash flows from financing activities:			
Repayment on the line of credit	(447)	-	(447)
Proceeds from borrowing on the line of credit	15,000	-	15,000
Net cash provided by financing activities	14,553	-	14,553
Net increase (decrease) in cash	553	(299,542)	344,921
Cash at beginning of year	138,897	1,033,123	1,172,020
Cash at end of year	\$ 139,450	\$ 733,581	\$873,031

The American Rose Society

Statements of Cash Flows

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
	\$ 208,019	\$ 455,720	\$ 663,739
	161,664	-	161,664
	7,363	-	7,363
	-	(160,438)	(160,438)
	-	(188,450)	(188,450)
	\$ 208,019	\$ 455,720	\$ 663,739
	5,539	-	5,539
	698	-	698
	(463)	-	(463)
	(18,418)	-	(18,418)
	-	-	-
	10,041	-	10,041
	374,443	106,832	481,275
	(406,391)	-	(406,391)
	-	(949,266)	(949,266)
	-	1,219,303	1,219,303
	(406,391)	270,037	(136,354)
	-	-	-
	-	-	-
	-	-	-
	(31,948)	376,869	344,921
	170,845	656,254	827,099
	\$ 138,897	\$1,033,123	\$1,172,020

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

The American Rose Society

Summary of Significant Accounting Policies

Nature of Activities

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

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

Basis of Accounting

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

Inventory

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

Investments

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

Property and Equipment

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

The American Rose Society

Summary of Significant Accounting Policies

(Continued)

Income Taxes

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

The Society is required to file U.S. Federal Form 990 for informational purposes. Its federal income tax returns for the tax years 2020 and beyond remain subject to examination by the Internal Revenue Service.

Financial Statement Presentation

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

Net Assets

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

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

The American Rose Society

Summary of Significant Accounting Policies

(Continued)

Revenue from Unconditional Contributions

Donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions.

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

Revenue from Conditional Contributions, Grants, and Non-exchange Contracts

The Society adopted ASU 2018-08 – “Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.” The ASU provides guidance on identifying conditions that would preclude the recognition of a contribution as revenue or affect the timing thereof. A condition represents a criterion the Society must achieve before becoming entitled to the transferred asset.

Cash and other assets received as conditional contributions, grants, and non-exchange contracts are accounted for as refundable advances on the statement of financial position until the condition has been substantially met or explicitly waived by the donor. Revenue is recognized on the date the condition was met as either an increase in net assets without donor restrictions or as an increase in net assets with donor restrictions if a time or purpose restrictions exist beyond the initial condition.

Contributed Nonfinancial Assets

The Society adopted ASU 2020-07, “Not-for Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets.” The Society reports gifts of land, buildings, and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used are reported as support with donor restrictions.

The American Rose Society

Summary of Significant Accounting Policies

(Continued)

Contributed Nonfinancial Assets – (continued)

Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Society reports expirations of donor restrictions when the donated long-lived assets are placed in service. The Society's policy is to use contributed nonfinancial assets for general and administrative activities unless otherwise stipulated by explicit donor restrictions.

Revenue from Contracts with Customers

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

Performance Obligations

Retail Sales Revenue

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

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

Advertising and Endorsement Revenues

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

Sale of Periodicals and Other Publications

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

The American Rose Society

Summary of Significant Accounting Policies

(Continued)

Performance Obligations – (continued)

Facility and Grounds Rental

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

Garden Entry and Events

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

Membership Dues

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

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

The American Rose Society

Summary of Significant Accounting Policies

(Continued)

Sales Taxes	The Society is required to collect local and state sales taxes based on a percentage of qualifying sales. The Society's policy is to exclude sales taxes from the transaction price of all revenue when collected and from expenses paid. Instead, the Society records the collection and payment of sales taxes through a liability account.
Shipping and Handling	The Society treats shipping and handling activities as a part of the underlying promise to transfer goods to customers and to not treat them as a separate performance obligation. Thus, no portion of revenue received from customers is allocated to shipping and handling activities. All shipping and handling costs are classified as fulfillment costs.
Advertising Costs	Advertising costs are expensed as incurred.
Uses of Estimates	The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the valuation of investments, allowance for doubtful accounts, the lives of property and equipment and allocation of management costs to supported programs.
Accounts Receivable	Accounts receivable are presented in the accompanying financial statements net of any allowance for doubtful accounts. Management periodically reviews past due accounts to determine if circumstances indicate that all, or a portion, of a customer's account will not be collectible. Based on this assessment, management reserves that portion of the receivable deemed to be uncollectible. At December 31, 2022 and 2021, the allowance for bad debts was \$0 and \$0, respectively.

