Theodore Payne Foundation for Wild Flowers & Native Plants, Inc.

Audited Financial Statements

As of and for the Year Ended August 31, 2022

Theodore Payne Foundation for Wild Flowers & Native Plants, Inc.

Financial Statements

For the Year Ended August 31, 2022

Theodore Payne Foundation for Wild Flowers & Native Plants, Inc.

Contents

FOUMBERG, JUNEJA,
ROCHER & COMPANY

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FOUMBERG, JUNEJA, ROCHER & COMPANY

Independent Auditors' Report

To the Board of Directors
Theodore Payne Foundation for Wild Flowers & Native Plants, Inc.
Los Angeles, California

Opinion

We have audited the accompanying financial statements of Theodore Payne Foundation (a nonprofit organization), which comprise the statement of financial position as of August 31, 2022, 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 Theodore Payne Foundation as of August 31, 2022, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Theodore Payne Foundation 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 Theodore Payne Foundation'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 auditors' 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.

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Independent Auditors' Report - continued

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 Theodore Payne Foundation'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 Theodore Payne Foundation'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.

Foumberg, Juneja, Rocher & Co., P.C.

Encino, California
September 12, 2025

Financial Statements

Theodore Payne Foundation for Wild Flowers & Native Plants, Inc.
Statement of Financial Position
As of August 31, 2022

Assets		
Cash and cash equivalents	$	141,600
Investments		1,032,612
Contributions receivable		138,032
Inventory		559,114
Prepaid expenses and other assets		4,824
Property and equipment, net		1,804,236
Total Assets	$	3,680,418
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$	248,129
Deferred income		15,360
Loans payable		150,000
Total Liabilities		413,489
Net Assets		
Without donor restrictions		2,964,479
With donor restrictions		302,450
Total Net Assets		3,266,929
Total Liabilities and Net Assets	$	3,680,418

See accompanying notes to financial statements

Theodore Payne Foundation for Wild Flowers & Native Plants, Inc.
Statement of Activities
For the Year ended August 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:			
Sales of plants and seeds - net	$ 1,077,877	$ -	$ 1,077,877
Contributions	296,909	104,845	401,754
Memberships	200,685	-	200,685
Classes and events	109,612	-	109,612
Tour income	144,615	-	144,615
Gift shop sales - net	83,460	-	83,460
Other income	53,172	-	53,172
Investment income (loss)	(1,933)	(26,790)	(28,723)
Net assets released from restrictions	174,417	(174,417)	-
Total Support and Revenue	2,138,814	(96,362)	2,042,452
Expenses:			
Program services	1,562,451	-	1,562,451
Management and general	374,623	-	374,623
Fundraising	110,109	-	110,109
Total Expenses	2,047,183	-	2,047,183
Change in Net Assets	91,631	(96,362)	(4,731)
Net Assets, beginning of year	2,872,848	398,812	3,271,660
Net Assets, end of year	$ 2,964,479	$ 302,450	$ 3,266,929

See accompanying notes to financial statements

Theodore Payne Foundation for Wild Flowers & Native Plants, Inc.
Statement of Functional Expenses
For the Year Ended August 31, 2022

	Program Services	Management and General	Fundraising	Total
Salaries	$ 960,377	$ 162,078	$ 69,201	$ 1,191,656
Employee benefits	133,617	22,550	9,628	165,795
Payroll taxes	75,294	12,603	5,324	93,221
Accounting	-	23,059	-	23,059
Advertising	35,791	13,855	8,082	57,728
Contract services	84,886	25,046	590	110,522
Insurance	34,480	6,085	-	40,565
Interest expense	-	11,818	-	11,818
Occupancy	133,492	23,557	-	157,049
Other programs	11,233	-	-	11,233
Office	-	52,123	-	52,123
Printing	3,944	696	-	4,640
Tour expenses	47,259	-	-	47,259
Travel	3,870	3,869	-	7,739
Volunteer support	3,640	-	-	3,640
Depreciation	34,568	17,284	17,284	69,136
Total expenses	$ 1,562,451	$ 374,623	$ 110,109	$ 2,047,183

See accompanying notes to financial statements

Theodore Payne Foundation for Wild Flowers & Native Plants, Inc.
Statement of Cash Flows
For the Year ended August 31, 2022

