

**American Public  
Gardens Association**

Financial Statements and  
Supplementary Information

Years Ended February 28, 2021 and  
February 29, 2020  
with Independent Auditor's Reports

**MaherDuessel**

A horizontal bar is positioned below the company name. The left portion of the bar is black, and the right portion is blue, matching the color of the 'D' in the company name.

# AMERICAN PUBLIC GARDENS ASSOCIATION

YEARS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

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## Independent Auditor's Report

**Board of Directors  
American Public  
Gardens Association**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the American Public Gardens Association (Association) (a nonprofit organization), which comprise the statements of financial position as of February 28, 2021 and February 29, 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of February 28, 2021 and February 29, 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Updated Opinion on Prior Year Financial Statements**

In our report dated November 24, 2020, we expressed a qualified opinion that the February 29, 2020 financial statements fairly present financial position, results of operations, and cash flows in accordance with accounting principles generally accepted in the United States of America except for that we were unable to obtain sufficient appropriate audit evidence about the amounts recognized as \$403,232 of grant revenue. As described in note 12, the Association has provided adequate support for the amount of grant revenue and has restated its February 29, 2020 financial statements to conform with accounting principles generally accepted in the United States of America. Accordingly, our present opinion on the February 29, 2020 financial statements, as presented herein, is different from that expressed in our previous report.

## **Change in Accounting Principle**

As described in Note 2 to the financial statements, the Association adopted Accounting Standards Update 2014-09, "*Revenue from Contracts with Customers (Topic 606)*." Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the

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

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2021, on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.

*Maher Duessel*

Harrisburg, Pennsylvania  
October 11, 2021

# AMERICAN PUBLIC GARDENS ASSOCIATION

## STATEMENTS OF FINANCIAL POSITION

FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

<b>Assets</b>	<b>2021</b>	<b>2020 Restated</b>
Cash and cash equivalents	\$ 196,553	\$ 98,077
Investments	652,639	511,882
Accounts receivable	46,939	42,004
Grants receivable	76,494	184,157
Prepaid expenses	46,239	151,957
Property and equipment, net	97,511	138,479
<b>Total Assets</b>	<b>\$ 1,116,375</b>	<b>\$ 1,126,556</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 225,381	\$ 170,066
Accrued expenses	122,046	49,860
Deferred revenue	527,294	620,899
Refundable advances	-	20,000
<b>Total Liabilities</b>	<b>874,721</b>	<b>860,825</b>
<b>Net Assets:</b>		
Without donor restrictions:		
Undesignated	206,101	242,323
With donor restrictions	35,553	23,408
<b>Total Net Assets</b>	<b>241,654</b>	<b>265,731</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,116,375</b>	<b>\$ 1,126,556</b>

The accompanying notes are an integral part of these financial statements.

# AMERICAN PUBLIC GARDENS ASSOCIATION

## STATEMENT OF ACTIVITIES

YEAR ENDED FEBRUARY 28, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues:</b>			
Membership dues	\$ 767,733	\$ -	\$ 767,733
Contributions	145,253	12,145	157,398
Annual meeting sponsors	70,525	-	70,525
Government grants	768,765	-	768,765
Donated services and use of facilities	38,674	-	38,674
Annual meeting	295,437	-	295,437
Publications	45,175	-	45,175
Symposia	69,789	-	69,789
PCN application fees	750	-	750
Affinity program	40,000	-	40,000
Investment income	141,347	-	141,347
Miscellaneous income	12,377	-	12,377
Paycheck protection program revenue	193,500	-	193,500
Net assets released from restriction	-	-	-
Total revenues	2,589,325	12,145	2,601,470
<b>Expenses:</b>			
Program services	1,516,301	-	1,516,301
General and administrative	879,023	-	879,023
Fundraising	230,223	-	230,223
Total expenses	2,625,547	-	2,625,547
<b>Change in Net Assets</b>	(36,222)	12,145	(24,077)
<b>Net Assets:</b>			
Beginning of year	242,323	23,408	265,731
End of year	\$ 206,101	\$ 35,553	\$ 241,654

The accompanying notes are an integral part of these financial statements.