The American Rose Society

Summary of Significant Accounting Policies

(Continued)

Refundable Advances

The Society records refundable advances related to contributions, grants, or non-exchange contracts with donor-imposed conditions where the condition has not been substantially met or explicitly waived. Refundable advances were \$43,169 and \$0 for the years ended December 31, 2022 and 2021, respectively.

Functional Expenses

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

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

Cash and Cash Equivalents

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

Leases

For the year ended December 31, 2021, the Society has adopted FASB ASC 842, Leases. Under ASC 842, The American Rose Society is required to record a right of use asset and a corresponding lease liability for both operating and financing leases.

Reclassification of Prior Year Amounts

Certain prior year amounts have been reclassified to conform with current year presentations. These reclassifications had no effect on reported results of operation.

The American Rose Society

Summary of Significant Accounting Policies

(Concluded)

Subsequent Events

Management evaluated events subsequent to the American Rose Society's most recent year end through September 22, 2023, the date the financial statements were available for issuance. No material subsequent events that require recognition or additional disclosure in the financial statements were noted.

The American Rose Society

Notes to Financial Statements

1. Inventory

Inventories at December 31, 2022 and 2021 consisted of the following:

	2022	2021
Merchandise and books	\$35,515	\$37,345
Gift Shop	4,422	2,641
	\$39,937	\$39,986

2. Investments

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

The carrying values of investments as of December 31, 2022, with comparative totals for 2021, are summarized as follows:

	December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
U.S. equities	\$ -	\$ 605,620	\$ 605,620
International equities	-	384,922	384,922
Mutual funds	-	1,194,778	1,194,778
Fixed income	-	1,523,348	1,523,348
	\$ -	\$3,708,668	\$3,708,668

The American Rose Society

Notes to Financial Statements

(Continued)

2. Investments (continued)

	December 31, 2021		Total
	Without Donor Restrictions	With Donor Restrictions	
U.S. equities	\$ -	\$1,215,178	\$1,215,178
International equities	-	492,751	492,751
Mutual funds	-	1,290,282	1,290,282
Fixed income	-	1,395,107	1,395,107
	\$ -	\$4,393,318	\$4,393,318

3. Fair Value of Financial Instruments

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

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

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

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

The American Rose Society

Notes to Financial Statements

(Continued)

3. Fair Value of Financial Instruments (Continued)

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

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

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

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
U.S. equities	\$ 605,620	\$ -	\$ -	\$ 605,620
International equities	384,922	-	-	384,922
Mutual funds	1,194,778	-	-	1,194,778
Fixed income	-	1,523,348	-	1,523,348
Total	\$2,185,320	\$1,523,348	\$ -	\$3,708,668

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
U.S. equities	\$1,215,178	\$ -	\$ -	\$1,215,178
International equities	492,751	-	-	492,751
Mutual funds	1,290,282	-	-	1,290,282
Fixed income	-	1,395,107	-	1,395,107
Total	\$2,998,211	\$1,395,107	\$ -	\$4,393,318

The American Rose Society

Notes to Financial Statements

(Continued)

4. Endowment Trusts

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

Maintenance Endowment Trust

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

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

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

The American Rose Society

Notes to Financial Statements

(Continued)

4. Endowment Trusts - (continued)

Research Endowment Trust Fund

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

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

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

Education Endowment Trust

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

Endowment Trust

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

The American Rose Society

Notes to Financial Statements

(Continued)

4. Endowment Trusts (continued)

Endowment Investment Policy

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

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

From time to time, the fair value of assets associated with individual endowment funds may fall below the level that the donor or state law requires the Society to maintain as a fund of perpetual duration. There were no such deficiencies at December 31, 2022 or 2021.

The following summarize the fair market value of the endowments:

	December 31, 2022			
	Without Donor Restrictions	With Donor Restrictions		Total
		Nonexpendable	Expendable	
Maintenance	\$ -	\$3,232,552	\$ 60,078	\$3,292,630
Education	-	203,298	4,284	207,582
Research	-	-	276,478	276,478
Endowment	-	171,486	32,665	204,151
	\$ -	\$3,607,336	\$373,505	\$3,980,841

The American Rose Society

Notes to Financial Statements

(Continued)

4. Endowment Trusts (continued)

	December 31, 2021			
	Without Donor Restrictions	With Donor Restrictions		Total
		Nonexpendable	Expendable	
Maintenance	\$ -	\$3,232,552	\$ 784,320	\$4,016,872
Education	\$ -	199,433	34,118	233,551
Research	\$ -	-	315,265	315,265
Endowment	\$ -	171,111	79,982	251,093
	\$ -	\$3,603,096	\$1,213,685	\$4,816,781