Cash flows from operating activities		
Change in net assets	$	(4,731)
Adjustments to reconcile change in net assets to net assets provided by operating activities		
Depreciation		69,136
Loss on investments		28,723
Changes in operating assets and liabilities		
Contributions receivable		(85,037)
Inventories		(47,242)
Prepaid expenses		13,498
Accounts payable and accrued expenses		45,849
Deferred Revenue		15,360
Net cash provided by operating activities		35,556
Cash flows from investing activities		
Purchase of property and equipment		(86,699)
Purchase of investments		(410,368)
Net cash used in investing activities		(497,067)
Change in cash		(461,511)
Cash - beginning of year		603,111
Cash - end of year	$	141,600

See accompanying notes to financial statements

NOTE 1 - FOUNDATION PROFILE

Established in 1960, Theodore Payne Foundation for Wild Flowers & Native Plants, Inc. ("TPF" or the "Foundation") carries on the work of horticulturist and conservationist Theodore Payne (1872-1963) to conserve and restore the native plants and landscapes of Southern California. Since its founding, TPF has evolved from a small native plant nursery into the premier center for native plant education, outreach and horticulture in the Los Angeles area.

TPF has three primary programs:

Education
TPF promotes understanding and appreciation of the native plants of California through its education program. Classes are focused on horticulture, botany, ethnobotany and ecology, and serve adults, K-12 students, and landscape industry professionals.

Outreach
Through its outreach programs, TPF advocates for and shares the many benefits of native plant landscapes in the built environment. This is achieved through an annual Native Plant Garden Tour, community projects, advocacy, public events, and digital outreach.

Horticulture
TPF is located on 22 acres of canyon land on the outskirts of Los Angeles. The property contains display gardens, hiking trails, a full-service native plant nursery and seed program. The majority of plants sold through the nursery are propagated onsite.

Each of these programs supports the TPF mission to inspire and educate Southern Californians about the beauty and ecological benefits of California native plant landscapes.

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting
The financial statements of the Foundation have been prepared on the accrual basis which recognizes income when earned and expenses when incurred, in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Financial Statement Presentation
The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net Assets without Donor Restrictions: Net assets without donor restrictions are available for use at the discretion of the Board of Directors and management for general operating purposes. From time to time the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. No such designations existed at August 31, 2022.

Net Assets with Donor Restrictions: Net assets with donor restrictions consists of assets whose use is limited by donor imposed, time and/or purpose restrictions. The Foundation reports cash or other assets received as revenues with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restriction. See Note 7 for more information on the composition of net assets with donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires that management makes estimates and assumptions affecting the reported amounts of assets, liabilities, revenues, and expenses as well as disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Revenue

Retail sales, made either in person at the Foundation's site or on the web, are recorded when the items are taken away by the purchaser or are shipped.

Revenue related to tours and to classes is recognized when the tour is conducted, or the class is held. Monies received in advance of such events is recorded as deferred revenue.

Sales of gift cards are recorded as deferred revenue. Revenue is recorded when the gift card is redeemed. Old gift cards are also recorded as revenue in the period management makes the determination that the cards are no longer expected to be redeemed.

Support

Contributions, including unconditional promises to give, are recognized as revenues in the year the contribution is received, or the promise is made. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Pledges are recorded at gross amounts in the accompanying statement of financial position, less an estimated allowance for doubtful contributions receivable if necessary and a discount to reflect the net present value of future cash flows if necessary. At August 31, 2022 all receivables were due within one year and subsequently received. Accordingly, no reserve or discount was deemed necessary.

TPF has members. Management has determined that membership revenue qualifies for contribution accounting.

Contributed Goods and Services

Contributed goods and services are recorded as contributions at their estimated fair values at the date of donation. No contributions of goods or services were received during the year ended August 31, 2022.

Fair Value Measurements
Accounting Standards Codification (“ASC”) Topic 820, Fair Value Measurements, establishes a framework for measuring fair value. That framework provides 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 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under ASC Topic 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access

Level 2 – Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs or other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from observable market data or correlation

Level 3 - Inputs are unobservable and significant to the fair value measurement.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Cash and Cash Equivalents
The Foundation considers all highly liquid instruments purchased with an original maturity of three months or less to be cash and cash equivalents. Cash equivalents consist of cash temporarily invested in money market accounts.

Investments
Investments are stated at fair value. Interest, dividends, and realized and unrealized gains and losses are reported as increases or decreases in net assets without donor restriction unless a donor or law restricts their use and are reflected in the Statement of Activities as investment returns.