# AMERICAN PUBLIC GARDENS ASSOCIATION

## STATEMENT OF ACTIVITIES

YEAR ENDED FEBRUARY 29, 2020 - RESTATED

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues:</b>			
Membership dues	\$ 785,349	\$ -	\$ 785,349
Contributions	29,873	23,408	53,281
Annual meeting sponsors	261,794	-	261,794
Government grants	1,024,870	-	1,024,870
Donated services and use of facilities	33,674	-	33,674
Annual meeting	681,004	-	681,004
Publications	55,641	-	55,641
Symposia	158,863	-	158,863
PCN application fees	1,500	-	1,500
Affinity program	30,270	-	30,270
Investment income	28,683	-	28,683
Miscellaneous income	12,650	-	12,650
Net assets released from restriction	-	-	-
Total revenues	3,104,171	23,408	3,127,579
<b>Expenses:</b>			
Program services	2,341,762	-	2,341,762
General and administrative	725,560	-	725,560
Fundraising	189,842	-	189,842
Total expenses	3,257,164	-	3,257,164
<b>Change in Net Assets</b>	(152,993)	23,408	(129,585)
<b>Net Assets:</b>			
Beginning of year- restated	395,316	-	395,316
End of year	\$ 242,323	\$ 23,408	\$ 265,731

The accompanying notes are an integral part of these financial statements.

# AMERICAN PUBLIC GARDENS ASSOCIATION

## STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED FEBRUARY 28, 2021

	Program Services	General and Administrative	Fundraising	Total 2021
Salaries	\$ 470,721	\$ 378,442	\$ 132,528	\$ 981,691
Employee benefits	77,325	62,167	21,770	161,262
Training and recruitment	-	12,453	-	12,453
Payroll taxes	37,809	30,397	10,645	78,851
Accounting	-	159,064	-	159,064
Annual meeting	56,519	-	-	56,519
Bank charges	-	20,372	-	20,372
Contract labor	9,346	7,514	-	16,860
Depreciation	28,514	22,925	8,028	59,467
Equipment rental	-	1,937	-	1,937
Grant programs	577,574	-	-	577,574
Insurance	10,330	8,306	2,909	21,545
Marketing and communications	23,028	18,514	6,483	48,025
Office	36,618	29,439	10,310	76,367
Postage and printing	15,489	12,452	4,361	32,302
Professional services	-	3,753	-	3,753
Publications	31,628	-	-	31,628
Rent	19,120	15,371	5,383	39,874
Scholarships	6,779	-	-	6,779
Telephone	6,609	5,314	1,861	13,784
Travel	16,741	13,460	-	30,201
Website and database maintenance	92,151	74,086	25,945	192,182
Interest	-	3,057	-	3,057
<b>Total expenses</b>	<b><u>\$ 1,516,301</u></b>	<b><u>\$ 879,023</u></b>	<b><u>\$ 230,223</u></b>	<b><u>\$ 2,625,547</u></b>

The accompanying notes are an integral part of these financial statements.

# AMERICAN PUBLIC GARDENS ASSOCIATION

## STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED FEBRUARY 29, 2020

	Program Services	General and Administrative	Fundraising	Total
Salaries	\$ 502,198	\$ 273,126	\$ 105,726	\$ 881,050
Employee benefits	84,575	45,997	17,805	148,377
Training and recruitment	-	23,570	-	23,570
Payroll taxes	41,669	22,662	8,772	73,103
Accounting	-	15,744	-	15,744
Annual meeting	861,263	-	-	861,263
Bank charges	-	44,782	-	44,782
Board and committee meetings	-	31,341	-	31,341
Contract labor	10,799	5,873	-	16,672
Depreciation	19,449	10,578	4,095	34,122
Equipment rental	-	7,875	-	7,875
Grant programs	389,108	-	-	389,108
Insurance	20,312	11,047	4,276	35,635
Marketing and communications	42,757	23,253	9,001	75,011
Membership services	-	133	-	133
Office	29,028	15,787	6,111	50,926
Postage and printing	30,562	16,621	6,434	53,617
Professional services	-	9,994	-	9,994
Publications	18,097	-	-	18,097
Rent	19,850	10,795	4,179	34,824
Scholarships	28,101	-	-	28,101
Special projects	-	21,774	-	21,774
Symposium expenses	27,708	-	-	27,708
Telephone	-	15,303	-	15,303
Travel	104,930	57,067	-	161,997
Website and database maintenance	111,356	60,562	23,443	195,361
Interest	-	1,676	-	1,676
<b>Total expenses</b>	<b>\$ 2,341,762</b>	<b>\$ 725,560</b>	<b>\$ 189,842</b>	<b>\$ 3,257,164</b>

The accompanying notes are an integral part of these financial statements.