The following summarizes endowment activities and changes in value:

	Maintenance	Education	Research	Endowment	Total
Balance, December 31, 2020	\$4,064,895	\$209,784	\$282,420	\$238,886	\$4,795,985
Donations	100	4,125	16,250	600	21,075
Investment income, net	349,546	21,762	30,595	25,121	427,024
Appropriated for operations, net of returns	(397,669)	(2,120)	(14,000)	(13,514)	(427,303)
Balance, December 31, 2021	\$4,016,872	\$233,551	\$315,265	\$251,093	\$4,816,781
Donations	-	3,865	3,100	375	7,340
Investment income, net	(467,763)	(29,334)	(41,887)	(34,124)	(573,108)
Appropriated for operations, net of returns	(256,479)	(500)	(-)	(13,193)	(270,172)
Balance, December 31, 2022	\$3,292,630	\$207,582	\$276,478	\$204,151	\$3,980,841

The American Rose Society

Notes to Financial Statements

(Continued)

5. Charitable Remainder Unitrust

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

6. Property and Equipment

The major classifications of property and equipment as of December 31, 2022 and 2021 were as follows:

	2022	2021
Buildings and gardens	\$ 5,477,590	\$ 4,972,049
Furniture, fixtures and equipment	494,432	432,931
Land	100,000	100,000
	6,072,022	5,504,980
Accumulated depreciation	(3,837,693)	(3,644,612)
Property and equipment, net	\$ 2,234,329	\$ 1,860,368

7. Contract Balances

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

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

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

The American Rose Society

Notes to Financial Statements

(Continued)

7. Contract Balances – (continued)

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

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

	2022	2021
Accounts receivable	\$ 23,952	\$ 9,411
Contract assets	\$ -	\$ -
Contract liabilities	\$290,653	\$267,834

8. Contract Liabilities (Deferred Revenues)

The following summarizes significant changes in contract liabilities:

	2022	2021
Contract liabilities, beginning of year:		
Membership dues	\$ 267,834	\$ 246,876
Other contracts	20,592	10,917
	<u>267,834</u>	<u>257,793</u>
Revenue recognized that was included in contract liabilities at the beginning of the year:		
Membership dues	(168,325)	(175,922)
Other contracts	(17,675)	(6,000)
	<u>(186,000)</u>	<u>(181,922)</u>
Increases in contract liabilities due to cash received during the year:		
Membership dues	166,891	176,288
Other contracts	41,928	15,675
	<u>208,819</u>	<u>191,963</u>
Contract liabilities, end of year:		
Membership dues	245,808	247,242
Other contracts	44,845	20,592
	<u>\$290,653</u>	<u>\$ 267,834</u>

The American Rose Society

Notes to Financial Statements

(Continued)

9. Deferred Membership Dues

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

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

	2022	2021
2022	\$ -	\$162,280
2023	152,455	41,632
2024	45,634	11,683
2025	14,145	1,703
Thereafter	33,574	29,944
Total	\$245,808	\$247,242
Current portion of deferred revenue	\$152,455	\$162,280
Long term portion of deferred revenue	\$ 93,353	\$ 84,962

10. Leases

The Society has the following lease obligations as of December 31, 2022:

Office equipment with an initial present value of \$14,331, an imputed annual interest rate of 7.75% included in 60 monthly payments of \$289 beginning January 2022, and with an option to purchase the equipment for fair market value at the end of the lease term.

Office equipment with an initial present value of \$12,000, a stated interest rate of 0% included in 60 monthly payments of \$200 beginning July 2022, with no option to purchase the equipment at the end of the lease term.

The American Rose Society

Notes to Financial Statements

(Continued)

10. Lease (continued)

The following schedule summarizes lease information for 2022:

Expenses	
Operating lease expense	\$9,385
Total lease expense	\$9,385
Cash paid for the amounts included in the measurement of lease and liabilities for operating leases:	
Operating cash flows	\$9,385
Right of use asset obtained in exchange for lease liabilities:	
Operating leases	\$24,664
Weighted average remaining lease terms (in years):	
Operating leases	4.1
Weighted average discount rate:	
Operating leases	7.75%
	Operating
Maturity Analysis	
2023	\$5,866
2024	5,866
2025	5,866
2026	5,866
2027 and thereafter	1,200
	24,664
Less present value discount	(1,974)
Total	\$22,690

11. Concentration of Credit Risk

As of December 31, 2022, approximately 243,450 of the Society's bank deposits exceeded Federal Deposit Insurance Corporation coverage. Approximately \$337,660 of cash is held in uninsured brokerage accounts.