Inventory
Inventory consists of plants, seeds, books and sundry gift shop items. Inventory of plants consists of plants ready for sale and plants being grown from seeds or cuttings in the production areas. Seed inventory consists of a storage bank of seeds and seeds in packets in the gift ship. The gift shop also has an inventory of books and sundry items.

Purchased inventory items are valued at the lower of cost (determined on a first-in, first-out basis) or net realizable value. Grown/produced inventory items are valued at the lower of production cost or market. Production cost is estimated using the retail method whereby TPF calculates the cost of plants and seeds as a percentage of the retail price and uses this calculation to estimate the value of the year-end inventory.

Property and Equipment
Property and equipment is recorded at cost at date of purchase or estimated fair value at date of donation, net of accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of assets as follows:

Buildings	25 to 40 years
Land and building improvements	15 to 27.5 years
Office equipment	7 years
Vehicles	5 years

The costs of normal maintenance, repairs, and minor additions and replacements (less than $5,000) are charged to expense when incurred. When assets are sold or otherwise disposed of, the costs and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities.

The Foundation reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. When evaluating recoverability, management considers future undiscounted cash flows estimated to be generated by the property and equipment and any estimated proceeds from the eventual disposition. In the event these accumulated cash flows are less than the carrying amount of the property and equipment, the Foundation recognizes an impairment loss equal to the excess of the carrying amount over the estimated fair value of the property and equipment. No impairment losses were recognized for the year ended August 31, 2022.

Income Taxes
The Foundation is tax exempt under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the Revenue and Taxation Code of the State of California and, generally, is not subject to state or federal taxes on any net income that is derived from a trade or business regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded as net income, if any, from unrelated trade or business, and, in the opinion of management is not material to the financial statements taken as a whole.

The Foundation has evaluated the financial statement impact of tax positions taken or expected to be taken in its tax returns. Management has determined that no tax liabilities need to be recorded under applicable accounting guidance for the year ended August 31, 2022. The Foundation determined there are no tax positions which must be considered for disclosure. No examinations are currently pending. The statute of limitations for federal and California state purposes is generally three and four years, respectively.

Functional Allocation of Expenses
The costs for providing program services, management and general expenses and fundraising expenses, have been summarized on a functional basis in the accompanying statement of activities and change in net assets and statement of functional expenses. Accordingly, costs have been allocated among the program and supporting services benefited. The largest such allocated cost is salaries, which is allocated based on the time spent by employees on the different functions.

Concentrations of Business and Credit Risk

The Foundation's cash and cash equivalents are maintained at major financial institutions. The Foundation has exposure to credit risk to the extent that its cash and cash equivalents exceed amounts covered by Federal Deposit insurance. Management believes the Foundation's credit risk is not significant.

Credit risk associated with accounts and contributions receivables is considered to be limited due to high historic collection rates and because of the strong long-term relationships the Foundation has with donors.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for the Foundation in its year ended August 31, 2023. The Foundation is in the process of evaluating the impact of adoption on its financial statements.

NOTE 3 - INVESTMENTS

The following table sets forth, by level within the fair value hierarchy, the Foundation's investment assets at fair value as of August 31, 2022:

Asset Class	Level 1	Level 2	Level 3	Total
Mutual funds	$ 185,613	$ -	$ -	$ 185,613
Stocks	5,602	-	-	5,602
Money Market funds and certificates of deposit	841,397	-	-	841,397
Total	$ 1,032,612	$ -	$ -	$ 1,032,612

For the year ended August 31, 2022, investment loss was as follows:

Interest and dividend income	$ 2,471
Investment losses	(31,194)
Total investment loss	$ (28,723)

Investments at August 31, 2022 were available for the following purposes:

Endowment investments	$ 185,613
General investments	846,999
Total investments	$ 1,032,612

NOTE 4 - INVENTORY

Inventory at August 31, 2022 consisted of the following:

Plants in Sales Yard	$	34,735
Plants in production		326,131
Seeds		133,612
Books and other gift shop inventory		55,942
Nursery supplies & pottery		8,694
Total inventory	$	559,114

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment at August 31, 2022 consisted of the following:

Land	$	106,529
Buildings		1,811,286
Land and building improvements		285,895
Equipment		46,529
Vehicles		45,000
Construction in progress		16,486
Total cost of property and equipment		2,311,725
Less accumulated depreciation and amortization		(507,489)
Property and equipment - net	$	1,804,236

Depreciation expense for the year ended August 31, 2022 in connection with these assets was $69,136.