# AMERICAN PUBLIC GARDENS ASSOCIATION

## STATEMENTS OF CASH FLOWS

FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

	2021	2020 Restated
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ (24,077)	\$ (129,585)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	59,467	34,122
Net unrealized gain on investments	(130,424)	(12,267)
(Increase) decrease in operating assets:		
Accounts receivable	(4,935)	(22,483)
Grants receivable	107,663	(14,321)
Prepaid expenses	105,718	(35,692)
Increase (decrease) in operating liabilities:		
Accounts payable	55,315	127,253
Accrued expenses	72,186	(23,908)
Deferred revenue	(93,605)	(55,548)
Refundable advances	(20,000)	20,000
Net cash provided by (used in) operating activities	127,308	(112,429)
<b>Cash Flows From Capital Financing Activities:</b>		
Purchase of fixed assets	(18,499)	(142,901)
Purchases of investments	(10,333)	(44,161)
Sale of investments	-	250,000
Net cash provided by (used in) investing activities	(28,832)	62,938
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	98,476	(49,491)
<b>Cash and Cash Equivalents:</b>		
Beginning of year	98,077	147,568
End of year	\$ 196,553	\$ 98,077
<b>Supplemental Disclosures of Cash Flow Information:</b>		
Cash paid during the year for:		
Interest	\$ 3,057	\$ 1,676

The accompanying notes are an integral part of these financial statements.

# AMERICAN PUBLIC GARDENS ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

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### 1. The Organization

#### Nature of Activities

The American Public Gardens Association (Association) was organized in 1940 and incorporated in 1970 under the Nonprofit Corporation Law of the District of Columbia. The nature of the Association's mission is to serve public gardens and advance them as leaders, advocates, and innovators.

The American Public Gardens Association is the premier membership organization for public horticulture professionals. The Association connects the people who make botanical gardens, arboreta, historic sites, and other places that celebrate plants so special. It provides horticulture professionals with opportunities to learn, to collaborate, and to share best practices that make the entire field stronger. The Association wants more people to know about, support, and enjoy public gardens, and to ensure that public gardens continue to play key roles in environmental sustainability, conservation, and education.

Members – and the rest of the world – benefit from the Association programs, which are making a difference in protecting plants from threats such as invasive species, conserving important botanical collections in North America and throughout the world, making garden practices more sustainable, and bringing more visitors into public gardens every year.

The Association is supported primarily through membership dues and annual meeting revenue. Approximately 29% and 25% of the Association's revenue was generated from memberships for the year ending February 28, 2021 and February 29, 2020. Approximately 14% and 30% of the Association's revenue was generated from annual meeting revenue for the years ending February 28, 2021 and February 29, 2020. Government funding provided 30% and 33% of the Association's revenue for the years ending February 28, 2021 and February 29, 2020.

### 2. Summary of Significant Accounting Policies

The Financial Accounting Standards Board (FASB) sets accounting principles generally accepted in the United States of America (GAAP) to promote consistent reporting. References to GAAP are to the FASB Accounting Standards Codification (ASC) and FASB Accounting Standards Update (ASU).

# AMERICAN PUBLIC GARDENS ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

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The significant accounting policies followed by the Association are as follows:

### Basis of Accounting

The financial statements of the American Public Gardens Association have been prepared on the accrual basis of accounting in accordance with GAAP.

### Income Taxes

The Association is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Association is not a private Association.

### Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

### Investments

The Association accounts for investments in accordance with FASB ASC 958-320, *Not-for-Profit Entities Investments – Debt and Equity Securities* and FASB ASC 958-325, *Not-for-Profit Entities Investments – Other*. Under FASB ASC 958-320, the Association is required to report investments in equity securities that have readily determinable fair values, and all investments in debt securities, at fair value.

### Fair Value Measurements

FASB ASC 820, *Fair Value Measurements*, establishes a common definition for fair value to be applied to accounting principles generally accepted in the United States of America requiring use of fair value, establishes a framework for measuring fair value, and expands disclosures about such fair value measurements. It also establishes a hierarchy for ranking the quality and reliability of the information used to determine fair values by requiring that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1 – Unadjusted quoted market prices in active markets for identical assets or liabilities.

# AMERICAN PUBLIC GARDENS ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

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Level 2 – Unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability. Assets reported at fair value using the net asset value (NAV) practical expedient provisions have been excluded from categorization under FASB ASU 2015-007, *Fair Value Measurement*.

Level 3 – Unobservable inputs for the asset or liability. Assets reported at fair value using NAV practical expedient provisions are considered Level 3 when the investments will never have the ability to be redeemed at the net asset value or the redemption period is long-term in nature.

The Association's investment valuations at February 28, 2021 and February 29, 2020 were considered Level 1.

### Accounts Receivable

Receivables represent amounts due to the Association for services provided prior to year-end. Accounts receivable are generally considered collectible and no allowance has been established.

### Promises to Give

Unconditional promises to give are recognized as revenues in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

### Property and Equipment

Purchased property and equipment is valued at cost. Donated property and equipment is recorded at its fair value on the date of acquisition. All acquisitions of property and equipment and all expenditures for repairs and maintenance that materially prolong the useful lives of asset in excess of \$1,000 are capitalized. Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of three to seven years.

