

**STANLEY SMITH HORTICULTURAL TRUST**

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**FINANCIAL STATEMENTS**

December 31, 2024 and 2023



# STANLEY SMITH HORTICULTURAL TRUST

## T A B L E O F C O N T E N T S

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	<b>Page(s)</b>
Independent Auditors' Report	1–2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Cash Flows	5
Notes to Financial Statements	6–13



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## INDEPENDENT AUDITORS' REPORT

To the Trustees of  
Stanley Smith Horticultural Trust

### Opinion

We have audited the financial statements of Stanley Smith Horticultural Trust, which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Stanley Smith Horticultural Trust as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). 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 Stanley Smith Horticultural Trust and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 Stanley Smith Horticultural Trust's ability to continue as a going concern for one year after the date that the financial statements are issued.

### Auditors' Responsibilities for the Audit of the Financial Statements

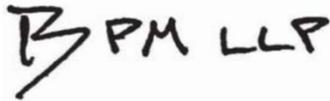
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Trustees of  
Stanley Smith Horticultural Trust

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Stanley Smith Horticultural Trust'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 Stanley Smith Horticultural Trust'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.

A handwritten signature in black ink that reads "BPM LLP". The "B" is stylized with a diagonal stroke.

Long Beach, California  
September 12, 2025

# STANLEY SMITH HORTICULTURAL TRUST

## STATEMENTS OF FINANCIAL POSITION

As of December 31, 2024 and 2023

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	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Cash	\$ 63,521	\$ 20,306
Investments, at fair value	17,332,285	16,404,368
Dividends, interest and capital gain receivable	31,956	20,731
Prepaid and other current assets	<u>24,326</u>	<u>35,942</u>
Total assets	<u>\$ 17,452,088</u>	<u>\$ 16,481,347</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expense	\$ 78,518	\$ 34,570
Deferred federal excise tax liability	<u>32,850</u>	<u>19,543</u>
Total liabilities	111,368	54,113
Net assets without donor restrictions	<u>17,340,720</u>	<u>16,427,234</u>
Total liabilities and net assets	<u>\$ 17,452,088</u>	<u>\$ 16,481,347</u>

**STANLEY SMITH HORTICULTURAL TRUST**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
For the years ended December 31, 2024 and 2023

	2024	2023
Net investment gain:		
Realized gain (loss) from the sale of investments, net	\$ 517,467	\$ (27,672)
Unrealized gain on investments held, net	1,039,279	1,679,541
Dividends, interest and other income, net of investment expenses	270,430	325,804
Net investment gain before federal excise and other tax expense	1,827,176	1,977,673
Federal excise and other tax expense	31,753	33,606
Net investment gain	1,795,423	1,944,067
Expenses:		
Grants and grants management	780,348	771,129
General and administrative	101,589	82,944
Total expenses	881,937	854,073
Change in net assets	913,486	1,089,994
Net assets without donor restrictions, beginning of year	16,427,234	15,337,240
Net assets without donor restrictions, end of year	\$ 17,340,720	\$ 16,427,234

# STANLEY SMITH HORTICULTURAL TRUST

## STATEMENTS OF CASH FLOWS

For the years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ 913,486	\$ 1,089,994
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net realized and unrealized gains on investments	(1,556,746)	(1,709,232)
Deferred federal excise tax	13,307	19,543
Changes in operating assets and liabilities:		
Prepaid and other current assets	11,616	(10,614)
Dividends, interest, and capital gains receivable	(11,225)	(5,223)
Accounts payable and accrued expenses	43,948	(14,861)
Net cash used in operating activities	<u>(585,614)</u>	<u>(630,393)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	4,918,197	7,631,592
Purchase of investments	<u>(4,289,368)</u>	<u>(7,001,105)</u>
Net cash provided by investing activities	<u>628,829</u>	<u>630,487</u>
Change in cash	43,215	94
Cash, beginning of year	<u>20,306</u>	<u>20,212</u>
Cash, end of year	<u>\$ 63,521</u>	<u>\$ 20,306</u>
Supplemental disclosure of cash flow information:		
Federal excise and other taxes paid	<u>\$ -</u>	<u>\$ 20,000</u>

# STANLEY SMITH HORTICULTURAL TRUST

## NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

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### 1. Organization

Stanley Smith Horticultural Trust (the "Trust") was established in 1970 for the purpose of making grants to support research and education in ornamental horticulture, primarily in North and South America, Australia, and New Zealand. The Trust has been classified by the Internal Revenue Service ("IRS") as a private foundation, as defined in Section 509(a) of the Internal Revenue Code ("IRC"). The Trust may distribute principal or income, or both, for the purposes defined in the Trust agreement. The Trust complied with the IRS requirement to spend or distribute for charitable purposes a minimum of 5% of the average fair market value of its investment assets for the preceding year for the years ended December 31, 2024 and 2023. The Trust is supported through investment income.

