

STANLEY SMITH HORTICULTURAL TRUST

FINANCIAL STATEMENTS

December 31, 2020 and 2019



STANLEY SMITH HORTICULTURAL TRUST

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

| | Page(s) |
|--|----------------|
| Independent Auditors' Report | 1 |
| Statements of Financial Position | 2 |
| Statements of Activities and Changes in Net Assets | 3 |
| Statements of Cash Flows | 4 |
| Notes to Financial Statements | 5–14 |

INDEPENDENT AUDITORS' REPORT

To the Trustees
Stanley Smith Horticultural Trust

We have audited the accompanying financial statements of Stanley Smith Horticultural Trust, which comprise the statements of financial position as of December 31, 2020 and 2019, 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.

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.

Auditors' 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. Those standards require that we plan and perform the audit 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 auditors' 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 auditors consider 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 Stanley Smith Horticultural Trust as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

BPM LLP

San Francisco, California
June 9, 2021

STANLEY SMITH HORTICULTURAL TRUST

STATEMENTS OF FINANCIAL POSITION

As of December 31, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|---|----------------------|----------------------|
| ASSETS | | |
| Cash | \$ 40,748 | \$ 36,375 |
| Investments, at fair value | 18,367,797 | 17,894,510 |
| Interest, dividends, and capital gains receivable | 17,484 | 39,568 |
| Prepaid and other current assets | <u>9,105</u> | <u>12,993</u> |
| Total assets | <u>\$ 18,435,134</u> | <u>\$ 17,983,446</u> |
| LIABILITIES AND NET ASSETS | | |
| Liabilities: | | |
| Accounts payable and accrued expense | \$ 35,651 | \$ 31,834 |
| Federal excise and other taxes payable | - | 1,427 |
| Deferred federal excise tax liability | <u>23,893</u> | <u>16,422</u> |
| Total liabilities | 59,544 | 49,683 |
| Net assets without donor restrictions | <u>18,375,590</u> | <u>17,933,763</u> |
| Total liabilities and net assets | <u>\$ 18,435,134</u> | <u>\$ 17,983,446</u> |

STANLEY SMITH HORTICULTURAL TRUST
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the years ended December 31, 2020 and 2019

| | 2020 | 2019 |
|--|---------------|---------------|
| Net investment gain: | | |
| Realized gains from the sale of investments, net | \$ 284,529 | \$ 404,054 |
| Unrealized gain on investments held, net | 236,276 | 2,270,643 |
| Dividends, interest and other income, net of investment expenses | 1,280,273 | 549,973 |
| Net investment gain before federal excise and other tax benefit | 1,801,078 | 3,224,670 |
| Federal excise and other tax expense | (21,166) | (31,613) |
| Net investment gain | 1,779,912 | 3,193,057 |
| Expenses: | | |
| Grants and grants management | 1,285,026 | 837,058 |
| General and administrative | 53,059 | 43,208 |
| Total expenses | 1,338,085 | 880,266 |
| Change in net assets | 441,827 | 2,312,791 |
| Net assets without donor restrictions, beginning of year | 17,933,763 | 15,620,972 |
| Net assets without donor restrictions, end of year | \$ 18,375,590 | \$ 17,933,763 |

STANLEY SMITH HORTICULTURAL TRUST

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|---|------------------|------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 441,827 | \$ 2,312,791 |
| Adjustments to reconcile change in net assets to net cash used in operating activities: | | |
| Net realized and unrealized gains on investments | (520,805) | (2,674,697) |
| Deferred federal excise tax liability | 7,471 | 16,422 |
| Changes in operating assets and liabilities: | | |
| Prepaid federal excise tax and other taxes | 3,888 | (12,993) |
| Interest, dividends, and capital gains receivable | 22,084 | (8,468) |
| Accounts payable | 3,817 | 6,754 |
| Federal excise and other taxes payable | (1,427) | (910) |
| | <u>(43,145)</u> | <u>(361,101)</u> |
| Net cash used in operating activities | | |
| Cash flows from investing activities: | | |
| Proceeds from sale of investments | 17,438,302 | 10,376,932 |
| Purchase of investments | (17,390,784) | (10,022,821) |
| | <u>47,518</u> | <u>354,111</u> |
| Net cash provided by investing activities | | |
| Change in cash | 4,373 | (6,990) |
| Cash, beginning of year | <u>36,375</u> | <u>43,365</u> |
| Cash, end of year | <u>\$ 40,748</u> | <u>\$ 36,375</u> |
| Supplemental disclosure of cash flow information: | | |
| Federal excise and other taxes paid | <u>\$ 9,420</u> | <u>\$ 23,537</u> |

STANLEY SMITH HORTICULTURAL TRUST

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

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. 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 five percent of the average fair market value of its investment assets for the preceding year for the years ended December 31, 2020 and 2019. 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 generally accepted accounting principles 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, 2020 and 2019.