### Deferred Revenue

Deferred revenue consists of payments received in advance for the annual meeting, future professional development symposiums, and future advertising in publications. Membership

# AMERICAN PUBLIC GARDENS ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

dues received for the next fiscal year are also reported as deferred revenue. Deferred revenue consisted of the following as of February 28, 2021:

	<u>Annual Meeting</u>	<u>Association Dues</u>	<u>Advertising</u>	<u>Professional Development</u>	<u>Totals</u>
Deferred amount, beginning of year:	\$173,649	\$ 404,064	\$ 7,486	\$ 35,700	\$ 620,899
Revenue recognized	(173,649)	(404,064)	(7,486)	(35,700)	(620,899)
cash received and deferred	<u>57,253</u>	<u>437,991</u>	<u>23,600</u>	<u>8,450</u>	<u>527,294</u>
Total deferred revenue end of year:	<u>\$ 57,253</u>	<u>\$ 437,991</u>	<u>\$ 23,600</u>	<u>\$ 8,450</u>	<u>\$ 527,294</u>

### Net Assets without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions.

### Net Assets with Donor Restrictions

Net assets subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants). Some donors impose restrictions that are temporary in nature, for example, stipulating that resources be used after a specified date, for particular programs or services, or to acquire buildings or equipment. Other donors impose restrictions that are perpetual in nature, for example, stipulating that resources be maintained in perpetuity. Laws may extend those limits to investment returns from those resources and to other enhancements (diminishments) of those resources. Thus, those laws extend donor-imposed restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

### Revenue Recognition

#### *Contributions*

Contributions, including unconditional promises to give, are recognized when received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. All-donor-restricted support is recorded as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without



# AMERICAN PUBLIC GARDENS ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

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donor restrictions and reported in the statements of activities as net assets released from restrictions.

Conditional promises to give stipulate a measurable performance or other barrier and a right of return and are recognized only when the conditions on which they depend have been met. Consequently, at February 29, 2020, a contribution of \$20,000 has not been recognized in the accompanying statement of activities because the condition on which it depends has not yet been met. The total amount of contributions to be received depends on the amount of eligible expenditures the Association has related to the project funded.

A portion of the Association's revenue is derived from cost-reimbursement federal contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Association has incurred expenditures in compliance with specific contract or grant provisions. The Association had remaining available award balances on federal grants and contracts for sponsored projects of \$311,721 and \$586,660 that have not been recognized as of February 29, 2020 and February 28, 2021, respectively. These award balances will be recognized as revenue as the projects progress and conditions are met, generally as expenditures are incurred.

### *Membership Dues*

Membership dues are recognized as revenue over the period of membership. Membership dues are considered to be all exchange transactions based on the benefits received. Membership benefits are provided for a membership year and are recognized ratably over the twelve-month period.

### *Program Service Revenue*

Program service revenue, including annual meetings sponsors, annual meeting, publications, and symposia revenue, are recognized in the period in which the event is held or the publication is issued.

### Donated Services and Use of Facilities

Donated services and use of facilities are recognized as revenue in the statement of activities at their estimated values on the date of receipt. Donated use of facilities of \$38,674 was recorded for the years ended February 28, 2021 and February 29, 2020.

# AMERICAN PUBLIC GARDENS ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

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### Advertising

The costs of advertising are expensed as incurred.

### Allocation of Functional Expenses

The costs of providing the program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program and supporting services. Program services costs include expenses related to hosting the annual meeting and other symposia to educate and connect the community in this industry. Management and general expenses are costs directly related to the overall operation of the Association, which are not associated with program or fundraising services. Fundraising expenses are costs related to campaigns, development, grant writing, and other fundraising efforts. Certain expenses, such as payroll, employee benefits, and payroll taxes, are allocated based on the employees' use of their time.

### Use of Estimates

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

### Impairment of Long-lived Assets

The Association accounts for long-lived assets in accordance with the provisions of FASB ASC 360, *Property, Plant, and Equipment*. FASB ASC 360 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell. No impairment charges were recorded during the years ended February 28, 2021 and February 29, 2020.

# AMERICAN PUBLIC GARDENS ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

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### Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

### Adoption of Accounting Standard

The requirements of the following FASB ASU were adopted during the year ended February 28, 2021:

ASU 2014-09, "*Revenue from Contracts with Customers (Topic 606)*," is effective for the Association's financial statements for the year ending February 28, 2021. This amendment provides guidance for revenue recognition related to contracts with transfer of promised goods or services to customers and related disclosures. Additional disclosures were added to the Association's financial statements.

### Pending Standards Update

ASU 2016-02, "*Leases (Topic 842)*," is effective for the Association's financial statements for the year ending February 28, 2023. This amendment will require lessees to recognize assets and liabilities on the statement of financial position for the rights and obligations created by all leases with terms of more than twelve months. Disclosures also will be required by lessees to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

ASU 2018-15, "*Intangibles: Goodwill and Other Internal-Use Software (Subtopic 350-40)*," is effective for the Association's financial statements for the year ending February 28, 2022. This amendment will help entities evaluate the accounting for fees paid by a customer in a cloud computing arrangement (hosting arrangement) by providing guidance for determining when the arrangement includes a software license.