### 2. Summary of Significant Accounting Policies

#### ***Basis of Accounting***

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

**Net Assets without Donor Restriction:** Net assets without donor restrictions consist of the resources of the Trust, which have not been restricted by a donor for a restricted use or time.

**Net Assets with Donor Restriction:** Net assets with donor restrictions represent contributions whose use by the Trust is limited in accordance with the restrictions imposed by donors. These restrictions may expire when the stipulated time has passed or may be satisfied by the actions of the Trust according to the stipulations made by the donors.

#### ***Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. Actual results may differ from those estimates.

#### ***Cash and Cash Equivalents***

The Trust considers all highly liquid investments with maturities of three months or less at the date of purchase to be cash equivalents. The Trust had no cash equivalents as of December 31, 2024 and 2023.

#### ***Concentration of Credit Risk***

The Trust maintains cash balances with multiple banks, both directly and under a bank deposit program. Those cash balances are insured by the Federal Deposit Insurance Corporation for up to \$250,000 per insured bank. The Trust also may hold cash in a brokerage account, where it is insured by the Securities Investor Protection Corporation up to \$500,000 and by Lloyd's of London up to an additional \$900,000. Cash balances may at times exceed these limits. To date, the Trust has not experienced any losses in these accounts.

# STANLEY SMITH HORTICULTURAL TRUST

## NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

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### 2. Summary of Significant Accounting Policies, continued

#### ***Investments***

Investments are stated at quoted market prices or estimated fair values. Gains or losses that result from market fluctuations are recognized in the period such fluctuations occur. Realized gains or losses that result from sales or maturities of investments are calculated on an adjusted cost basis. Dividend and interest income are accrued when earned. Indirect investment expenses of \$9,082 and \$9,022 are included in dividends, interest and other income (loss), net of investment expenses on the statements of activities and changes in net assets for the years ended December 31, 2024 and 2023, respectively.

#### ***Fair Value Measurements***

The Trust carries certain assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the measurement date. In addition, the Trust reports certain investments using the Net Asset Value ("NAV") per share as determined by investment managers under the so-called "practical expedient." The practical expedient allows NAV per share to represent fair value for reporting purposes when the criteria for using this method are met.

Receivables and liabilities are measured at carrying value which approximates fair value due to their short maturity.

U.S. GAAP establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The following is a brief description of these three levels:

*Level 1* – Quoted prices in active markets for identical assets.

*Level 2* – Observable inputs other than quoted prices in active markets for identical assets, quoted prices for identical or similar assets in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets.

*Level 3* – Inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset.

Level 1 investments have been valued at the closing price on the active market on which the securities are traded as of December 31, 2024 and 2023.

#### ***Covered Calls***

The use of call options is a part of the Trust's investment strategy. Covered calls are recorded at fair value and generally expire within one to three months from the original dates. Cash flows from covered calls are classified as an investing activity on the statements of cash flows.

#### ***Grants***

Grants are expensed when the unconditional promise to give is approved by the Board of Trustees or management in certain cases. There were no conditional or multi-year promises to give for the years ended December 31, 2024 and 2023.

# STANLEY SMITH HORTICULTURAL TRUST

## NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

### 2. Summary of Significant Accounting Policies, continued

#### *Income Taxes*

The Trust is a private foundation and is exempt from federal income taxes under Section 501(c)(3) of the IRC and from the California franchise and/or income taxes under Section 23701(d) of the California Revenue and Taxation Code. The Trust maintains its accounts and files its tax returns using the accrual method of accounting. Under IRC Section 4940, the Trust is subject to an annual 1.39% excise tax on its net investment income.

#### *Risks and Uncertainties*

The Trust invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect investment values reported on the statements of financial position.

### 3. Fair Value Measurements and Investments

The following table presents the Trust's investments measured at fair value on a recurring basis as of December 31, 2024:

December 31, 2024	Quoted Prices in Active Markets (Level 1)	Total
U.S. equity funds:		
Exchange traded funds	\$ 6,595,849	\$ 6,595,849
Mutual funds	1,069,035	1,069,035
Total U.S. equity funds	7,664,884	7,664,884
International equity funds:		
Exchange traded funds	1,150,620	1,150,620
Mutual funds	483,269	483,269
Total international equity funds	1,633,889	1,633,889
Marketable alternatives	706,144	706,144
Money market funds	1,079,658	1,079,658
U.S. fixed income mutual funds	3,314,611	3,314,611
Total investments by fair value level	\$ 14,399,186	14,399,186
Investments measured at the NAV:		
Real estate funds		1,642,364
Hedge fund		1,290,735
Total investments		\$ 17,332,285

