

# The New York Botanical Garden

Consolidated Financial Statements as of and for  
the Years Ended June 30, 2021 and 2020,  
Supplementary Information as of and for the  
Year Ended June 30, 2021, and  
Independent Auditors' Report

# THE NEW YORK BOTANICAL GARDEN

## TABLE OF CONTENTS

---

	<b>Page</b>
INDEPENDENT AUDITORS' REPORT	1–2
CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2021 AND 2020:	
Statements of Financial Position	3–4
Statements of Activities	5–6
Statements of Functional Expenses	7–8
Statements of Cash Flows	9
Notes to Consolidated Financial Statements	10–32
SUPPLEMENTARY INFORMATION—	33
Financial Responsibility Supplemental Schedule	34–35

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees of  
The New York Botanical Garden  
Bronx, New York

We have audited the accompanying consolidated financial statements of The New York Botanical Garden (the "Garden"), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Garden's preparation and fair presentation of the consolidated 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 Garden'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Garden as of June 30, 2021 and 2020, and the changes their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 2 to the consolidated financial statements, effective May 12, 2021, the LuEsther T. Mertz Legacy Trust for The New York Botanical Garden is included in the reporting entity of the Garden. Our opinion is not modified with respect to this matter.

## **Other Matters - Supplemental Consolidating Fund Information and Financial Responsibility Supplemental Schedule**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental consolidating fund information for 2021 and 2020 is presented for the purpose of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual funds, and is not a required part of the consolidated financial statements. The financial responsibility supplemental schedule as of and for the year ended June 30, 2021, is also presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. This supplementary consolidating fund information and the financial responsibility supplemental schedule are the responsibility of the Garden's management and were derived from and relate directly to the underlying accounting and other records used to prepare the 2021 and 2020 consolidated financial statements. Such information has been subjected to the auditing procedures applied in our audits of the 2021 and 2020 consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2021 consolidated financial statements or to the 2021 and 2020 consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated, in all material respects, in relation to the 2021 and 2020 consolidated financial statements as a whole.

*Deloitte & Touche LLP*

February 4, 2022

# THE NEW YORK BOTANICAL GARDEN

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (WITH SUPPLEMENTAL CONSOLIDATING FUND INFORMATION) AS OF JUNE 30, 2021

	Supplemental Consolidating Fund Information				Total
	General Operations	Special Programs	Endowment and Similar Funds	Building and Equipment	
<b>ASSETS</b>					
CASH AND CASH EQUIVALENTS	\$ 26,982,392	\$ 260,000	\$ 98,374	\$ -	\$ 27,340,766
ACCOUNTS AND INVESTMENT INCOME RECEIVABLE	1,148,858	193,740	-	-	1,342,598
GRANTS AND CONTRACTS RECEIVABLE	6,829,473	1,234,005	-	5,268,822	13,332,300
PLEDGES RECEIVABLE	-	6,897,420	7,023,680	713,488	14,634,588
INVENTORIES	887,977	-	-	-	887,977
PREPAID EXPENSES AND OTHER CURRENT ASSETS	195,920	591,110	-	72,033	859,063
FIXED ASSETS—Net	-	-	-	202,303,671	202,303,671
INVESTMENTS	387,017	38,934,504	431,788,689	-	471,110,210
DUE TO/FROM OTHER FUNDS	(25,004,085)	25,353,911	1,195,558	(1,545,384)	-
<b>TOTAL ASSETS</b>	<b>\$ 11,427,552</b>	<b>\$ 73,464,690</b>	<b>\$ 440,106,301</b>	<b>\$ 206,812,630</b>	<b>\$ 731,811,173</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 4,104,628	\$ 61,502	\$ -	\$ 16,794	\$ 4,182,924
Accrued expenses and other liabilities	2,392,046	1,507,474	-	36,054	3,935,574
Deferred income and refundable advances	1,669,212	33,779	-	-	1,702,991
Accrued vacation liability	1,638,556	499,221	-	-	2,137,777
Conditional asset retirement obligation	-	-	-	2,977,992	2,977,992
Interest rate swap valuation liability	-	-	-	9,638,803	9,638,803
Loans payable	-	-	-	2,780,158	2,780,158
Capital lease obligation	-	-	-	896,733	896,733
Long-term debt	-	-	-	46,195,075	46,195,075
<b>Total liabilities</b>	<b>9,804,442</b>	<b>2,101,976</b>	<b>-</b>	<b>62,541,609</b>	<b>74,448,027</b>
<b>COMMITMENTS AND CONTINGENCIES</b>					
<b>NET ASSETS:</b>					
Without donor restrictions:					
General operations	1,623,110	-	-	-	1,623,110
Designated for special programs	-	24,458,647	-	-	24,458,647
Nonoperating:					
Funds functioning as endowment	-	-	118,648,637	-	118,648,637
Designated for land, buildings, and equipment	-	-	-	2,268,821	2,268,821
Net investment in land, buildings, and equipment	-	-	-	138,288,705	138,288,705
<b>Total nonoperating</b>	<b>-</b>	<b>-</b>	<b>118,648,637</b>	<b>140,557,526</b>	<b>259,206,163</b>
<b>Total without donor restrictions</b>	<b>1,623,110</b>	<b>24,458,647</b>	<b>118,648,637</b>	<b>140,557,526</b>	<b>285,287,920</b>
With donor restrictions:					
Program activities	-	46,904,067	-	-	46,904,067
Unexpended endowment return	-	-	118,784,032	-	118,784,032
Land, buildings, and equipment	-	-	-	3,713,495	3,713,495
Permanently restricted	-	-	202,673,632	-	202,673,632
<b>Total with donor restrictions</b>	<b>-</b>	<b>46,904,067</b>	<b>321,457,664</b>	<b>3,713,495</b>	<b>372,075,226</b>
<b>Total net assets</b>	<b>1,623,110</b>	<b>71,362,714</b>	<b>440,106,301</b>	<b>144,271,021</b>	<b>657,363,146</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 11,427,552</b>	<b>\$ 73,464,690</b>	<b>\$ 440,106,301</b>	<b>\$ 206,812,630</b>	<b>\$ 731,811,173</b>

See notes to consolidated financial statements.

# THE NEW YORK BOTANICAL GARDEN

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (WITH SUPPLEMENTAL CONSOLIDATING FUND INFORMATION) AS OF JUNE 30, 2020

	Supplemental Consolidating Fund Information				Total
	General Operations	Special Programs	Endowment and Similar Funds	Building and Equipment	
<b>ASSETS</b>					
CASH AND CASH EQUIVALENTS	\$ 16,450,826	\$ -	\$ 216,051	\$ -	\$ 16,666,877
ACCOUNTS AND INVESTMENT INCOME RECEIVABLE	980,871	188,702	-	-	1,169,573
GRANTS AND CONTRACTS RECEIVABLE	545,920	973,190	-	7,452,888	8,971,998
PLEDGES RECEIVABLE	-	7,576,016	9,059,342	1,616,785	18,252,143
INVENTORIES	1,101,428	-	-	-	1,101,428
PREPAID EXPENSES AND OTHER CURRENT ASSETS	207,931	632,332	-	144,065	984,328
FIXED ASSETS—Net	-	-	-	211,269,528	211,269,528
INVESTMENTS	259,389	4,948,738	341,949,706	-	347,157,833
DUE TO/FROM OTHER FUNDS	(11,928,872)	12,916,005	3,406,294	(4,393,427)	-
<b>TOTAL ASSETS</b>	<b>\$ 7,617,493</b>	<b>\$27,234,983</b>	<b>\$354,631,393</b>	<b>\$216,089,839</b>	<b>\$605,573,708</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 1,573,658	\$ 274,990	\$ -	\$ 1,467,817	\$ 3,316,465
Accrued expenses and other liabilities	1,717,788	1,573,085	-	-	3,290,873
Deferred income and refundable advances	269,372	447,240	-	2,740,551	3,457,163
Accrued vacation liability	2,433,565	580,231	-	-	3,013,796
Conditional asset retirement obligation	-	-	-	2,890,317	2,890,317
Interest rate swap valuation liability	-	-	-	13,493,825	13,493,825
Loans payable	-	-	-	3,409,627	3,409,627
Capital lease obligation	-	-	-	1,703,659	1,703,659
Long-term debt	-	-	-	49,626,900	49,626,900
<b>Total liabilities</b>	<b>5,994,383</b>	<b>2,875,546</b>	<b>-</b>	<b>75,332,696</b>	<b>84,202,625</b>
<b>COMMITMENTS AND CONTINGENCIES</b>					
<b>NET ASSETS:</b>					
Without donor restrictions:					
General operations	1,623,110	-	-	-	1,623,110
Designated for special programs	-	2,217,715	-	-	2,217,715
Nonoperating:					
Funds functioning as endowment	-	-	108,436,075	-	108,436,075
Designated for land, buildings, and equipment	-	-	-	7,452,888	7,452,888
Net investment in land, buildings, and equipment	-	-	-	131,687,470	131,687,470
<b>Total nonoperating</b>	<b>-</b>	<b>-</b>	<b>108,436,075</b>	<b>139,140,358</b>	<b>247,576,433</b>
<b>Total without donor restrictions</b>	<b>1,623,110</b>	<b>2,217,715</b>	<b>108,436,075</b>	<b>139,140,358</b>	<b>251,417,258</b>
With donor restrictions:					
Program activities	-	22,141,722	-	-	22,141,722
Unexpended endowment return	-	-	48,869,686	-	48,869,686
Land, buildings, and equipment	-	-	-	1,616,785	1,616,785
Permanently restricted	-	-	197,325,632	-	197,325,632
<b>Total with donor restrictions</b>	<b>-</b>	<b>22,141,722</b>	<b>246,195,318</b>	<b>1,616,785</b>	<b>269,953,825</b>
<b>Total net assets</b>	<b>1,623,110</b>	<b>24,359,437</b>	<b>354,631,393</b>	<b>140,757,143</b>	<b>521,371,083</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 7,617,493</b>	<b>\$27,234,983</b>	<b>\$354,631,393</b>	<b>\$216,089,839</b>	<b>\$605,573,708</b>

See notes to consolidated financial statements.