ASU 2020-07, "*Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets*," is effective for the Association's financial statements for the year ending February 29, 2023. These amendments address presentation and disclosure of contributed nonfinancial assets.

Management has not yet determined the impact of these amendments on the Association's financial statements.

# AMERICAN PUBLIC GARDENS ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

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### 3. Concentrations of Credit Risk

The Association maintains various cash accounts in commercial banks. The total cash in these banks is secured by the Federal Deposit Insurance Corporation (FDIC) up to applicable FDIC limits. The cash balances at times may exceed federally insured limits.

### 4. Liquidity and Availability

The Association manages its liquid resources by ensuring federal funds are drawn down to cover current operating expenditures related to those programs. The Association also maintains a staggered membership schedule where dues are scheduled throughout the year to ensure consistent cash flow to cover non grant related expenditures. In addition, to help manage liquidity the Association also has a \$100,000 line of credit available at a local bank to cover any short-term funding needs.

As of February 28, 2021 and February 29, 2020, financial assets expected to be available within one year for general expenditures are as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 196,553	\$ 98,007
Investments	652,639	511,882
Accounts receivable	46,939	42,004
Grant receivable	76,494	184,157
	<u>(35,553)</u>	<u>(184,157)</u>
Less: endowment	<u>\$ 937,072</u>	<u>\$ 651,893</u>

### 5. Investments

As required by the Investment Topic of FASB ASC, the Association reports investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income restricted by a donor is reported as an increase in net assets without donor restrictions if the restrictions are met in the reporting period in which the investment income is recognized.

# AMERICAN PUBLIC GARDENS ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

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As required by the Fair Value Measurement Topic of FASB ASC, the Association's investments are recorded at fair value and re-measured using Level 1 inputs, which are defined as quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Investments in marketable securities stated at fair value consist of the following at February 28, 2021 and February 29, 2020:

	<u>2021</u>	<u>2020</u>
Bond Market Index Fund	\$ 108,050	\$ 107,211
Extended Market Index Fund	151,017	96,597
500 Index Fund	130,370	99,317
International Stock Index Fund	<u>263,202</u>	<u>208,757</u>
	<u>\$ 652,639</u>	<u>\$ 511,882</u>

The following summarizes investment income for the years ended February 28, 2021 and February 29, 2020:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 10,923	\$ 16,416
Net realized/unrealized gain	<u>130,424</u>	<u>12,267</u>
	<u>\$ 141,347</u>	<u>\$ 28,683</u>

Concentration risk with respect to marketable securities is limited through the use of professional investment advisors subject to the Association's investment policy.

# AMERICAN PUBLIC GARDENS ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

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### 6. Property and Equipment

Property and equipment consisted of the following at February 28, 2021 and February 29, 2020:

	<u>2021</u>	<u>2020</u>
Computer equipment	\$ 38,244	\$ 36,602
Furniture and fixtures	92,568	92,568
Website development	590,774	573,917
	<u>721,586</u>	<u>703,087</u>
Less: accumulated depreciation	<u>(624,075)</u>	<u>(564,608)</u>
Net property and equipment	<u>\$ 97,511</u>	<u>\$ 138,479</u>

Depreciation expense was \$59,467 and \$34,122 for the year ended February 28, 2021 and February 29, 2020.

### 7. Line of Credit

The Association has available a secured \$100,000 line of credit agreement with M&T Bank. Interest (7.5% at February 28, 2021 and February 29, 2020) computed at the bank's current index plus 2 percentage points is due and payable monthly. There was no outstanding loan balance at February 28, 2021 and February 29, 2020.

### 8. Endowment

As of February 28, 2021 and February 29, 2020, the Association's donor restricted net assets consisted of contributions received for the establishment of an endowment fund, the income from which is unrestricted. Net assets associated with the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

#### Interpretation of Relevant Law

The Board of Directors of the Association has interpreted the guidance issued by the Financial Accounting Standards Board (FASB) as requiring the preservation of the fair value of the original gift as of the date of the gift of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

# AMERICAN PUBLIC GARDENS ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

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As a result of this interpretation, the Association classifies the following net assets with perpetual donor restrictions:

- a. The original value of gifts donated to the perpetual endowment.
- b. The original value of subsequent gifts to the perpetual endowment.
- c. Accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- a. The duration and preservation of the fund;
- b. General economic conditions;
- c. The possible effect of inflation and deflation;
- d. The expected total return from income and the appreciation of investments;
- e. The Association's other resources; and
- f. The investment policy of the Association