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 \$250,000 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, 2020 and 2019

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 \$9,157 and \$9,086 are included in dividends, interest and other income, net of investment expenses on the statements of activities for the years ended December 31, 2020 and 2019, respectively.

Fair Value Measurements

Fair value is determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants.

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

Generally accepted accounting principles establish 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, 2020 and 2019.

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 statement 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 during the years ended December 31, 2020 and 2019.

STANLEY SMITH HORTICULTURAL TRUST

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

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.

In December 2019, the Consolidated Appropriations Act (the “2020 Act”) was enacted. The 2020 Act includes a number of changes to existing U.S. tax laws that impact the Trust, most notably a flat excise tax of 1.39% will be applied to net investment income for tax years beginning after December 31, 2019. The Trust paid the 1.39% rate for the year ended December 31, 2020.

For the year ended December 31, 2019, private foundations are liable for an excise tax of 2% (1% if minimum payout requirements prescribed by the IRC are met) on net investment income, excluding unrealized gains. The Trust qualified for and paid the 1% rate in 2019.

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 in the statement of financial position.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, *Leases* (Topic 842). The new guidance requires lessees to recognize a right-to-use asset and a lease liability for virtually all leases (other than leases that meet the definition of a short term lease). In November 2019, the FASB issued ASU 2019-10, *Financial Instruments-Credit Losses* (Topic 326), *Derivatives and Hedging* (Topic 815), and *Leases* (Topic 842), which delayed the effective date of ASU 2016-02 by one year. In May 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers* (Topic 606) and *Leases* (Topic 842): *Effective Dates for Certain Entities*, which delayed the effective date for an additional year. The new guidance is now effective for fiscal years beginning after December 15, 2021. The Trust is currently evaluating the impact of the adoption of this accounting guidance on its financial statements.

STANLEY SMITH HORTICULTURAL TRUST

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

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, 2020:

| December 31, 2020 | Quoted Prices in Active Markets (Level 1) | Total |
|--|--|---------------|
| U.S. common stocks: | | |
| Consumer discretionary | \$ 409,046 | \$ 409,046 |
| Financials | 577,705 | 577,705 |
| Consumer staples | 133,608 | 133,608 |
| Healthcare | 377,946 | 377,946 |
| Information technology | 1,373,628 | 1,373,628 |
| Total U.S. common stocks | 2,871,933 | 2,871,933 |
| U.S. equity funds: | | |
| ETF | 2,364,791 | 2,364,791 |
| Mutual funds | 2,738,900 | 2,738,900 |
| Total U.S. equity funds | 5,103,691 | 5,103,691 |
| International equity funds: | | |
| ETF | 481,280 | 481,280 |
| Mutual funds | 905,504 | 905,504 |
| Total international equity funds | 1,386,784 | 1,386,784 |
| Marketable alternatives | 923,403 | 923,403 |
| Bank deposit program funds and cash | 1,171,011 | 1,171,011 |
| U.S. fixed income mutual funds | 3,405,776 | 3,405,776 |
| Liabilities: | | |
| Covered calls | \$ (1,642) | \$ (1,642) |
| Total investments by fair value level | | 14,860,956 |
| Investments measured at the net asset value ("NAV"): | | |
| Hedge fund | | 1,654,047 |
| Private equity: real estate funds | | 1,852,794 |
| Total investments | | \$ 18,367,797 |

STANLEY SMITH HORTICULTURAL TRUST

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

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, 2019:

| December 31, 2019 | Quoted Prices in Active Markets (Level 1) | Total |
|--|--|---------------|
| U.S. common stocks: | | |
| Consumer discretionary | \$ 408,634 | \$ 408,634 |
| Financials | 776,395 | 776,395 |
| Energy | - | - |
| Healthcare | 566,349 | 566,349 |
| Industrials | 602,991 | 602,991 |
| Information technology | 1,819,593 | 1,819,593 |
| Telecommunications | 366,925 | 366,925 |
| Total U.S. common stocks | 4,540,887 | 4,540,887 |
| U.S. preferred stocks | - | - |
| U.S. equity funds: | | |
| ETF | 1,995,532 | 1,995,532 |
| Mutual funds | 1,833,321 | 1,833,321 |
| Total U.S. equity funds | 3,828,853 | 3,828,853 |
| International equity funds: | | |
| ETF | 830,180 | 830,180 |
| Mutual funds | 1,418,079 | 1,418,079 |
| Total international equity funds | 2,248,259 | 2,248,259 |
| Marketable alternatives | 914,560 | 914,560 |
| Money market funds | - | - |
| Bank deposit program funds and cash | 606,553 | 606,553 |
| U.S. fixed income mutual funds | 3,164,503 | 3,164,503 |
| Liabilities: | | |
| Covered calls | (2,254) | (2,254) |
| Total investments by fair value level | \$ 15,301,361 | 15,301,361 |
| Investments measured at the net asset value ("NAV"): | | |
| Hedge fund | | 1,505,853 |
| Private equity: real estate funds | | 1,087,296 |
| Total investments | | \$ 17,894,510 |

STANLEY SMITH HORTICULTURAL TRUST

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

3. Fair Value Measurements and Investments, continued

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.

The following tables list the investment in the real estate and hedge funds as of December 31, 2020 and 2019:

| December 31, 2020 | | | | | |
|-------------------|--|------------------------|----------------------------|---------------------------|---------------------------------|
| <u>Investment</u> | <u>Strategy</u> | <u>NAV in Fund</u> | <u>Number of Funds</u> | <u>Remaining Life</u> | <u>Unfunded Commitments</u> |
| Real estate funds | Domestic real estate related assets | \$ 1,852,794 | 2 | 4-5 | \$ 682,072 |
| Hedge fund | U.S. exchange listed equity securities | <u>1,654,047</u> | 1 | NA | <u>-</u> |
| | | <u>\$ 3,506,841</u> | | | <u>\$ 682,072</u> |

| December 31, 2019 | | | | | |
|-------------------|--|------------------------|----------------------------|---------------------------|---------------------------------|
| <u>Investment</u> | <u>Strategy</u> | <u>NAV in Fund</u> | <u>Number of Funds</u> | <u>Remaining Life</u> | <u>Unfunded Commitments</u> |
| Real estate funds | Domestic real estate related assets | \$ 1,087,296 | 2 | 5-6 | \$ 962,072 |
| Hedge fund | U.S. exchange listed equity securities | <u>1,505,853</u> | 1 | NA | <u>-</u> |
| | | <u>\$ 2,593,149</u> | | | <u>\$ 962,072</u> |

On October 23, 2020, the Trust together with PSAI Realty Partners IV, LLC, entered into an agreement of limited partnership to form a new partnership named as SFF Realty Fund IV, L.P. The Trust is a limited partner 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. No commitments were funded for the year end December 31, 2020.

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.

STANLEY SMITH HORTICULTURAL TRUST

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

4. Covered Calls

The Trust has written covered calls as part of its investment strategy. Included in equity securities as of December 31, 2020 and 2019 were short calls on various securities. The short calls constituted covered calls and entitled the holder to acquire 6,700 and 2,900 shares at various set prices per share for the years ended December 31, 2020 and 2019, respectively. The 2020 and 2019 calls expired on January 15, 2021 and January 17, 2020, respectively.

The notional and fair value of the calls as of December 31, 2020 and 2019 are as follows:

| | 2020 | | 2019 | |
|---------------|----------------|------------|----------------|------------|
| | Notional Value | Fair Value | Notional Value | Fair Value |
| Covered calls | \$ (439,031) | \$ (1,642) | \$ (642,000) | \$ (2,254) |

5. 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, 2020 and 2019:

| | 2020 | 2019 |
|--|---------------|---------------|
| Contributed capital | \$ 1,600,300 | \$ 1,600,300 |
| Contributions | 5,479,274 | 5,479,274 |
| Grants paid and payable, net of returned grants | (22,241,836) | (21,057,336) |
| Increase in value since inception of the Trust, net of operating expenses | 33,537,852 | 31,911,525 |
| Total net assets | \$ 18,375,590 | \$ 17,933,763 |