# THE NEW YORK BOTANICAL GARDEN

## CONSOLIDATED STATEMENT OF ACTIVITIES (WITH SUPPLEMENTAL CONSOLIDATING FUND INFORMATION) FOR THE YEAR ENDED JUNE 30, 2021

	Supplemental Consolidating Fund Information					Total
	General Operations	Special Programs	Nonoperating	Total Without Donor Restrictions	Total With Donor Restrictions	
REVENUES, SUPPORT, AND GAINS:						
Appropriations—City of New York	\$ 7,238,335	\$ -	\$ 307,092	\$ 7,545,427	\$ 183,376	\$ 7,728,803
Grants and contracts:						
Federal	9,612,213	-	-	9,612,213	924,633	10,536,846
State	2,439,355	-	-	2,439,355	326,924	2,766,279
Private gifts, grants, and bequests	9,407,376	-	1,252,521	10,659,897	20,627,436	31,287,333
Special events	1,358,275	898,461	-	2,256,736	-	2,256,736
Less expenses incurred for special events	(1,285,172)	(137,965)	-	(1,423,137)	-	(1,423,137)
Special events—net	73,103	760,496	-	833,599	-	833,599
Net investment return and endowment return not used in operations	8,296	960,494	13,421,042	14,389,832	70,670,210	85,060,042
Endowment return used in operations	2,652,639	-	-	2,652,639	17,347,361	20,000,000
Tuition fees	2,354,341	95,462	-	2,449,803	-	2,449,803
Membership income	6,667,800	-	-	6,667,800	-	6,667,800
Admissions and tours	9,572,318	-	-	9,572,318	-	9,572,318
Auxiliary enterprises	4,146,999	209,424	-	4,356,423	-	4,356,423
Other	389,276	106,063	-	495,339	-	495,339
Net assets released from restrictions	6,326,143	28,175,279	6,867,117	41,368,539	(41,368,539)	-
Total revenues, support, and gains	60,888,194	30,307,218	21,847,772	113,043,184	68,711,401	181,754,585
EXPENSES AND OTHER DEDUCTIONS:						
Program services	38,453,283	14,353,155	12,951,795	65,758,233	-	65,758,233
Management and general	9,325,253	888,641	1,459,592	11,673,486	-	11,673,486
Fundraising	4,776,969	4,327	769,124	5,550,420	-	5,550,420
Total expenses and other deductions	52,555,505	15,246,123	15,180,511	82,982,139	-	82,982,139
INCREASE (DECREASE) BEFORE TRANSFERS AND NONOPERATING GAINS (LOSSES)	8,332,689	15,061,095	6,667,261	30,061,045	68,711,401	98,772,446
TRANSFERS	(746,663)	(360,784)	1,107,447	-	-	-
INCREASE (DECREASE) BEFORE DEFERRED TAX BENEFIT	7,586,026	14,700,311	7,774,708	30,061,045	68,711,401	98,772,446
DEFERRED TAX EXPENSE	-	(45,405)	-	(45,405)	-	(45,405)
TRANSFER TO SPECIAL PROGRAMS	(7,586,026)	7,586,026	-	-	-	-
ADDITION OF THE LEGACY TRUST	-	-	-	-	33,410,000	33,410,000
GAIN ON VALUATION OF INTEREST RATE SWAPS	-	-	3,855,022	3,855,022	-	3,855,022
CHANGES IN NET ASSETS	-	22,240,932	11,629,730	33,870,662	102,121,401	135,992,063
NET ASSETS—Beginning of year	1,623,110	2,217,715	247,576,433	251,417,258	269,953,825	521,371,083
NET ASSETS—End of year	\$ 1,623,110	\$ 24,458,647	\$ 259,206,163	\$ 285,287,920	\$ 372,075,226	\$ 657,363,146

See notes to consolidated financial statements.

# THE NEW YORK BOTANICAL GARDEN

## CONSOLIDATED STATEMENT OF ACTIVITIES (WITH SUPPLEMENTAL CONSOLIDATING FUND INFORMATION) FOR THE YEAR ENDED JUNE 30, 2020

	Supplemental Consolidating Fund Information					Total
	General Operations	Special Programs	Nonoperating	Total Without Donor Restrictions	Total With Donor Restrictions	
REVENUES, SUPPORT, AND GAINS:						
Appropriations—City of New York	\$ 8,120,669	\$ -	\$ 10,254,222	\$ 18,374,891	\$ 464,584	\$ 18,839,475
Grants and contracts:						
Federal	6,267,490	-	-	6,267,490	1,167,372	7,434,862
State	2,571,756	-	-	2,571,756	736,621	3,308,377
Private gifts, grants, and bequests	9,974,734	-	2,085,855	12,060,589	9,663,627	21,724,216
Special events	906,910	1,679,481	-	2,586,391	-	2,586,391
Less expenses incurred for special events	(1,406,356)	(397,127)	-	(1,803,483)	-	(1,803,483)
Special events—net	(499,446)	1,282,354	-	782,908	-	782,908
Net investment return and endowment return not used in operations	53,928	154,026	(2,669,745)	(2,461,791)	(8,106,769)	(10,568,560)
Endowment return used in operations	1,959,567	-	-	1,959,567	14,697,728	16,657,295
Tuition fees	2,224,117	315,766	-	2,539,883	-	2,539,883
Membership income	4,955,140	-	-	4,955,140	-	4,955,140
Admissions and tours	7,858,094	-	-	7,858,094	-	7,858,094
Auxiliary enterprises	3,244,927	103,423	-	3,348,350	-	3,348,350
Other	135,984	86,426	-	222,410	-	222,410
Net assets released from restrictions	3,889,685	15,238,827	5,339,589	24,468,101	(24,468,101)	-
Total revenues, support, and gains	<u>50,756,645</u>	<u>17,180,822</u>	<u>15,009,921</u>	<u>82,947,388</u>	<u>(5,844,938)</u>	<u>77,102,450</u>
EXPENSES AND OTHER DEDUCTIONS:						
Program services	36,661,875	16,728,764	13,450,134	66,840,773	-	66,840,773
Management and general	9,027,375	543,093	1,250,638	10,821,106	-	10,821,106
Fundraising	4,874,302	10,863	734,697	5,619,862	-	5,619,862
Total expenses and other deductions	<u>50,563,552</u>	<u>17,282,720</u>	<u>15,435,469</u>	<u>83,281,741</u>	<u>-</u>	<u>83,281,741</u>
INCREASE (DECREASE) BEFORE TRANSFERS AND NONOPERATING GAINS (LOSSES)	193,093	(101,898)	(425,548)	(334,353)	(5,844,938)	(6,179,291)
TRANSFERS	(107,587)	(186,734)	294,321	-	-	-
INCREASE (DECREASE) BEFORE DEFERRED TAX BENEFIT	85,506	(288,632)	(131,227)	(334,353)	(5,844,938)	(6,179,291)
DEFERRED TAX BENEFIT	-	18,439	-	18,439	-	18,439
Loss on valuation of interest rate swaps	-	-	(3,361,405)	(3,361,405)	-	(3,361,405)
CHANGES IN NET ASSETS	85,506	(270,193)	(3,492,632)	(3,677,319)	(5,844,938)	(9,522,257)
NET ASSETS—Beginning of year	<u>1,537,604</u>	<u>2,487,908</u>	<u>251,069,065</u>	<u>255,094,577</u>	<u>275,798,763</u>	<u>530,893,340</u>
NET ASSETS—End of year	<u>\$ 1,623,110</u>	<u>\$ 2,217,715</u>	<u>\$ 247,576,433</u>	<u>\$ 251,417,258</u>	<u>\$ 269,953,825</u>	<u>\$ 521,371,083</u>

See notes to consolidated financial statements.