# AMERICAN PUBLIC GARDENS ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

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The following schedule represents the changes in endowment net assets for the years ended February 28, 2021 and February 29 2020:

	<u>With Donor Restrictions</u>
Endowment net assets, March 1, 2019	<u>\$ -</u>
Contributions	23,408
Endowment net assets, February 29, 2020	<u>23,408</u>
Contributions	<u>12,145</u>
Endowment net assets, February 28, 2021	<u><u>\$ 35,553</u></u>

### 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 or the relevant state law requires the Association to retain as a fund of perpetual duration. In accordance with GAAP, these deficiencies are reported as net assets without donor restrictions. There were no such deficiencies reported at February 28, 2021 and February 29, 2020. Such deficiencies may result from unfavorable market fluctuations that occur after the investment of new restricted contributions and continued appropriation for certain programs that was deemed prudent by the Board of Directors.

### Return Objectives and Risk Parameters

The Association has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets over the long-term. The investment policy establishes an achievable return objective through diversification of assets with classes within prudent risk parameters. The Association expects its endowment funds, over time, to provide an average rate of return of approximately 4% annually. Actual returns in any given year may vary from this amount.



# AMERICAN PUBLIC GARDENS ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

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### Strategies Employed for Achieving Objectives

The Association 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 Association targets a strategic asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

### Endowment Spending Policy and How the Investment Objectives Relate to the Spending Policy

The Association's spending policy calculates the amount of annual distributions from the permanently restricted endowment funds to support various programs, to begin after a fund balance of \$100,000 is reached. The Association has a policy of appropriating for distribution each year up to 3% of interest, except where the donor has directed otherwise. Amounts held within the endowment for specific purposes are excluded from this calculation. In establishing this policy, the Association considered the long-term expected return on its endowment. Accordingly, over the long term, the Association expects the current spending policy to allow its endowment to grow as investment returns exceed 4%.

## **9. Lease Commitments**

The Association leases office space under an operating lease effective June 1, 2009. Under the terms of the lease, the Association agreed to pay \$100 per month. Unless terminated, the agreement will renew annually.

## **10. Retirement Plan**

The Association participates in a defined contribution retirement plan covering all eligible employees. The Association matches employee contributions up to 4.5% of each eligible employee's salary upon eligibility. Contributions for the years ended February 28, 2021 and February 29, 2020 were \$33,321 and \$34,044 respectively.

# AMERICAN PUBLIC GARDENS ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

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### **11. Paycheck Protection Program**

The Association applied for and received a Paycheck Protection Program (PPP) loan in the amount of \$193,500. The PPP loan provided funds to pay up to 24 weeks of payroll including benefits. Funds can also be used to pay interest on mortgages, rent and utilities. As this is a conditional grant, revenue was recognized as of February 28, 2021 based on payroll incurred and paid from the loan. The loan is a five-year loan bearing an annual interest rate of 1%. The Association applied for and received the forgiveness for the entire amount of the PPP Loan.

### **12. Restatement of Net Assets**

The net asset balance as of February 29, 2020, has been restated. An endowment fund was established in 2020 with contributions of \$23,408 but was not disclosed, beginning net assets as of February 29, 2020, were restated to reflect the donor restricted net assets. In addition, government grant income was understated by \$65,154 and beginning net assets were overstated by \$65,154, this has been reflected in the restated fiscal year 2020 beginning net assets and government grant income.

## **SUPPLEMENTARY INFORMATION**

# AMERICAN PUBLIC GARDENS ASSOCIATION

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED FEBRUARY 28, 2021

<u>Grantor/Program-Title/Pass-Through Agency</u>	<u>Pass-Through Grantor Number</u>	<u>Federal ALN Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
<u>U.S. Department of Agriculture:</u>				
Agricultural Research Basic and Applied Research	58-8020-6-008	10.001	\$ 35,000	\$ -
Plant and Animal Disease, Pest Control, and Animal Care	AP19PPQFO000C370	10.025	64,573	-
Plant and Animal Disease, Pest Control, and Animal Care	AP19PPQH0000C011	10.025	98,889	-
Total ALN 10.025			<u>163,462</u>	<u>-</u>
Urban Agriculture Resilience Program		99.999	<u>386,541</u>	<u>377,541</u>
Forest Health Protection	15-DG-11132546-014	10.680	63,644	-
Forest Health Protection	18-CA-11132546-025	10.680	10,334	-
Forest Health Protection	18-CA-11132546-027	10.680	106,906	-
Total ALN 10.680			<u>180,884</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>765,887</u>	<u>377,541</u>
<u>Small Business Administration:</u>				
Economic Injury Disaster Loan- COVID-19		59.008	159,900	-
Total ALN 59.008			<u>159,900</u>	<u>-</u>
Total Small Business Administration			<u>159,900</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 925,787</u>	<u>\$ 377,541</u>

See accompanying notes to schedule of expenditures of federal awards.