NOTE 6 – LOANS PAYABLE

Economic Injury Disaster Loan (EIDL)
In July 2020, the Organization borrowed $150,000 under the Economic Injury Disaster Loan (EIDL) program. Interest accrues at a rate of 2.75%. Monthly principal payments of $641, beginning in January 2023, are first applied to accrued interest, then to principal. The loan is due in May 2051 and is secured by both tangible and intangible property. As of August 31, 2022, accrued interest totaled $9,128 and is included in accounts payable and accrued expenses in the statement of financial position.

Future principal payments are as follows:

Years ending August 31,		
2023	$	2,200
2024		3,377
2025		3,471
2026		3,567
2027		3,667
Thereafter		133,718
Total	$	150,000

NOTE 7 - NET ASSETS

Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following as of August 31, 2022:

Restricted to:		
Endowment funds	$	185,613
Donor restricted as to purpose:		
Solar air conditioning		5,880
Bulb house construction		100,000
Fire-wise landscape project		4,597
Master Plan		6,360
Total net assets with donor restrictions	$	302,450

NOTE 8 - ENDOWMENT FUNDS

The Foundation's endowment consists of one fund established by donor restriction. The earnings can be used for general operations.

As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation has classified as donor restricted the fair value of donations restricted by donors to be held as endowments in perpetuity. As a result, donor restricted net assets include the fair value of gifts made to the endowment fund as well as net accumulated earnings and gains and losses related to endowment assets.

The Foundation considers the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), which it is the Foundation's policy to follow, together with its annual budget approval process, in its decision to appropriate donor restricted endowment funds for expenditure.

Changes in endowment net assets during the year ended August 31, 2022 were as follows:

		With Donor Restrictions
Balance at September 1, 2021	$	212,403
Contributions		-
Investment loss		(26,790)
Appropriation of endowment income for expenditures		-
Balance at August 31, 2022	$	185,613

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for its endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 4% to 6% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation adopted a spending policy which provides a stable spend rate over time. The overall goal for endowment assets is to produce a real (after inflation) average annual rate of return, net of fees, which will provide for a 2% to 4% annual spending policy distribution, subject to annual Board approval. Actual results during any period may vary from these expectations.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires. There were no funds with legal or donor defined deficiencies as of August 31, 2022.

NOTE 9 - SALES AND COST OF SALES

Sales for the year ended August 31, 2022 are presented on the statement of activities net of cost of sales as follows:

	Sales of plants and seeds	Gift shop sales
Sales	$ 1,633,057	$ 184,973
Less cost of sales	(555,180)	(101,513)
Sales - net	$ 1,077,877	$ 83,460

NOTE 10 - RETIREMENT PLAN

The Foundation sponsors a defined contribution retirement plan which covers all employees who are at least 21 years of age and have completed one year of service. The Foundation matches a portion of employee contributions to the plan as defined in the plan document. Total retirement plan contributions for the year ended August 31, 2022 were $24,057.

NOTE 11 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation monitors its financial assets available within one year of the balance sheet date for expenditures on a quarterly basis. As of August 31, 2022, the balance available was as follows:

Cash and cash equivalents	$	141,600
Investments		1,032,612
Contributions receivable		138,032
Total financial assets available		1,312,244
Less:		
Restricted by donors		(302,450)
Financial assets available to meet cash needs within one year	$	1,009,794

As part of the Foundation's liquidity management the Foundation prepares quarterly rolling cash requirement projections which are used to ensure that needed balances are liquid and available for payment of general expenses in the near term. In addition, the Foundation employs an extensive annual budgeting process and strategic planning process to ensure the Foundation will continue to be poised to have funds available to pay for programs and general expenses in the long term.

NOTE 12 - COMMITMENTS

The organization has entered into two operating lease agreements for equipment that expire through March 2024. Future minimum lease payments on these leases are as follows:

Years ending August 31,		
2023	$	6,552
2024		3,822
	$	10,374

NOTE 13 - SUBSEQUENT EVENTS

The Foundation's management has evaluated subsequent events through September 12, 2025 the date which the financial statements were available to be issued.