# THE NEW YORK BOTANICAL GARDEN

## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2021

	Saving the Plants of the World	Urban Oasis	Education and Outreach	Exhibitions	Earned Income Activities	Maintenance Security and Energy	Total Program Services	Management and General	Fundraising	Total
OPERATING EXPENSES:										
Salaries and wages	\$ 4,777,019	\$ 4,500,984	\$ 3,947,831	\$ 3,331,924	\$ 4,241,150	\$ 4,209,858	\$ 25,008,766	\$ 5,986,158	\$2,750,710	\$33,745,634
Fringe benefits	1,972,094	1,953,955	1,463,133	1,487,773	1,503,334	1,598,020	9,978,309	2,107,243	1,190,865	13,276,417
Professional fees	58,211	1,553,403	133,014	106,905	117,763	699,409	2,668,705	461,634	449,353	3,579,692
Supplies and materials	215,579	725,180	279,726	594,255	68,719	209,360	2,092,819	85,193	23,337	2,201,349
Telecommunications	23,490	22,644	190,270	48,093	2,053	16,064	302,614	52,346	1,762	356,722
Postage and shipping	9,017	206,536	8,728	154,211	136,655	836	515,983	8,413	13,233	537,629
Utilities and occupancy	-	44,969	7,775	29,714	55,147	2,560,963	2,698,568	297	-	2,698,865
Equipment operating costs	127,989	192,623	159,795	2,159	20,478	439,241	942,285	370,110	3,922	1,316,317
Equipment purchases	19,242	63,278	73,908	51,692	37,867	63,643	309,630	101,978	7,638	419,246
Printing and publications	243,271	148,001	18,112	31,191	226,672	3,239	670,486	230,383	24,095	924,964
Travel and fieldwork	526,356	20,673	777	178,593	1,263	2,808	730,470	719	1,677	732,866
Conferences and meetings	372	4,376	4,407	11,218	-	4,187	24,560	8,945	8,747	42,252
Bank and investment fees	421	3,788	75,522	207,281	219,210	36,834	543,056	220,828	19,993	783,877
Insurance	749	114,721	119,781	119,781	-	119,781	474,813	242,150	239,562	956,525
Cost of goods sold	11,789	-	-	-	1,871,398	-	1,883,187	-	-	1,883,187
Advertising and marketing	-	-	-	965,384	30,106	-	995,490	-	-	995,490
Miscellaneous	45,990	818,704	50,913	442,033	554,640	748,511	2,660,791	643,403	46,402	3,350,596
Total operating expenses	<u>8,031,589</u>	<u>10,373,835</u>	<u>6,533,692</u>	<u>7,762,207</u>	<u>9,086,455</u>	<u>10,712,754</u>	<u>52,500,532</u>	<u>10,519,800</u>	<u>4,781,296</u>	<u>67,801,628</u>
NONOPERATING EXPENSES:										
Noncapitalized expenditures for land, buildings, and equipment	-	-	-	-	-	27,991	27,991	-	-	27,991
Interest, fees, and amortization	983,124	711,549	135,961	-	503,152	-	2,333,786	-	-	2,333,786
Depreciation	2,174,106	2,616,904	2,770,783	-	642,968	2,691,163	10,895,924	1,153,686	769,124	12,818,734
Total nonoperating expenses	<u>3,157,230</u>	<u>3,328,453</u>	<u>2,906,744</u>	<u>-</u>	<u>1,146,120</u>	<u>2,719,154</u>	<u>13,257,701</u>	<u>1,153,686</u>	<u>769,124</u>	<u>15,180,511</u>
TOTAL EXPENSES	<u>\$11,188,819</u>	<u>\$13,702,288</u>	<u>\$9,440,436</u>	<u>\$ 7,762,207</u>	<u>\$ 10,232,575</u>	<u>\$ 13,431,908</u>	<u>\$ 65,758,233</u>	<u>\$11,673,486</u>	<u>\$5,550,420</u>	<u>\$82,982,139</u>

See notes to consolidated financial statements.

# THE NEW YORK BOTANICAL GARDEN

## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2020

	Saving the Plants of the World	Urban Oasis	Education and Outreach	Exhibitions	Earned Income Activities	Maintenance Security and Energy	Total Program Services	Management and General	Fundraising	Total
OPERATING EXPENSES:										
Salaries and wages	\$ 5,073,539	\$ 4,730,589	\$4,209,767	\$3,272,779	\$4,368,408	\$ 4,386,800	\$26,041,882	\$ 5,863,453	\$2,941,635	\$34,846,970
Fringe benefits	2,081,197	1,985,233	1,450,205	1,347,735	1,549,118	1,626,325	10,039,813	1,961,400	1,187,103	13,188,316
Professional fees	109,656	1,002,169	344,922	655,862	81,026	779,980	2,973,615	332,196	244,645	3,550,456
Supplies and materials	205,154	728,412	317,774	101,364	81,818	76,581	1,511,103	83,743	12,222	1,607,068
Telecommunications	22,928	23,533	13,956	162,515	3,390	21,169	247,491	118,203	5,743	371,437
Postage and shipping	19,324	197,074	2,122	103,597	151,965	-	474,082	10,688	11,301	496,071
Utilities and occupancy	-	28,313	148,578	831	45,158	2,293,238	2,516,118	-	592	2,516,710
Equipment operating costs	90,402	151,522	73,891	38,224	9,291	157,078	520,408	296,279	30,311	846,998
Equipment purchases	27,821	33,517	18,304	29,860	32,681	38,272	180,455	75,497	12,735	268,687
Printing and publications	295,500	71,054	12,906	292,443	260,969	7,722	940,594	175,758	38,425	1,154,777
Travel and fieldwork	466,119	45,277	47,064	10,624	41,561	4,457	615,102	5,629	11,721	632,452
Conferences and meetings	18,084	14,398	27,387	86,423	-	7,587	153,879	16,601	76,376	246,856
Bank and investment fees	1,123	6,205	67,284	217,400	121,541	33,725	447,278	206,392	11,519	665,189
Insurance	891	144,501	134,120	134,120	-	134,120	547,752	268,240	268,240	1,084,232
Cost of goods sold	13,912	1,200	-	2,218	1,135,123	-	1,152,453	-	-	1,152,453
Advertising and marketing	-	-	-	2,119,848	42,559	23	2,162,430	-	-	2,162,430
Miscellaneous	268,359	1,293,192	50,060	202,662	430,330	621,581	2,866,184	156,389	32,597	3,055,170
Total operating expenses	<u>8,694,009</u>	<u>10,456,189</u>	<u>6,918,340</u>	<u>8,778,505</u>	<u>8,354,938</u>	<u>10,188,658</u>	<u>53,390,639</u>	<u>9,570,468</u>	<u>4,885,165</u>	<u>67,846,272</u>
NONOPERATING EXPENSES:										
Noncapitalized expenditures for land, buildings, and equipment	15,138	-	-	-	15,096	31,953	62,187	148,593	-	210,780
Interest, fees, and amortization	1,255,240	908,496	173,593	-	642,418	-	2,979,747	-	-	2,979,747
Depreciation	2,124,177	2,530,218	2,558,354	-	607,337	2,588,114	10,408,200	1,102,045	734,697	12,244,942
Total nonoperating expenses	<u>3,394,555</u>	<u>3,438,714</u>	<u>2,731,947</u>	<u>-</u>	<u>1,264,851</u>	<u>2,620,067</u>	<u>13,450,134</u>	<u>1,250,638</u>	<u>734,697</u>	<u>15,435,469</u>
TOTAL EXPENSES	<u>\$12,088,564</u>	<u>\$13,894,903</u>	<u>\$9,650,287</u>	<u>\$8,778,505</u>	<u>\$9,619,789</u>	<u>\$12,808,725</u>	<u>\$66,840,773</u>	<u>\$10,821,106</u>	<u>\$5,619,862</u>	<u>\$83,281,741</u>

See notes to consolidated financial statements.

# THE NEW YORK BOTANICAL GARDEN

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 135,992,063	\$ (9,522,257)
Adjustments to reconcile changes in net assets to net cash and cash equivalents used in operating activities:		
Depreciation	12,818,734	12,244,942
Amortization of discount on conditional asset retirement obligation	87,675	81,939
Actuarial (loss) gain on annuity obligations	6,003	(10,868)
Loss (gain) on valuation of interest rate swaps	(3,855,022)	3,361,405
Deferred tax (benefit) expense	45,405	(18,439)
Amortization of bond issue costs and bond discount	48,175	48,175
Amortization of discount on pledges receivable	(210,819)	(90,885)
Contributions designated for permanently restricted endowment	(7,035,676)	(2,208,000)
Grants and contributions designated for land, buildings, and equipment	(5,689,228)	(16,111,246)
Stock gifts	(1,153,580)	(1,035,317)
Net realized and unrealized losses (gains) on investments	(138,764,330)	(6,158,537)
Decrease (increase) in operating assets:		
Accounts receivable and investment income receivable	(173,025)	147,345
Grants and contracts receivable	(4,360,302)	(251,481)
Pledges receivable	3,828,374	7,423,668
Inventories	213,451	(372,115)
Prepaid expenses and other assets	79,860	454,649
Increase (decrease) in operating liabilities:		
Accounts payable	866,459	(1,098,540)
Accrued expenses and other liabilities	772,361	(524,428)
Deferred income and refundable advances	(1,754,172)	2,580,301
Accrued vacation liability	(876,019)	320,416
Net cash and cash equivalents used in operating activities	<u>(9,113,613)</u>	<u>(10,739,273)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from maturities/sales of investments	72,084,484	80,957,219
Purchases of investments	(56,118,951)	(64,036,868)
Purchase of fixed assets	<u>(3,852,877)</u>	<u>(13,813,110)</u>
Net cash and cash equivalents provided by (used in) investing activities	<u>12,112,656</u>	<u>3,107,241</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions received for endowment	7,035,676	2,208,000
Grants and contributions received for fixed assets	5,689,228	16,111,246
Payment of annuity obligations	(133,663)	(98,055)
Issuance of annuity obligations	-	222,635
Proceeds of capital lease and credit line	-	5,000,000
Repayment of long-term debt	(3,480,000)	(3,260,000)
Repayments of credit line, bank term loan payable, and capital lease	<u>(1,436,395)</u>	<u>(6,420,030)</u>
Net cash and cash equivalents provided by financing activities	<u>7,674,846</u>	<u>13,763,796</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	10,673,889	6,131,764
CASH AND CASH EQUIVALENTS—Beginning of year	<u>16,666,877</u>	<u>10,535,113</u>
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 27,340,766</u>	<u>\$ 16,666,877</u>
SUPPLEMENTARY INFORMATION—Interest paid	<u>\$ 2,281,472</u>	<u>\$ 2,827,183</u>

See notes to consolidated financial statements.