# AMERICAN PUBLIC GARDENS ASSOCIATION

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED FEBRUARY 28, 2021

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### 1. General

The accompanying schedule of expenditures of federal awards (Schedule) reflects the activity of all federal awards programs of the American Public Gardens Association (Association).

The Association has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

### 2. Basis of Presentation

The accompanying Schedule is prepared using the accrual basis of accounting, which is described in Note 2 to the financial statements. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**American Public  
Gardens Association**

Independent Auditor's Reports  
Required by the Uniform Guidance

Year Ended February 28, 2021

**Independent Auditor’s Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

**Board of Directors  
American Public  
Gardens Association**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the American Public Gardens Association (Association) (a non-profit organization), as of and for the year ended February 28, 2021, and the related notes to the financial statements, which collectively comprise the Association’s basic financial statements, and have issued our report thereon dated October 11, 2021.

## **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Association’s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Association’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2021-001 and Finding 2021-002 that we consider to be material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### The Association's Response to the Finding

The Association's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Association's response was not subjected to the auditing procedures applied in the audit of the financials statements and, accordingly, we express no opinion on it.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Maher Duessel*

Harrisburg, Pennsylvania  
October 11, 2021



## Independent Auditor’s Report on Compliance for its Major Program and on Internal Control over Compliance Required by the Uniform Guidance

**Board of Directors  
American Public  
Gardens Association**

### **Report on Compliance for its Major Federal Program**

We have audited American Public Gardens Association’s (Association) (a nonprofit organization) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on the Association’s major federal program for the year ended February 28, 2021. The Association’s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management’s Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditor’s Responsibility***

Our responsibility is to express an opinion on compliance for the Association’s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program occurred. An audit includes examining, on a test basis, evidence about the Association’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the Association’s major federal program. However, our audit does not provide a legal determination of the Association’s compliance.

Board of Directors  
American Public Gardens Association  
Independent Auditor's Report on Compliance for  
its Major Program and on Internal Control over  
Compliance Required by the Uniform Guidance

***Opinion on the Major Federal Program***

In our opinion, the Association complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended February 28, 2021.

**Report on Internal Control over Compliance**

Management of the Association is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Association's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Directors  
American Public Gardens Association  
Independent Auditor's Report on Compliance for  
its Major Program and on Internal Control over  
Compliance Required by the Uniform Guidance

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Mahe Duessel*

Harrisburg, Pennsylvania  
October 11, 2021

# AMERICAN PUBLIC GARDENS ASSOCIATION

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED FEBRUARY 28, 2021

### I. Summary of Audit Results

1. Type of auditor's report issued: Unmodified, prepared in accordance with Generally Accepted Accounting Principles

2. Internal control over financial reporting:

Material weakness(es) identified?  yes  no

Significant deficiencies identified that are not considered to be material weakness(es)?  yes  none reported

3. Noncompliance material to financial statements noted?  yes  no

4. Internal control over major programs:

Material weakness(es) identified?  yes  no

Significant deficiencies identified that are not considered to be material weakness(es)?  yes  none reported

5. Type of auditor's report issued on compliance for major programs: Unmodified

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?  yes  no

7. Major Programs:

ALN Number(s)

Name of Federal Program or Cluster

10.U01

Urban Agriculture Resilience Program

8. Dollar threshold used to distinguish between type A and type B programs: \$750,000

9. Auditee qualified as low-risk auditee?  yes  no

# AMERICAN PUBLIC GARDENS ASSOCIATION

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED FEBRUARY 28, 2021

- II. Findings related to the financial statements which are required to be reported in accordance with GAGAS.

### **Finding 2021-001 Segregation of Duties, Accounting System Access**

*Condition:* The Association contracts their accounting personnel through a third party and for a time during the fiscal year, two employees utilized the same user name, password and security settings for the accounting software.

*Criteria:* The Committee on Sponsoring Organizations (COSO), the generally accepted framework for internal control, provides that responsibility for authorization, accounting, and control of assets should be segregated. Certain functions or duties should not be performed by the same person.

*Cause:* As two individuals from the contracted firm utilize the same user name, password and security settings, it is not possible to fully segregate who is inputting the information into the accounting software and fully determine who is reviewing the information in the accounting software, as such, segregation of duties cannot be determined to be operating effectively during the period under audit.

*Effect:* When one person or a group of individuals have the responsibility for authorization, accounting, and control of assets, there is a chance that a material misstatement or fraud will occur that will not be discovered by the Association.

*Recommendation:* We recommend that each individual who is contracted for accounting purposes maintains their own unique user name, password, and security settings to ensure that segregation of duties is occurring during the day to day operations of the Association.

