

Financial Report

Revenue and Expenses

Fiscal year 2010 marked the 22nd consecutive year that The New York Botanical Garden has balanced its budget.

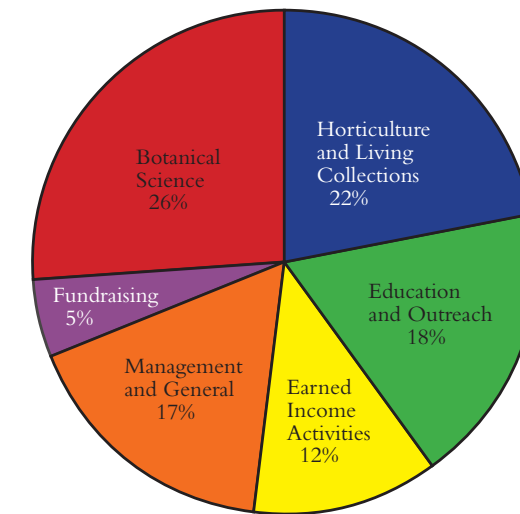
While the financial markets began to rebound from the collapse of the previous year, the Botanical Garden continued to face decreasing funding from the City of New York, a reduction in endowment income, an unsure market for earned income, and increasing mandated expenses.

The 2010 operating budget finished the year at \$57.2 million, net of special events expenses. This level of operations was relatively flat to 2009 during which the Garden reduced its workforce by 10 percent (50 full-time positions). The 2010 budget also had to absorb mandated increases in certain expenses such as healthcare, City-negotiated union wages, service contracts, and new payroll taxes. Overall, Program Services accounted for 78 percent of the budget, while Management and General expenses comprised 17 percent, and Fundraising costs made up the remaining 5 percent.

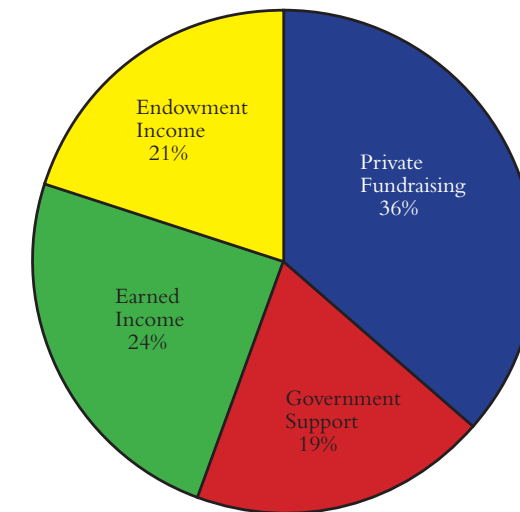
Despite the reduction in workforce, the Garden mounted another year of rich horticultural exhibitions, including *The Edible Garden* during the summer; *Kiku: The Art of the Japanese Chrysanthemum* in the autumn; *Holiday Train Show* from Thanksgiving into the New Year; *The Orchid Show: Cuba in Flower* over the late winter; and a new spring exhibition, *Emily Dickinson's Garden: The Poetry of Flowers*.

These programs were essential to stabilizing the Garden's revenue base. While challenged by poor weather conditions in the summer and autumn as well as a depressed economy, earned revenue activities driven in large part by these exhibitions generated 24 percent of the Garden's total annual revenue. Government funding continued to decline as the City of New York cut its operating support to the Garden. This cut was only partially mitigated by a new round of competitive National Science Foundation grants awarded to Garden scientists. In all, government funding amounted to 19 percent of the Garden's total annual revenue, down from 21 percent the previous year. Endowment income also declined in 2010 due to the significant market losses in fiscal 2009. Nevertheless, endowment income accounted for 21 percent of total annual revenue, indicating the importance of this source of funding especially in the face of declining government support.

With earned income, endowment income, and government support remaining flat or declining during this time of economic uncertainty, the Garden has had to rely heavily on its most loyal and generous constituents, in particular the Board of Managers, our closest friends and supporters, our members, and our regular visitors. Private fundraising accounted for 36 percent of total annual revenue, up from 34 percent in the previous year. This was due in part to the launching of a Board-approved initiative, *The Mertz Challenge in Honor of the Staff*, a two-year special fundraising program begun in fiscal year 2009 and successfully completed in 2010. Without the extraordinary effort of all those who contributed, the Garden would have had to make additional major reductions to its workforce, cutting programs in Science, Horticulture, and Education and severely impacting the maintenance of this National Historic Landmark.



Fiscal Year 2010 Operating Summary Expenses \$57.2 Million



Fiscal Year 2010 Operating Summary Revenue \$57.2 Million

Net Assets

The New York Botanical Garden's net assets increased modestly during the year by approximately \$4.5 million to \$386 million, owing to a partial rebound of the financial markets. Net assets include the total book value of land, buildings, and equipment constructed or purchased by the Garden net of accumulated depreciation and debt, as well as endowment funds.

The Botanical Garden's Standard and Poor's rating of A+ Stable was reconfirmed in 2010, due primarily to the Garden's 22-year track record of balanced budgets, the commitment of the Garden's Board of Managers, and the support of its donors, members, and friends.

The Board and the management of the Garden, as fiduciary stewards of these assets, understand that responsible financial management is a critical obligation to the institution and its donors. The Garden's President, Chief Operating Officer, Vice President for Finance and Planning, and the Controller are responsible for maintaining internal control over financial reporting for the Garden and have designed and instituted such internal controls to provide reasonable assurance that financial reporting is accurate and reliable. We thank the members of the Audit, Budget, and Investment committees for their leadership and guidance.