# THE NEW YORK BOTANICAL GARDEN

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

---

### 1. ORGANIZATION

The New York Botanical Garden (the “Garden”) located in the Bronx, New York, a not-for-profit organization, is a museum of plants and a scientific research center devoted to the study of plants and their uses. It is the Garden’s mission to improve public understanding of the natural world, horticulture, and the relationships between plants and people. It is also the Garden’s mission to expand humanity’s knowledge of plants and how they are utilized.

### 2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

**Basis of Presentation**—The accompanying consolidated financial statements represent the accounts of the Garden, a private not-for-profit corporation, formed in 1891 by the State of New York (the “State”), and its wholly owned limited liability company, North Central Bronx Real Estate, LLC. North Central Bronx Real Estate, LLC was formed during the year ended June 30, 2013, to conduct acquisition of real property investments for the Garden and to perform management services incidental to ownership of those investments. The accompanying consolidated financial statements also include the activities of The LuEsther T. Mertz Legacy Trust for The New York Botanical Garden (the “Legacy Trust”). The Legacy Trust was created on May 12, 2021, and was organized for the benefit of the Garden. The Garden controls the majority voting interest in the Legacy Trust, and the Garden benefits from any income generated by the Legacy Trust’s assets.

The consolidated financial statements of the Garden have been prepared on an accrual basis to conform with accounting principles generally accepted in the United States of America and with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*.

Based on the existence or absence of donor-imposed restrictions, the Garden classifies resources into two categories: without donor restrictions and with donor restrictions.

Net assets without donor restrictions include all resources which are not subject to donor-imposed restrictions. All revenues, gains, and losses that are not restricted by donors are included in this classification. All expenses are reported as decreases in net assets without donor restrictions.

Net assets with donor restrictions include all resources which are subject to donor-imposed restrictions that will be met either by actions of the Garden or the passage of time. These net assets include donor-restricted endowments, unconditional pledges, split interest agreements, and interest in perpetual trusts held by others. Generally, the donor-imposed restrictions of these assets permit the Garden to use all or part of the income earned on related investments only for certain general or specific purposes.

Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions in the consolidated statements of activities. Contributions, including unconditional promises to give, are recognized as revenue in the period received at their net present value.

## Significant Accounting Policies

**Cash Equivalents**—The Garden considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents, except for such assets held as part of the long-term investment strategy of the endowment funds. A substantial portion of the Garden’s cash is maintained at two financial institutions. From time to time, the Garden could be exposed to credit risk related to cash deposited with financial institutions in excess of federally insured limits. However, management does not believe that the Garden is exposed to any significant credit risk related to its cash and cash equivalents.

**Accounts Receivable**—Accounts receivable consist of fund-raising receivables for special fund-raising events that are collectible within one year, receivables for accrued income on long-term investments, and other sundry receivables related to earned income activities. Accounts receivable are carried at cost less allowance for doubtful accounts.

**Grants and Contracts**—The Garden receives a substantial amount of its operating support from federal, state, and local governments. The Garden records as revenue the reimbursement of indirect costs for applicable government-sponsored programs at negotiated rates each year. Indirect cost recovery revenue is recognized when reimbursements are billed to the sponsoring agency. The Garden’s indirect cost recovery rate was 53.29% and 51.32% for the years ended June 30, 2021 and 2020, respectively.

**Pledges Receivable**—The Garden recognizes promises to give contributions in the year in which such promises are made or become unconditional. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Those expected to be collected in future years are recorded at the present value of future cash flows. Pledges are discounted to approximate present value using the applicable US Treasury note rate in effect on June 30 of the year in which the pledges are received. Pledges are recorded net of an allowance for uncollectible amounts.

**Inventories**—Inventories consist of goods held for sale by the Garden’s retail shop and scientific publications managed by the New York Botanical Garden Press. The Garden records its inventories using an average cost method of inventory valuation.

**Investments**—Investments consist of cash equivalents whose maturity exceeds 90 days at the date of acquisition, common stocks, fixed-income securities, fixed-income and equity mutual funds, certain real estate holdings and limited partnership interests in alternative investments, and private equity and hedge funds. Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Certain amounts temporarily due from and held by fund managers are reported within investments at fair value together with the related holding.

Alternative investments and hedge funds invest and trade in various securities that are unlisted or thinly traded. The fair value of these holdings is determined by management based on the net asset values (NAVs) provided by the external investment managers of the alternative investment or hedge fund. Real estate held for investment purposes is recorded at fair value and assessed annually for impairment (Note 2). Gains or losses on investments are recognized as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor restrictions or by law. Investments with significant unobservable inputs for assets or liabilities, such as shares in privately held companies, are considered to be Level 3 investments.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes could occur and materially affect the amounts reported in the consolidated financial statements.

**Fixed Assets**—Fixed assets are recorded at cost. Expenditures in excess of \$5,000 and having at least a two-year expected useful life are capitalized. Expenditures that do not meet these criteria are expensed as incurred. Assets are depreciated on a straight-line basis using the half-year convention. Equipment, furniture, and fixtures are depreciated over lives ranging from 5 to 10 years. Land and building improvements are depreciated over 20 years. Buildings are depreciated over 45 years.

**Impairment of Long-Lived Assets**—Long-lived assets, which consist primarily of property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. When such events occur, the Garden compares the carrying amounts of the assets to the undiscounted expected future cash flows. If this comparison indicates that there may be an impairment, the amount of the impairment is calculated as the difference between the carrying value and the fair value. During the years ended June 30, 2021 and 2020, no impairments were recorded.

**Collections**—The Garden's collections include living plants, herbarium specimens, art objects, books, prints, and ephemera. The Garden has not capitalized the collections. The Garden's collections are maintained for public exhibition, education, and research in furtherance of public service rather than for financial gain. Collections are among the most valuable assets of the Garden and are protected, kept unencumbered, cared for, and preserved.

**Gift Annuities**—The Garden manages a segregated gift annuity fund and records gifts at the fair value of the assets received and liabilities for the payments to be made to the beneficiaries during the donor's life. The liabilities are based on the present value of the payments expected to be made, as determined using Internal Revenue Service mortality tables and commensurate discount rates. The investments related to the gift annuities are classified in the Special Programs Fund as long-term investments, and the liability for beneficiary payments is included in accrued expenses and other liabilities. The value of assets in the fund was \$5,934,504 and \$4,948,738 at June 30, 2021 and 2020, respectively. The liability for the present value of deferred gifts was \$1,424,476 and \$1,564,143 at June 30, 2021 and 2020, respectively.

**Conditional Asset Retirement Obligation**—The Garden has recorded estimates for its conditional asset retirement obligations associated with constructed facilities and equipment. Equivalent amounts have been capitalized and included in fixed assets.

**Derivative Instruments**—The Garden records derivative instruments (e.g., interest rate swap agreements) at fair value in accordance with FASB ASC 815, *Disclosures about Derivative Instruments and Hedging Activities*. The change in fair value during the reporting period is recognized below the operating measure in the consolidated statements of activities.

**Revenue Recognition**—The Garden reports gifts of cash and other assets as restricted support if received with donor stipulations that limit the use of those assets. When expenditures are incurred that fulfill a donor restriction, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Revenues from earned income sources are recognized when delivery of goods or services has been rendered.

Revenues from exchange transactions are recognized as performance obligations are satisfied, which in some cases are as related costs are incurred. Revenues from nonexchange transactions (contributions) may be subject to conditions, in the form of both a barrier to entitlement and a refund of amounts paid (or a release from obligation to make future payments). Revenues from conditional nonexchange transactions are recognized when the barrier is satisfied. Funds received in advance (for an exchange transaction, prior to the performance obligation being satisfied; or for a contribution nonexchange transaction, prior to the condition being achieved) are recorded as deferred revenue in the consolidated statements of financial position.

***Use of Estimates***—The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

***In-Kind Contributions***—The Garden receives in-kind contributions of advertising, food, and supplies relating to its fund-raising events. The Garden received no in-kind donations during the year ended June 30, 2021, and approximately \$214,000 of botanical books for the year ended June 30, 2020. In-kind contributions were recorded at fair value as gift revenue and as miscellaneous expenses.

***Donated Services***—Volunteers donated approximately 5,561 hours and 41,900 hours during the years ended June 30, 2021 and 2020, respectively, providing various levels of service in almost all areas, including research, horticulture, education, the library, other support, and special events. The value of the contributed time has not been recorded in the Garden’s consolidated statements of activities because the contributed time does not meet the recognition criteria under FASB ASC 958-605, *Accounting for Contributions Received and Contributions Made*.