*Management's Response:* Management agrees with the finding. See Corrective Action Plan.

### **Finding 2021-002 Material Adjustments**

*Condition:* In the Association's accounting records, prior year's revenue was understated by \$65,154 and beginning net assets were overstated by \$65,154. In addition, an endowment fund was not appropriately classified as with donor restrictions net assets, and adjustment of prior year ending net asset in the amount of \$23,408 was made to move the endowment from without donor restrictions to with donor restrictions.

*Criteria:* All transactions must be recorded in accordance with generally accepted accounting principles (GAAP).

# AMERICAN PUBLIC GARDENS ASSOCIATION

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED FEBRUARY 28, 2021

*Cause:* Adequate review and reconciliation of account balances was not performed including grant reconciliations.

*Effect:* Audit adjustments were proposed and accepted by management to correct the financial statements.

*Recommendation:* We recommend that the Association implement procedures to review and reconcile financial data to ensure that transactions are recorded in accordance with GAAP.

*Management's Response:* Management agrees with the finding. See Corrective Action Plan.

III. Findings and questioned costs for federal awards.

**No matters were reported.**

# AMERICAN PUBLIC GARDENS ASSOCIATION

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED FEBRUARY 28, 2021

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- I. Findings related to the financial statements which are required to be reported in accordance with GAGAS.

### **Finding 2020-001: Segregation Duties**

*Condition:* Until September 2019, the Director of Operations would open the mail, record deposits in the accounting software, prepare the deposit slip, take deposits to the bank, prepare bank reconciliations, and prepare acknowledgement letters to donors. Beginning in September 2019, the Bookkeeper records the deposits in the accounting software and prepares the bank reconciliations. The Director of Operations reviews the bank reconciliations.

The Director of Operations enters invoices in the accounting software, approves office and administrative expenses, has access to blank check stock, prepares checks for signing, and mails signed checks. Until September 2019, the Director of Operations would also prepare the bank reconciliations.

Until September 2019, the Director of Operations would record all general journal entries without review. Beginning in September 2019, the Bookkeeper would record general journal entries without review.

We also noted that the Director of Operations had full access to all software during the year, including accounting, membership, credit cards, and payroll.

*Recommendation:* We recommend that controls be designed to ensure authorization, accounting, and control of assets is properly segregated.

*Current Status:* Corrective action plan has been implemented.

### **Finding 2020-002: Material Adjustments**

*Condition:* In the Association's Accounting records, assets were overstated by \$83,167, liabilities were understated by \$343,725, beginning net assets were overstated by \$461,112, revenues were understated by \$32,890, and expenses were overstated by \$1,330.

*Recommendation:* We recommend that the Association implement procedures to review and reconcile financial data to ensure that transactions are recorded in accordance with Generally Accepted Accounting Standards (GAAP).

*Current Status:* Corrective action plan is being implemented.

# AMERICAN PUBLIC GARDENS ASSOCIATION

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED FEBRUARY 28, 2021

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### **Finding 2020-003: Recording Grant Activity**

*Condition:* Accounting records are not available to support grant revenue recorded in the amount of \$403,232. In addition, the SEFA could not be reconciled to the underlying accounting records.

*Recommendation:* We recommend that the Association implement controls to ensure retention of supporting documents and reconciliation of all amounts shown in the accounting records and on the SEFA.

*Current Status:* Corrective Action Plan has been Implemented.

II. Findings and questioned costs for federal awards.

### **Finding 2020-004 Cash Management**

U.S. Department of Agriculture (ALN 10.025) grant numbers AP17PPQFO000C468, AP18PPQFO000C452, AP19PPQFO000C370, AP18PPQH000C021, and AP19PPQH000C011

*Condition:* Requests for reimbursements were not based on expenses recorded in the accounting records. No reconciliation of the amounts was maintained.

*Recommendation:* We recommend controls be developed to ensure requests for reimbursements are reconciled to underlying accounting records and those records are maintained on file.

*Current Status:* Corrective action plan is being implemented.

### **Finding 2020-005: Allowability**

U.S. Department of Agriculture (ALN 10.025) grant number AP17PPQFO000C468, AP18PPQFO000C452, AP19PPQFO000C370, AP18PPQH000C021, and AP19PPQH000C011

*Condition:* During our testing of grant expenditures, support was not able to be provided for four of 17 disbursements selected for testing. As such, allowability was not able to be verified. All of the expenses that could not be supported related to reimbursements to organizations for attending workshops.



# AMERICAN PUBLIC GARDENS ASSOCIATION

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED FEBRUARY 28, 2021

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*Recommendation:* We recommend that the Association implement procedures to ensure supporting documents for all grant expenses are retained on file.

*Current Status:* Corrective action plan has been implemented.