The American Rose Society

Notes to Financial Statements

(Continued)

12. Major Vendor The Society had one vendor that accounted for 43% of non-payroll expenditures for the year ended December 31, 2022.

13. Disaggregation of Revenues Revenue, disaggregated by time of transfer of goods and services follows:

	2022	2021
Revenue recognized based on goods and services transferred to customers at a point in time:		
Membership dues, other than lifetime	\$277,513	\$290,644
Advertising and endorsements	41,150	56,242
Garden entry and events	111,635	87,141
Retail sales	69,247	56,431
Facility and grounds rental	53,825	24,720
Total revenue recognized at a point in time	\$553,370	\$506,224
Revenue recognized based on goods and services transferred over time:		
Membership dues, lifetime	\$ 6,045	\$ 5,719
Total revenues recognized over time	\$ 6,045	\$ 5,719

14. Line of Credit The Society has a Prime plus 4.5% (12.0% percent at December 31, 2022,) unsecured, \$25,000 line of credit with Capital One Bank. Borrowings at December 31 2022 and 2021 were \$14,553 and \$0, respectively.

15. Governmental Grants The Society received the following governmental grants for the years ended December 31, 2022 and 2021:

	2022	2021
State of Louisiana	\$106,112	\$ -
U.S. Small Business Administration Paycheck Protection Program	-	105,147
	\$106,112	\$105,147

The American Rose Society

Notes to Financial Statements

(Continued)

16. Availability of Financial Assets

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

	2022	2021
Financial assets at year end	\$ 4,605,651	\$ 5,574,749
Less those unavailable for general expenditure within one year due to contractual or donor-imposed restrictions:		
Investments held in perpetual trust	(3,607,336)	(3,603,096)
Subject to appropriation and satisfaction of donor restrictions	(373,505)	(1,213,685)
Restricted by donor with time or purpose restrictions	(461,408)	(609,660)
Financial assets available to meet cash needs for general expenditures within one year	\$ 163,402	\$ 148,308

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

	2022	2021
Cash and cash equivalents	\$139,450	\$138,897
Accounts receivable	23,952	9,411
Total financial assets	\$163,402	\$148,308

The American Rose Society

Notes to Financial Statements

(Continued)

17. Net Assets with Donor Restrictions

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

	2022	2021
Investments held in perpetual trust:		
Maintenance Endowment Trust	\$3,232,552	\$3,232,552
Education Endowment Trust	203,298	199,433
Endowment Trust	171,486	171,111
Total investments held in perpetual trust	3,607,336	3,603,096
Subject to appropriation and satisfaction of donor restrictions:		
Maintenance Endowment Trust	60,078	784,320
Education Endowment Trust	4,284	34,118
Research Endowment Trust	276,478	315,265
Endowment Trust	32,665	79,982
Total subject to appropriation and satisfaction of donor restrictions	373,505	1,213,685
Restricted by donor with time or purpose restrictions:		
Wellan Pavilion	350,000	-
Watkins Reflecting Pool	65,489	65,816
Great Garden Restoration	45,919	543,844
Total restricted by donor with time or purpose restrictions	461,408	609,660
Total net assets with donor restrictions	\$4,442,249	\$5,426,411

The American Rose Society

Notes to Financial Statements

(Concluded)

18. Contributed Nonfinancial Assets

Contributed nonfinancial assets without donor restrictions for the years ended December 31, 2022 and 2021 included the following:

	2022	2021
Goods and supplies	\$ -	\$1,988
	\$ -	\$1,988

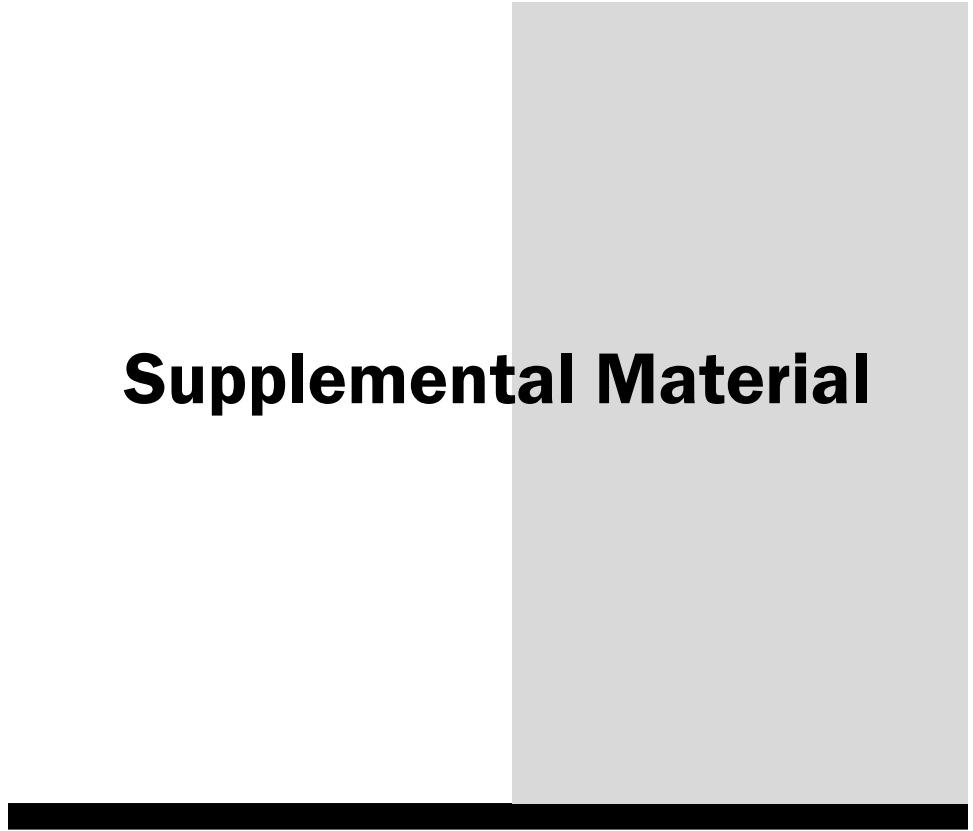
Contributed goods and supplies were used in support of the Society's Great Garden Restoration program and are valued at the cost to purchase similar goods and supplies.

19. Adoption of New Pronouncement

For the year ended December 31, 2022, the Society adopted ASU 2018-08 "Not-for-Profit Entities (Topic 958) Clarifying The Scope and the Accounting Guidance for Contributions Received and Contributions Made." This ASU provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. The ASU also provides guidance on identifying conditions that would preclude the recognition of a contribution as revenue or affect the timing thereof. A condition represents a criterion the Society must achieve before becoming entitled to the transferred asset. The ASU was adopted on a retrospective basis with no material impact on the financial statements for the year ended December 31, 2021.

For the year ended December 31, 2022, the Society adopted ASU 2020-07, "Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets." The goal of the ASU is to bring more transparency and consistency to the presentation and disclosure of contributed nonfinancial assets, also known as gifts-in-kind. The standard requires not-for-profit entities to disclose qualitative information about whether contributed nonfinancial assets were utilized or monetized. Additionally, entities must provide a description of donor-imposed restrictions (if any) and a description of valuation techniques used to arrive at a fair value measurement at initial recognition. The ASU was adopted on a retrospective basis with no material impact on the financial statements for the year ended December 31, 2021.

Supplemental Material



The American Rose Society

Schedule of Compensation, Benefits, and Other Payments to Agency Head Year Ended December 31, 2022

Louisiana Revised Statute 24:513 (A) (3) requires reporting of the total compensation, reimbursements, and benefits paid to the agency head or chief executive officer. This law was further amended by Act 462 of the 2016 Regular Session of the Louisiana Legislature to clarify that nongovernmental or not-for-profit local auditees are required to report only the compensation, reimbursements, and benefits paid to the agency head or chief executive officer from public funds.

The American Rose Society is not required to report the total compensation, reimbursements, and benefits paid to Mr. Jon Corkern, the Society's executive director, as none of those payments were made from public funds.

The American Rose Society

Schedule of Findings Year Ended December 31, 2022

2022- 001 Late Filing of Report

Condition

The Organization failed to comply with state law (LA R.S. 24:513) because the annual report for the year ended December 31, 2022 was not submitted to the Louisiana Legislative Auditor's Office until after June 30, 2023, the statutory due date.

Criteria

Pursuant to Louisiana Revised Statute 24:513, financial statements are required to be filed with the Louisiana Legislative Auditor no later than six months after an entity's fiscal year end.

Cause

During the audit, the Northwest Louisiana area was hit with a major storm that created extended widespread power and Internet outages. During those outages, the Organization's management and the auditor were unable to access computerized financial data necessary for the completion of the audit and preparation of the financial statements. Shortly thereafter, the auditor suffered a series of strokes thus delaying the completion of audit procedures.

Effect

The Organization was not in compliance with the state audit law.

Recommendation

No corrective action is recommended. The cause of the late filing was out of management's control

The American Rose Society

Status of Prior Year's Findings Year Ended December 31, 2021

There were no findings for the year ended December 31, 2021.