### **Expenses and Other Deductions**

The Garden’s basis for allocating functional expenses is determined by the organization’s chart of accounts structure, which includes a segment for organizational division. Functional expenses are allocated principally by the divisional segment code.

***Program Services***—Program services are those activities of the Garden committed to the research and study of plants and the related activities in disseminating the information to the public. Program services include science (research), horticulture, education, library services, scientific publications, operations, security, audience development, and auxiliary enterprises.

***Management and General***—Management and general expenses include finance and administration, institutional services (printing and graphics, business services, information technology, human resources, and capital projects), government relations, and executive management.

***Fund-Raising***—Fund-raising expenses include development expenses.

### **Supplemental Fund Information**

***General Operations***—General operations include all program and support and auxiliary enterprises activities that are funded by revenue without donor restrictions.

***Special Programs***—Special programs include program and support services that are funded primarily with donor-restricted funds and designated funds without donor restrictions.

**Nonoperating**—Nonoperating includes all activities related to the land, building, and equipment fund; changes in the fair value of derivatives; and activity related to endowment and similar funds without donor restrictions.

**Tax Status**—The Garden is a Section 501(c)(3) charitable organization exempt from federal income taxes under Section 501(a) of the US Internal Revenue Code (IRC). It has been classified as a publicly supported charitable organization under Section 509 (a)(1) and qualifies for the maximum charitable contribution deduction by donors. In addition, the State and the City of New York (the “City”) have classified the Garden as nonprofit in character, and as such, the Garden is exempt from payment of income taxes to the State and the City. FASB ASC 740-10-05-6, *Accounting for Uncertainty in Income Taxes*, prescribes the minimum recognition threshold a tax position must meet in connection with accounting for uncertainties in income tax positions taken or expected to be taken by an entity before being measured and recognized in the financial statements. The Garden has reported no potential liabilities for uncertain tax positions at June 30, 2021 or 2020. On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (the “Act”) was signed into legislation. The Act includes numerous changes in tax law related to tax-exempt organizations, including, but not limited to, a 21% excise tax assessed against executive compensation of covered individuals, unrelated business income taxes on qualified transportation fringe benefits, and a reduction in the federal income tax rate for corporations from 35% to 21%, which took effect for taxable years beginning on or after January 1, 2018. The Garden recorded a deferred tax asset (DTA) because it was determined that the DTA will be fully utilized prior to the expiration of its net operating losses. These provisions were considered, and none were identified that would affect the tax-exempt status of the Garden as of June 30, 2021.

**New Accounting Standards**—In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, amending the existing accounting standards for revenue recognition. The amendments are based on the principle that revenue should be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. The Garden adopted this ASU on July 1, 2020, and the adoption did not have a material impact on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, affecting the accounting for leases, intending to increase transparency and comparability of organizations by requiring balance sheet presentation of leased assets and increased financial statement disclosure of leasing arrangements. The revised standard will require entities to recognize a liability for their lease obligations and a corresponding asset representing the right to use the underlying asset over the lease term. Lease obligations have to be measured at the present value of lease payments and accounted for using the effective interest method. The accounting for the leased asset will differ slightly depending on whether the agreement is deemed to be a financing or operating lease. For finance leases, the leased asset is depreciated on a straight-line basis and recorded separately from the interest expense in the consolidated statements of activities, resulting in higher expense in the earlier part of the lease term. For operating leases, the depreciation and interest expense components are combined, recognized evenly over the term of the lease, and presented as a reduction to operating income. This ASU requires that assets and liabilities be presented or disclosed separately and classified appropriately as current and noncurrent. This ASU further requires additional disclosure of certain qualitative and quantitative information related to lease agreements. This ASU is effective for the Garden’s fiscal year ending June 30, 2023, at which time it expects to adopt the new standard. The Garden is currently assessing its



existing lease agreements and related financial disclosures to evaluate the impact of these amendments on its consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU provides additional guidance for evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and for determining whether a contribution is conditional or unconditional. The Garden adopted this ASU on July 1, 2019, and the adoption did not have a material impact on its consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820)—Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. This guidance eliminates, modifies, and adds certain disclosures on fair value measurements. The Garden adopted this ASU on July 1, 2020, and the adoption did not have a material impact on its consolidated financial statements.

In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind, in an effort to improve transparency in reporting nonprofit gifts-in-kind. This ASU is effective for the Garden's fiscal year ending June 30, 2022. The Garden is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

**COVID-19 Pandemic**—On March 11, 2020, the World Health Organization declared the global outbreak of the novel coronavirus (COVID-19) as a pandemic. Throughout the years ended June 30, 2020 and 2021, the Garden was subject to operational restrictions and other safety protocols in accordance with New York City and State executive orders and guidance related to the pandemic. The Garden was required to close its doors to the public during the period from March 16, 2020, through July 21, 2020, in order to comply with these measures. The reopened Garden has since been operating in accordance with New York City and State safety guidance and directives, including attendance capacity restrictions, social distancing requirements, and vaccination certification requirements. The incidence of COVID-19 has therefore negatively affected the Garden's operating results, earned income, and attendance. While it is anticipated that the effects of COVID-19 may continue to negatively affect the Garden's financial position, the trend in earned income since reopening has been positive.

**Transfer to Special Programs**—The Garden transferred the net results of its General Operations to its Special Programs. These funds will be used for the benefit of the Garden in future years.

### 3. INVESTMENTS

The carrying value of investments as of June 30, 2021 and 2020, is as follows:

	<b>2021</b>			
	<b>General Operations</b>	<b>Special Programs</b>	<b>Endowment and Similar Funds</b>	<b>Total</b>
Cash and cash equivalents	\$265,301	\$ 262,513	\$ 18,450,286	\$ 18,978,100
Fixed-income securities—U.S. Treasuries	-	1,854,904	-	1,854,904
Fixed-income mutual funds	-	-	759,899	759,899
Equity mutual funds	121,716	3,817,087	48,826,330	52,765,133
Alternative investment and hedge funds:				
Equity	-	33,000,000	4,928,469	37,928,469
Absolute return and equity hedge	-	-	291,441,766	291,441,766
Private	-	-	35,959,439	35,959,439
Real estate	-	-	31,422,500	31,422,500
<b>Total</b>	<b><u>\$387,017</u></b>	<b><u>\$ 38,934,504</u></b>	<b><u>\$431,788,689</u></b>	<b><u>\$471,110,210</u></b>
	<b>2020</b>			
	<b>General Operations</b>	<b>Special Programs</b>	<b>Endowment and Similar Funds</b>	<b>Total</b>
Cash and cash equivalents	\$ 259,389	\$ 756,085	\$ 28,611,841	\$ 29,627,315
Futures contracts	-	-	6,009	6,009
Fixed-income securities—U.S. Treasuries	-	4,192,653	-	4,192,653
Fixed-income mutual funds	-	-	3,441,175	3,441,175
Equity mutual funds	-	-	42,917,620	42,917,620
Alternative investment and hedge funds:				
Equity	-	-	3,892,515	3,892,515
Absolute return and equity hedge	-	-	210,732,874	210,732,874
Private	-	-	27,897,672	27,897,672
Real estate	-	-	24,450,000	24,450,000
<b>Total</b>	<b><u>\$ 259,389</u></b>	<b><u>\$ 4,948,738</u></b>	<b><u>\$ 341,949,706</u></b>	<b><u>\$ 347,157,833</u></b>

State law allows the Garden’s board of trustees (the “Board of Trustees”) to appropriate as much of the net appreciation as is prudent considering the Garden’s long-term and short-term needs, present and anticipated financial requirements, expected total return on its investments, price-level trends, and general economic conditions.

The Garden has adopted investment and spending policies for endowment assets to provide long-term capital appreciation to supply funds for the specified purposes for which the original endowed gifts were given. The time horizon for the endowment is perpetuity. The investment assets of the Garden are fully outsourced on a discretionary basis to an external professional investment management firm. The investment committee of the Board of Trustees has responsibility for setting the Garden’s investment policy statement.

The long-term objective of the Garden is to stabilize annual spending levels to preserve the real value of the endowment portfolio over time. The expected return on endowment assets is the sum of the annual spending rate, the long-term inflation rate, and any growth factor, which the investment committee may deem appropriate.

The Board of Trustees approved \$20,000,000 and \$16,657,295 drawdowns to support operations for 2021 and 2020, respectively. The effective rates for the years ended June 30, 2021 and 2020, were 6.15% and 5.02%, respectively.