STANLEY SMITH HORTICULTURAL TRUST

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

6. Functional Expense Allocation

The indirect costs associated with certain expenses have been allocated on a functional basis in the statement of activities. 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 for the years ended December 31, 2020 and 2019 as follows:

| | 2020 | | | 2019 | | |
|------------------------------|------------------------------|----------------------------|---------------------|------------------------------|----------------------------|-------------------|
| | Grants and Grants Management | General and Administrative | Total | Grants and Grants Management | General and Administrative | Total |
| Grants | \$ 1,184,500 | \$ - | \$ 1,184,500 | \$ 730,080 | \$ - | \$ 730,080 |
| Administrative fees | 25,091 | 8,364 | 33,455 | 24,633 | 8,293 | 32,926 |
| Salaries | 63,761 | - | 63,761 | 62,000 | - | 62,000 |
| Professional and consultants | 1,436 | 43,756 | 45,192 | 7,153 | 33,976 | 41,129 |
| Trustee fees | 7,208 | 779 | 7,987 | 7,208 | 779 | 7,987 |
| Travel and meetings | - | - | - | 3,715 | - | 3,715 |
| Other | 3,030 | 160 | 3,190 | 2,269 | 160 | 2,429 |
| | <u>\$ 1,285,026</u> | <u>\$ 53,059</u> | <u>\$ 1,338,085</u> | <u>\$ 837,058</u> | <u>\$ 43,208</u> | <u>\$ 880,266</u> |

7. 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 \$320,000 and \$813,000 as of December 31, 2020 and 2019, respectively.

8. Federal Excise and Other Tax Expense

Federal excise tax expense was calculated at a rate of 1.39% and 1% in 2020 and 2019, respectively, and is included in the statement of activities for the years ended December 31, 2020 and 2019 as follows:

| | 2020 | 2019 |
|---------------------------------------|------------------|------------------|
| Federal excise and other tax expense: | | |
| Current federal excise | \$ 9,023 | \$ 8,207 |
| Deferred federal excise | 7,471 | 16,422 |
| UBIT | 3,189 | 1,427 |
| Foreign tax | 1,483 | 5,557 |
| | <u>\$ 21,166</u> | <u>\$ 31,613</u> |

STANLEY SMITH HORTICULTURAL TRUST

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

9. 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 \$966,000. 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 balance sheet date. The Trust has the following financial assets available to meet cash needs for general expenditures within one year as of December 31, 2020:

| | 2020 | 2019 |
|---|----------------------|----------------------|
| Cash | \$ 40,748 | \$ 36,375 |
| Investments, at fair value | 18,367,797 | 17,894,510 |
| Interest, dividends, and capital gains receivable | 17,484 | 39,568 |
| Total financial assets | 18,426,029 | 17,970,453 |
| Less: | | |
| Private equity investments in real estate | (1,852,794) | (1,087,296) |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 16,573,235</u> | <u>\$ 16,883,157</u> |

10. 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 \$100,831 and \$103,796 for the year ended December 31, 2020 and 2019, respectively. The investment management company was paid commissions of \$0 and \$6,215 in 2020 and 2019, respectively, which are included in the price of the securities.

A trustee was the managing member of the company AdminiTrust LLC that provided administrative services to the Trust. Fees to the administrative services company were \$0 and \$27,677 for the years ended December 31, 2020 and 2019, respectively. At the end of 2019, the company was dissolved and the Trust entered into an agreement, effective October 21, 2019, to receive administrative services from another related party trust which shares one trustee with the Trust. The terms of the agreement include a fee at a pro-rated amount of \$7,323, for the year ended December 31, 2019, \$36,050 in 2020, and \$37,132 in 2021. The agreement terminates December 31, 2021.

A trustee provides services as a grants director for the Trust. Fees to the grants director were approximately \$63,800 and \$62,000 for the years ended December 31, 2020 and 2019, respectively.

The trustees were paid trustee fees totaling \$15,000 for the years ended December 31, 2020 and 2019, which are allocated between grants management, general and administrative, and investment related expenses on the statement of activities and changes in net assets.

STANLEY SMITH HORTICULTURAL TRUST

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

11. Commitment and Contingency

COVID-19

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a global pandemic and recommended containment and mitigation measures worldwide. This contagious disease outbreak, which has continued to spread, and any adverse public health developments have negatively affected workforces and economies. To date, the Trust has not experienced significant financial issues, and the change in net assets is approximately \$442,000 for the year ended December 31, 2020. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude of the effect that the pandemic will have on the Trust’s financial condition, liquidity, and future results of operations. The Organization is actively monitoring the impact on its financial statements, liquidity, operations and workforce.

12. Subsequent Events

As discussed in Note 3, in October 2020, the Trust agreed to assume the responsibility as a limited partner for the capital commitment in the amount of \$750,000 as of December 31, 2020.

The Trust evaluated subsequent events for recognition and disclosure through June 9, 2021, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2020 that required recognition or disclosure in such financial statements.