# STANLEY SMITH HORTICULTURAL TRUST

## NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

### 3. Fair Value Measurements and Investments, continued

The following table presents the Trust's investments measured at fair value on a recurring basis as of December 31, 2023:

December 31, 2023	Quoted Prices in Active Markets (Level 1)	Total
U.S. equity funds:		
Exchange traded funds	\$ 6,107,405	\$ 6,107,405
Mutual funds	1,482,666	1,482,666
Total U.S. equity funds	7,590,071	7,590,071
International equity funds:		
Exchange traded funds	1,150,783	1,150,783
Mutual funds	507,292	507,292
Total international equity funds	1,658,075	1,658,075
Marketable alternatives	208,635	208,635
Money market funds	784,532	784,532
U.S. fixed income mutual funds	3,222,073	3,222,073
Total investments by fair value level	\$ 13,463,386	13,463,386
Investments measured at the NAV:		
Real estate funds		1,072,448
Hedge fund		1,868,534
Total investments		\$ 16,404,368

The Trust uses the NAV to determine the fair value of all the underlying investments which do not have readily determinable fair values and prepare their financial statements consistent with the measurement principles of an investment company, or have attributes of an investment company.

# STANLEY SMITH HORTICULTURAL TRUST

## NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

### 3. Fair Value Measurements and Investments, continued

The following tables list the investment in the real estate and hedge funds as of December 31, 2024 and 2023:

December 31, 2024					
Investment	Strategy	NAV in Fund	Number of Funds	Remaining Life (in years)	Unfunded Commitments
Real estate funds	Domestic real estate related assets	\$ 1,642,364	5	1-10 years	\$ 1,151,986
Hedge fund	U.S. exchange listed equity securities	1,290,735	1	N/A	-
		<u>\$ 2,933,099</u>			<u>\$ 1,151,986</u>

December 31, 2023					
Investment	Strategy	NAV in Fund	Number of Funds	Remaining Life (in years)	Unfunded Commitments
Real estate funds	Domestic real estate related assets	\$ 1,072,448	3	1-7 years	\$ 976,566
Hedge fund	U.S. exchange listed equity securities	1,868,534	1	N/A	-
		<u>\$ 2,940,982</u>			<u>\$ 976,566</u>

The Trust is a limited partner in SFF Realty Fund IV, L.P. and agrees to contribute \$750,000 as capital commitment and the term of Partnership lasts until October 2030. SFF Realty Fund IV, L.P. can make capital calls as determined by the General Partner for investment costs or partnership expenses. Capital call commitments of \$277,894 and \$23,625 were funded for the years ended December 31, 2024 and 2023, respectively. SFF Realty Fund IV, L.P. made a capital call of \$65,625 in May 2025.

In March 2024, the Trust entered into an agreement of limited partnership with Virtu Joint Venture Opportunity Fund, L.P. and agrees to contribute \$500,000 as a capital commitment. A capital commitment of \$500,000 was funded for the year ended December 31, 2024.

In October 2024, the Trust entered into an agreement of limited partnership with CSF IV GP LLC and agreed to contribute \$500,000 as capital commitment. A capital commitment of \$27,928 was funded for the year ended December 31, 2024. CSF IV GP LLC made a capital call of \$41,590 in March 2025.

The Trust is a limited partner in SFF Realty Fund III, L.P. and agrees to contribute \$1,000,000 as a capital commitment and the term of this partnership lasts until February 12, 2026. SFF Realty Fund III, L.P. can make capital calls as determined by the General Partner for investment costs or partnership expenses. A commitment of \$19,084 was funded for the year ended December 31, 2024. SFF Realty Fund III, L.P. made a capital call of \$4,580 in September 2025.

# STANLEY SMITH HORTICULTURAL TRUST

## NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

### 3. Fair Value Measurements and Investments, continued

As a limited partner in these closed-end real estate funds, the Trust may not withdraw from either real estate fund prior to the fund's dissolution. The hedge fund permits monthly withdrawals with 45 days prior notice. In January 2024, the Trust made a redemption of \$700,000 from Crystal Capital International Fund SPC. In April 2025, the Trust made a redemption of \$200,000 from Crystal Capital International Fund SPC.

In September 2025, the Trust entered into a subscription agreement with Fortress Credit Realty Income Trust and agreed to contribute \$400,000 as capital commitment. The \$400,000 capital commitment was funded by the Trust in August 2025.