The investment return (loss) and its classification in the consolidated statements of activities for the years ended June 30, 2021 and 2020, are summarized as follows:

	<b>2021</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Dividends and interest income	\$ 148,947	\$ 1,253,503	\$ 1,402,450
Less investment fees	(20,539)	(2,086,199)	(2,106,738)
Net realized and unrealized gains	<u>16,914,063</u>	<u>88,850,267</u>	<u>105,764,330</u>
Total gain on investments—net of investment fees	17,042,471	88,017,571	105,060,042
Endowment return used in operations	<u>(2,652,639)</u>	<u>(17,347,361)</u>	<u>(20,000,000)</u>
Net investment gain (loss)	<u>\$ 14,389,832</u>	<u>\$ 70,670,210</u>	<u>\$ 85,060,042</u>
	<b>2020</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Dividends and interest income	\$ 189,595	\$ 1,405,659	\$ 1,595,254
Less investment fees	(29,676)	(1,635,380)	(1,665,056)
Net realized and unrealized gains	<u>(662,143)</u>	<u>6,820,680</u>	<u>6,158,537</u>
Total gain on investments—net of investment fees	(502,224)	6,590,959	6,088,735
Endowment return used in operations	<u>(1,959,567)</u>	<u>(14,697,728)</u>	<u>(16,657,295)</u>
Net investment gain (loss)	<u>\$ (2,461,791)</u>	<u>\$ (8,106,769)</u>	<u>\$ (10,568,560)</u>

#### 4. DONOR-RESTRICTED AND BOARD-DESIGNATED ENDOWMENT AND SIMILAR FUNDS

Donor-restricted and board-designated endowment and similar funds by net asset class as of June 30, 2021, are as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-restricted funds	\$ -	\$ 321,457,664	\$ 321,457,664
Board-designated funds	118,648,637	-	118,648,637
Net appreciation of donor-restricted net assets available for appropriation	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 118,648,637</u></b>	<b><u>\$ 321,457,664</u></b>	<b><u>\$ 440,106,301</u></b>

Changes in donor-restricted and board-designated endowment and similar funds for the year ended June 30, 2021, are as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Balance—beginning of the year	\$ 108,436,075	\$ 246,195,318	\$ 354,631,393
Contributions	144,451	4,592,141	4,736,592
Net investment return	16,081,977	88,017,566	104,099,543
Amounts appropriated for expenditure and other changes	<u>(6,013,866)</u>	<u>(17,347,361)</u>	<u>(23,361,227)</u>
<b>Balance—end of year</b>	<b><u>\$ 118,648,637</u></b>	<b><u>\$ 321,457,664</u></b>	<b><u>\$ 440,106,301</u></b>

Donor-restricted and board-designated endowment and similar funds by net asset class as of June 30, 2020, are as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-restricted funds	\$ -	\$ 197,325,632	\$ 197,325,632
Board-designated funds	108,436,075	-	108,436,075
Net appreciation of donor-restricted net assets available for appropriation	<u>-</u>	<u>48,869,686</u>	<u>48,869,686</u>
<b>Total</b>	<b><u>\$ 108,436,075</u></b>	<b><u>\$ 246,195,318</u></b>	<b><u>\$ 354,631,393</u></b>

Changes in donor-restricted and board-designated endowment and similar funds for the year ended June 30, 2020, are as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Balance—beginning of the year	\$ 114,357,410	\$ 254,828,282	\$ 369,185,692
Contributions	650,000	448,000	1,098,000
Net investment return	(710,177)	6,590,959	5,880,782
Amounts appropriated for expenditure and other changes	<u>(5,861,158)</u>	<u>(15,671,923)</u>	<u>(21,533,081)</u>
Balance—end of year	<u>\$ 108,436,075</u>	<u>\$ 246,195,318</u>	<u>\$ 354,631,393</u>

## 5. FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurement*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements and investments measured at NAV). The levels of the fair value hierarchy under FASB ASC 820 are described below:

**Level 1**—Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Garden has the ability to access at the measurement date. Market price data is generally obtained from exchange or dealer markets. Instruments categorized in Level 1 primarily consist of a broadly traded range of equity and debt securities.

**Level 2**—Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means
- Inputs that are obtained from various sources, including market participants, dealers, and brokers

**Level 3**—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The methods described above may produce a fair value that may not be indicative of net realizable value or reflective of future values. In addition, while the Garden believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

**NAV**—Interests in alternative investment funds, such as fixed income, equities, hedged strategies, private capital, and real assets, are generally reported at the NAV reported by the fund managers. Unless it is probable that all or a portion of the investment will be sold for an amount other than NAV, management has concluded, as a practical expedient, that the NAV approximates fair value.

Following is a description of the valuation methodologies used for items measured at fair value:

**Fixed-Income Securities and Mutual Funds**—Valued at the closing price reported on the active market on which the individual securities are traded.

**Equity Securities and Mutual Funds**—Valued at the closing price reported on the active market on which the individual securities are traded.

**Alternative Investment and Hedge Funds**—Valued at NAV of shares held by the fund as reported by the fund managers. Equity investments in privately held corporations are valued using estimates.

**Cash Equivalents**—The fair value approximates the carrying amount because of the short maturity of these instruments.

**Futures Contracts**—Fund managers may invest in short-term futures contracts. The Garden employs futures contracts for the purpose of hedging its risks and rebalancing its market exposure. Futures are reflected at fair value.

**Real Estate**—The Garden holds direct real estate investments that are valued using the sales comparison approach, a generally accepted appraisal methodology. Evaluations are carried out by independent appraisers and the investments are categorized as Level 3 within the fair value hierarchy.

**Interest Rate Swaps**—Valued at discounted future cash flows under proprietary financial models developed by the counterparty.

	Classification as of June 30, 2021				
	Level 1	Level 2	Level 3	Investments Measured at NAV	Total
Cash and cash equivalents	\$18,978,100	\$ -	\$ -	\$ -	\$ 18,978,100
Fixed-income securities—					
U.S. Treasuries	1,854,904	-	-	-	1,854,904
Fixed-income mutual funds	759,899	-	-	-	759,899
Equity mutual funds	52,765,133	-	-	-	52,765,133
Alternative investment and hedge funds:					
Cash and cash equivalents	-	-	-	-	-
Equity <sup>(a)</sup>	-	-	33,000,000	4,928,469	37,928,469
Absolute return and equity hedge <sup>(b)</sup>	-	-	-	291,441,766	291,441,766
Private <sup>(c)</sup>	-	-	-	35,959,439	35,959,439
Real estate	-	-	31,422,500	-	31,422,500
Interest rate swap valuation liability	-	(9,638,803)	-	-	(9,638,803)

**Classification as of June 30, 2020**

	Level 1	Level 2	Level 3	Investments Measured at NAV	Total
Cash and cash equivalents	\$29,627,315	\$ -	\$ -	\$ -	\$ 29,627,315
Futures contracts	6,009	-	-	-	6,009
Fixed-income securities—					
U.S. Treasuries	4,192,653	-	-	-	4,192,653
Fixed-income mutual funds	3,441,175	-	-	-	3,441,175
Equity mutual funds	42,917,620	-	-	-	42,917,620
Alternative investment and hedge funds:					
Cash and cash equivalents	-	-	-	-	-
Equity <sup>(a)</sup>	-	-	-	3,892,515	3,892,515
Absolute return and equity hedge <sup>(b)</sup>	-	-	-	210,732,874	210,732,874
Private <sup>(c)</sup>	-	-	-	27,897,672	27,897,672
Real estate	-	-	24,450,000	-	24,450,000
Interest rate swap valuation liability	-	(13,493,825)	-	-	(13,493,825)

(a) The purpose of the allocation to equities is to provide long-term capital appreciation. Equity managers are selected with the objective of building a portfolio that is diversified by geographic region, economic sector, industry, and market capitalization. The objective in selecting equity managers is to generate average annual compounded returns higher than the relevant broad market indices (i.e., the S&P 500, the Russell 1000, MSCI EAFE, and MSCI World), net of fees, over full market cycles (5–10 years). Funds are locked up for periods ranging from one year to 30 months. As of June 30, 2021 and 2020, the percentage of fair value of the investments owned and classified as Level 1 by equity investment funds was 83% and 90%, respectively.

(b) The alternative asset allocation may include both “absolute return strategies” and long/short “equity hedge” strategies. Absolute return strategies typically involve event-driven, stressed, and distressed credit, and spread-based arbitrage investments. Absolute return strategies tend to be both flexible and opportunistic. They incorporate differentiated drivers of return compared to traditional investment strategies, and as a result, they are expected to produce returns, which exhibit relatively low correlation to broad market indices over longer time horizons. Equity hedge managers typically make both long and short investments and produce returns that can be expected to correlate more closely with the performance of the equity markets than would the performance of the absolute return strategies, though with lower volatility than traditional “long only” equity managers. Investments in alternative assets are generally subject to an initial lockup of 12–24 months or longer, and thereafter, investors can typically withdraw quarterly or annually with advance notice. Over time, alternative assets should generate returns comparable to long-term equity markets but with lower volatility than equity markets. Funds are locked up for periods ranging from one year to 25 months.

(c) Private equity investments encompass diverse strategies, including buyout, growth, venture capital, and control-oriented distressed. These illiquid investments generally have four- to six-year investment periods and approximately 10-year fund lives. Given their illiquidity, private investments are expected to generate higher returns than public market strategies. The performance of funds raised and managed by the same team following similar strategies can vary significantly from one period to the next. Thus, investment in this asset class requires diversification across not only manager, strategies, and geographies but also “vintage years.” Funds are locked up for extended periods.

In accordance with Subtopic 820-10, certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statements of financial position.

Except for interest rate swaps and futures contracts, the Garden does not directly invest in derivative instruments; however, its external investment managers do invest directly in such instruments, as their investment strategy may dictate.

Under the terms of certain investment agreements, the Garden had funding commitments outstanding of approximately \$39,206,615 and \$26,569,287 at June 30, 2021 and 2020, respectively. The Garden maintains sufficient liquidity in its investment portfolio to cover such commitments.

The changes in the fair value of the Garden's Level 3 assets for the years ended June 30, 2021 and 2020, are summarized as follows:

	<b>Level 3</b>	
	<b>2021</b>	<b>2020</b>
Balance—beginning of year	\$ 24,450,000	\$ 23,550,000
Purchases and contributions	37,872,500	-
Redemptions	-	-
Change in fair value	<u>2,100,000</u>	<u>900,000</u>
Balance—end of year	<u>\$ 64,422,500</u>	<u>\$ 24,450,000</u>

In accordance with ASU No. 2009-12, *Fair Value Measurements and Disclosures*, disclosures regarding the category, fair value, unfunded commitments, frequency, for assets measured at NAV whose fair value is estimated using NAV per share as of June 30, 2021 and 2020, are summarized as follows:

<b>Category/Objective</b>	<b>2021</b>			
	<b>Fair Value Determined Using NAV</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
Alternative investments—equity <sup>(a)</sup>	\$ 4,928,469	\$ -	Monthly, semi-annually	30–90 days
Alternative investments—absolute return and equity hedge <sup>(b)</sup>	291,441,766	5,171,754	Daily, monthly, bimonthly, quarterly, semiannually, annually	Daily–90 days
Alternative investments—private <sup>(c)</sup>	<u>35,959,439</u>	<u>5,916,678</u>	N/A	N/A
Total	<u>\$ 332,329,674</u>	<u>\$ 11,088,432</u>		



Category/Objective	2020			
	Fair Value Determined Using NAV	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Alternative investments—equity <sup>(a)</sup>	\$ 3,892,511	\$ -	Monthly, semi-annually	30–90 days
Alternative investments—absolute return and equity hedge <sup>(b)</sup>	210,732,874	5,729,399	Daily, monthly, bimonthly, quarterly, semiannually, annually	Daily–90 days
Alternative investments—private <sup>(c)</sup>	<u>27,897,672</u>	<u>20,839,888</u>	N/A	N/A
Total	<u>\$ 242,523,057</u>	<u>\$ 26,569,287</u>		

## 6. PLEDGES RECEIVABLE

Pledges receivable consisted of the following as of June 30, 2021 and 2020:

	2021	2020
Gross contributions:		
Within one year	\$ 6,606,667	\$ 8,088,234
One to five years	4,376,964	6,887,196
More than five years	<u>6,500,000</u>	<u>6,600,000</u>
Total gross contributions	17,483,631	21,575,430
Allowance for uncollectible amounts	(1,511,577)	(1,775,000)
Discount to present value (applied discount rates range from 0.1% to 2.9%)	<u>(1,337,466)</u>	<u>(1,548,287)</u>
Net pledges receivable	<u>\$ 14,634,588</u>	<u>\$ 18,252,143</u>

## 7. LONG-TERM DEBT

**Land, Building, and Equipment Fund**—The Garden is constructing, expanding, and renovating a number of facilities. A portion of the costs of these projects has been financed by the sale of revenue bonds issued in fiscal year 2010 by The Trust for Cultural Resources of the City of New York (the “Trust”).

**Series 2009A Bond**—On August 14, 2009, the Garden entered into a loan agreement with the Trust (the “Series 2009A bonds”). The Trust loaned to the Garden the proceeds of a \$68.1 million Series 2009A bonds refunding revenue bond issued for the purpose of refunding an outstanding bridge loan with JPMorgan Chase (the “Bank”) and to cover the costs of issuance. The borrowings under the bridge loan were repaid.

The loan agreement obligates the Garden to make payments equal to the debt service requirements of the Series 2009A bonds. The Series 2009A bonds bear variable rates of interest, determined weekly by the designated remarketing agent, Morgan Stanley & Co., pursuant to a remarketing agreement. The bonds are supported by an irrevocable transferable letter of credit (the “Letter”) issued by the Bank to Wells Fargo (the “bond trustee”). The Letter permits the bond trustee to draw upon the funds of the Bank for payment of interest and principal in the event the remarketing agent is unable to remarket the bonds. The interest rate was 0.03% at June 30, 2021. The Series 2009A bonds loan agreement requires monthly interest payments, which commenced on September 1, 2009, and annual principal payments that commenced July 1, 2015, with the final payment due July 1, 2032. Issuance costs and discount on the bonds are being amortized over the term of the bond issue.

The Series 2009A bondholders have the option to put the bonds back to the Trust. The bonds are subject to remarketing efforts by the remarketing agent. To the extent that such remarketing efforts were unsuccessful, the nonmarketable bonds would be purchased from the proceeds of the letter of credit agreement with the Bank, which expires on May 30, 2023.

If the letter of credit agreement is not extended or replaced, the bonds must be tendered. If tendered, the bonds would be purchased from the proceeds of the expiring letter of credit agreement. Bonds purchased from the proceeds of the letter of credit agreement would be converted to a term loan and become payable over three years. The Series 2009A bonds have been reported in accordance with the scheduled maturities contained in the bond agreements in the table of annual principal payments below.

If all the Series 2009A bonds were put back to the Trust on June 30, 2021, and not remarketed, the required repayments of the outstanding bond principal, after giving effect to the terms of the related letter of credit agreement, would be as follows:

<b>Years Ending June 30</b>	<b>Total</b>
2022	\$ 15,575,000
2023	15,575,000
2024	15,575,000
Less unamortized discount and debt issuance costs	<u>(529,925)</u>
 Total	 <u>\$ 46,195,075</u>

**JPMorgan Chase Credit Lines**—The Garden was party to an unsecured credit line agreement with JPMorgan Chase. The agreement allowed the Garden to borrow up to \$10,000,000, with variable interest at London InterBank Offered Rate (LIBOR), plus 80 basis points. The agreement expired on June 30, 2021. The Garden is party to a secured five-year construction line of credit and term loan facility with JP Morgan Chase, bearing interest at LIBOR, plus 100-basis points, and maturing in November 2025. At June 30, 2021 and 2020, there were \$1,501,666 and \$1,841,666, respectively, borrowings outstanding.

**JPMorgan Chase Term Loan**—The Garden is party to a secured five-year term loan with JPMorgan Chase, bearing interest at LIBOR, plus 100-basis points, and maturing in November 2025. The repayment terms of the loan require monthly equal principal payments assuming a 10-year maturity, which commenced in April 2013, with the remaining principal amount due and payable on the maturity date. Loan principal amounts of \$289,470 and \$307,014 were repaid during the years ended June 30,

2021 and 2020, respectively. At June 30, 2021 and 2020, there were \$1,278,492 and \$1,567,961 borrowings outstanding, respectively.

The aggregate principal payments due on long-term debt, bank loan, and credit line are as follows:

<b>Years Ending June 30</b>	<b>Series 2009A Bond</b>	<b>JPMorgan Chase Term Loan</b>	<b>JPMorgan Chase Credit Line</b>	<b>Total</b>
2022	\$ 3,605,000	\$ 289,470	\$ 340,000	\$ 4,234,470
2023	3,790,000	289,470	340,000	4,419,470
2024	3,950,000	289,470	340,000	4,579,470
2025	4,075,000	289,470	340,000	4,704,470
2026	4,260,000	120,612	141,666	4,522,278
Thereafter	<u>27,045,000</u>	<u>-</u>	<u>-</u>	<u>27,045,000</u>
<b>Total</b>	<b><u>\$46,725,000</u></b>	<b><u>\$1,278,492</u></b>	<b><u>\$1,501,666</u></b>	<b><u>\$49,505,158</u></b>

**Interest Rate Swap Agreements**—In February of 2005, the Garden entered into two interest rate swap agreements and a swaption agreement with a counterparty. The interest rate swap agreements are for notional amounts of \$40,000,000 and \$27,900,000, wherein the Garden agrees to pay the counterparty a fixed rate of interest equal to 3.63% and 3.61%, respectively. The counterparty pays a floating rate based on 70% of USD LIBOR. The notional amounts of the interest rate swap agreements decrease based on the Series 2009A bond amortization schedule and expire in 2032 and 2026. The swaption agreement has a notional amount of \$15,000,000 and was exercised on May 26, 2006. The underlying interest rate swap agreement requires the Garden to pay a fixed rate of 3.61% on a \$15,000,000 notional amount that decreases through 2035 based on an amortization schedule. The counterparty pays a floating rate based on 70% of USD LIBOR.

The Garden's net benefit or obligation under these agreements is accounted for in the Garden's consolidated statements of financial position as an asset or liability. The estimated fair value of the swap agreements is \$(9,638,803) and \$(13,493,825) at June 30, 2021 and 2020, respectively. Gains or losses on valuation are reported in the consolidated statements of activities as nonoperating gains or losses.

**Capital Leases**—The Garden has entered into capital leases for the purpose of financing upgrades to its computer network, enterprise resource planning system, and other administrative software applications. Funds borrowed under the leases are payable over terms of 48 months. The Garden did not enter into any capital lease agreements during the years ended June 30, 2021 and 2020.

<b>Fiscal Year</b>	<b>2021</b>	<b>2020</b>
Computer software	\$ 3,179,009	\$ 3,179,009
Less accumulated depreciation	<u>(1,987,538)</u>	<u>(1,531,604)</u>
	<b><u>\$ 1,191,471</u></b>	<b><u>\$ 1,647,405</u></b>

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2021:

**Fiscal Year**

2022	\$ 731,057
2023	<u>191,743</u>
	922,800
Less interest	<u>(26,066)</u>
Present value of minimum lease payments	<u>\$ 896,734</u>

**8. PENSION PLAN AND POSTRETIREMENT BENEFITS**

Pension benefits are provided to eligible employees through the Cultural Institutions Retirement System (CIRS), a multiemployer retirement system.