### 4. Net Assets

Net assets on the statements of financial position are comprised of capital contributed to the Trust and the increase in value through investment activity. Net assets are all without donor restrictions and are comprised of the following since inception through December 31:

	2024	2023
Contributed capital	\$ 1,600,300	\$ 1,600,300
Contributions	5,479,274	5,479,274
Grants paid and payable, net of returned grants	(24,842,278)	(24,197,614)
Increase in value since inception of the Trust, net of operating expenses	35,103,424	33,545,274
Total net assets	<u>\$ 17,340,720</u>	<u>\$ 16,427,234</u>

### 5. Functional Expense Allocation

The indirect costs associated with certain expenses have been allocated on a functional basis on the statements of activities and changes in net assets. Certain expenses are not directly identifiable with one specific function; therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include the administrative fees, salaries, professional and consultant fees, trustee fees, and other expenses, all of which are allocated on the basis of estimates of time and use.

The expenses were allocated as follows for the years ended December 31:

	2024			2023		
	Grants and Grants Management	General and Administrative	Total	Grants and Grants Management	General and Administrative	Total
Grants	\$ 644,664	\$ -	\$ 644,664	\$ 651,771	\$ -	\$ 651,771
Administrative fees	24,137	8,276	32,413	23,435	8,035	31,470
Salaries	85,462	-	85,462	80,909	-	80,909
Professional and consultants	4,010	77,284	81,294	3,639	66,130	69,769
Legal fees	-	15,250	15,250	-	8,000	8,000
Trustee fees	7,208	779	7,987	7,208	779	7,987
Travel and meetings	3,787	-	3,787	3,498	-	3,498
Other	11,080	-	11,080	669	-	669
	<u>\$ 780,348</u>	<u>\$ 101,589</u>	<u>\$ 881,937</u>	<u>\$ 771,129</u>	<u>\$ 82,944</u>	<u>\$ 854,073</u>

# STANLEY SMITH HORTICULTURAL TRUST

## NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

### 6. Payout Requirement

The IRC requires private foundations to annually disburse approximately 5% of the market value of investment assets, less the federal excise tax, for the current year by the end of next year. This payout requirement may be satisfied by payments for grants, program-related investments, direct conduct of charitable activities, and certain administrative expenses. The Trust has met the required minimum distributions, but has undistributed income amounts that must be distributed before the end of the next fiscal year of approximately \$524,000 and \$471,000 as of December 31, 2024 and 2023, respectively.

### 7. Federal Excise and Other Tax Expense

Federal excise and other tax expense was calculated at a rate of 1.39% for the years ended December 31, 2024 and 2023, and is included on the statements of activities and changes in net assets as follows for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Federal excise and other tax expense (benefit):		
Current federal excise	\$ 13,821	\$ 11,543
Deferred federal excise	13,306	19,543
UBIT	-	(3,165)
Foreign tax	4,626	5,685
	<u>4,626</u>	<u>5,685</u>
Total federal excise and other tax expense	<u>\$ 31,753</u>	<u>\$ 33,606</u>

### 8. Liquidity

The Trust has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet one year of normal operating expenses, which are, on average, approximately \$1,000,000. The Trust has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Trust invests cash in excess of daily requirements in various short-term investments, including short-term treasury instruments. Certain investments, including private equity investments, are subject to contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The Trust has the following financial assets available to meet cash needs for general expenditures within one year as of December 31:

	<u>2024</u>	<u>2023</u>
Cash	\$ 63,521	\$ 20,306
Investments, at fair value	17,332,285	16,404,368
Dividends, interest, and capital gains receivable	31,956	20,731
	<u>17,427,762</u>	<u>16,445,405</u>
Total financial assets	17,427,762	16,445,405
Less: investments in real estate funds	<u>(1,642,364)</u>	<u>(1,072,448)</u>
	<u>15,785,398</u>	<u>15,372,957</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 15,785,398</u>	<u>\$ 15,372,957</u>

# STANLEY SMITH HORTICULTURAL TRUST

## NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

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### 9. Related Parties

The Trust permits the hiring of a trustee in a professional capacity and the payment of reasonable compensation for those services. A trustee of the Trust is an owner of the company that provides investment management services to the Trust. The investment management company was paid investment advisor fees of \$104,195 and \$96,269 for the years ended December 31, 2024 and 2023, respectively.

The Trust is in an agreement through the end of 2025 to receive administrative services from another related-party trust which shares one trustee with the Trust. The Trust recognized \$34,482 of expenses under the agreement for the year ended December 31, 2024 and \$33,478 for the year ended December 31, 2023.

For the years ended December 31, 2024 and 2023, the trustees were paid trustee fees totaling \$15,000, which are allocated between grants management, general and administrative, and investment-related expenses on the statements of activities and changes in net assets.

### 10. Subsequent Events

Other than the events described in Note 3, the Trust has evaluated all events and transactions that occurred after December 31, 2024 up through September 12, 2025, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred outside the normal course of operations which require additional disclosure or adjustment.