Participation in a multiemployer defined benefit pension plan includes the following risks:

- Assets contributed to the plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer ceases to contribute to a multiemployer plan, the unfunded obligation of the plan may be borne by the remaining participating employers.
- If the Garden were to withdraw from the plan, the Garden may be required to pay the plan an amount based on the underfunded status of the plan and on the history of the Garden's participation in the plan prior to withdrawal. This is referred to as a withdrawal liability.

The CIRS plan has a certified zone status as currently defined by the Pension Protection Act of 2006. The zone status is based on information provided to the Garden and other participating employers by CIRS and is certified by the plan's actuary. The following are descriptions of the zone status types based on criteria established under the IRC:

- **"Red" Zone**—Plan has been determined to be in "critical status" and is generally less than 65% funded. A rehabilitation plan, as required under the IRC, must be adopted by plans in the "red" zone. Plan participants may be responsible for the payment of surcharges, in addition to the contribution rate specified in the applicable collective bargaining agreement, for a plan in "critical status," in accordance with the requirements of the IRC.
- **"Yellow" Zone**—Plan has been determined to be in "endangered status" and is generally less than 80% funded. A funding improvement plan, as required under the IRC, must be adopted.
- **"Green" Zone**—Plan has been determined to be neither in "critical status" nor in "endangered status," and is generally at least 80% funded.
- The CIRS plan was in the "green" zone for the two most-recent benefit plan years that have been certified.

Information about the CIRS retirement plan and its financial condition at June 30, 2021 and 2020, is summarized as follows:

Legal Plan name	The Cultural Institutions Pension Plan
Plan taxpayer ID number	11-2001170
Plan number	001
Expiration date of collective bargaining agreement	December 31, 2021

	<u>Year Ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
Pension Protection Act Zone Status (certified by plan actuary)	Green	Green
Contributions made to the plan by the Garden	\$ 3,786,136	\$ 3,782,523
Contributions made by the Garden were in excess of 5% of total contributions to the plan?	Yes	Yes

In 2021, pension expense was \$3,992,937 including \$534,714 paid by the City. In 2020, pension expense was \$3,984,966, including \$614,608 paid by the City. The Garden makes annual contributions to the CIRS plan equal to amounts accrued for expense, including amortization of past services cost over 30 years. On July 1, 2020, the date of the last actuarial valuation, the market value of CIRS plan assets was \$1.23 billion. Accumulated benefit liabilities of the plan were \$2.70 billion.

Under the terms of its collective bargaining agreement, the Garden also contributes to a multiemployer postretirement health care plan covering retired union employees. Postretirement benefit costs equal to the amount of the required contributions are recorded as expense. The Garden contributed approximately \$754,765 and \$696,518 to the plan in the years ended June 30, 2021 and 2020, respectively.

The Garden has supplemental key executive deferred compensation agreements. Under the terms of the agreements, the obligations outstanding at June 30, 2021 and 2020, were \$412,500 and \$235,000, respectively, and are included in accrued expenses and other liabilities in the consolidated statements of financial position. Expenses incurred under the agreements during the years ended June 30, 2021 and 2020, were \$412,500 and \$359,000, respectively.

## 9. FIXED ASSETS

Title to substantially all of the land, buildings, and improvements operated by the Garden is held by the City; however, use of the properties is dedicated exclusively to the Garden in accordance with the original 1891 Act of Incorporation of The New York Botanical Garden. All such assets are recorded on the books of the Garden.

The Garden is responsible for the facility's management and operation, and for maintaining certain insurance coverage. The City may provide gas, electricity, and water; funding for improvement and new construction; funding for the salaries and medical benefits of certain employees, including those employed in the maintenance and care of the property; and pension expense of certain employees.

In addition, the City, from time to time, has made improvements to the existing facility on behalf of the Garden. Title to such improvements remains with the City. The Garden has adopted the policy of capitalizing such expenditures and recorded such amounts as temporarily restricted contributions in accordance with the City's instructions. The Garden amortizes these costs over a 20-year period.

In 2021 and 2020, the City allocated \$307,092 and \$10,254,222, respectively, for appropriations relating to capital projects. From 1990 to 2021, the City has contributed \$159,194,000 toward the Garden’s capital expenses. The Garden also receives funding for capital projects from private and other sources which have contributed approximately \$163,375,000.

Fixed assets as of June 30, 2021 and 2020, are summarized as follows:

	<b>2021</b>	<b>2020</b>
Land	\$ 9,053,130	\$ 9,053,130
Land improvements	80,127,729	80,127,729
Buildings	164,857,935	164,857,935
Building improvements	109,861,024	108,092,881
Equipment, furniture, and fixtures	24,962,799	23,697,963
Construction in progress	2,031,610	1,211,712
Conditional asset retirement costs	<u>4,200,000</u>	<u>4,200,000</u>
	395,094,227	391,241,350
Less accumulated depreciation	<u>(192,790,556)</u>	<u>(179,971,822)</u>
Total	<u>\$ 202,303,671</u>	<u>\$ 211,269,528</u>

Outstanding commitments for construction in progress were \$1,640,000 and \$3,856,467 at June 30, 2021 and 2020, respectively.

Depreciation expense for the year ended June 30, 2021, was \$12,818,734 (Program Services, \$10,895,923; Management and General, \$1,153,045; and Fundraising, \$769,124). Depreciation expense for the year ended June 30, 2020, was \$12,244,942 (Program Services, \$10,408,200; Management and General, \$1,102,045; and Fundraising, \$734,697).

The changes in the carrying value of the Garden’s conditional asset retirement obligation for the years ended June 30, 2021 and 2020, are summarized as follows:

	<b>2021</b>	<b>2020</b>
Balance—beginning of year	\$ 2,890,317	\$ 2,808,378
Amortization of discount	<u>87,675</u>	<u>81,939</u>
Balance—end of year	<u>\$ 2,977,992</u>	<u>\$ 2,890,317</u>

## 10. DONOR-RESTRICTED NET ASSETS

Donor-restricted net assets that are temporarily restricted as of June 30, 2021 and 2020, are available for the following purposes or periods:

	<b>2021</b>	<b>2020</b>
Investment earnings accumulated for program and other operating activities	\$ 158,790,679	\$ 63,435,392
Buildings and equipment	3,713,495	1,616,785
Pledges due in future years for program activities	<u>6,897,420</u>	<u>7,576,016</u>
	<u>\$ 169,401,594</u>	<u>\$ 72,628,193</u>

During the years ended June 30, 2021 and 2020, net assets were released from donor restrictions by incurring expenses or expenditures satisfying the restricted purposes specified by donors. Restricted sources of revenue include government support, private gifts, grants and bequests, and endowment income. Purpose and time restrictions, met by program category, for the years ended June 30, 2021 and 2020, are as follows:

	<b>2021</b>	<b>2020</b>
Purpose restrictions accomplished:		
Science	\$ 14,007,235	\$ 8,523,014
Horticulture	20,405,643	11,713,609
Education and outreach	<u>6,955,661</u>	<u>4,231,478</u>
Total restrictions released	<u>\$ 41,368,539</u>	<u>\$ 24,468,101</u>

For the years ended June 30, 2021 and 2020, net assets with donor restrictions that are permanently restricted include investments that are held in perpetuity, the total return from which is expendable to support:

	<b>2021</b>	<b>2020</b>
Program activities	\$ 199,764,173	\$ 194,416,173
Building operations	1,238,829	1,238,829
Any activity of the organization	<u>1,670,630</u>	<u>1,670,630</u>
	<u>\$ 202,673,632</u>	<u>\$ 197,325,632</u>

Net assets with donor restrictions that are permanently restricted include contributions and pledges, which require, by donor restriction, that the corpus be invested in perpetuity and that only investment return be made available for operations or other purposes in accordance with donor restrictions.

## 11. APPROPRIATIONS—CITY OF NEW YORK

Appropriations from the City of New York for the years ended June 30, 2021 and 2020, are summarized as follows:

	2021	2020
General operating support	\$ 4,803,323	\$ 5,657,008
Energy appropriation	1,900,298	1,849,053
Pension contribution	534,714	614,608
Restricted program support	183,376	464,584
Capital support	<u>307,092</u>	<u>10,254,222</u>
Total	<u>\$ 7,728,803</u>	<u>\$ 18,839,475</u>

## 12. TUITION FEES REVENUE

**School of Professional Horticulture**—Tuition fees revenue includes tuition and fees earned by the Garden’s School of Professional Horticulture (the “School”). Student financial assistance received on behalf of students enrolled in the program (e.g., loans and grants funded by government and private sources) is reported as tuition fees in the consolidated statements of activities. Gross and net tuition and fees earned by the School for the years ended June 30, 2021 and 2020, were \$70,408 and \$155,800, respectively. There were no refunds in 2021 and 2020.

The School incurred operating expenses of \$312,582 and \$317,165 for the years ended June 30, 2021 and 2020, respectively.

**School of Horticulture and Landscape Design**—Tuition fees revenue earned by the Garden’s School of Horticulture and Landscape Design were \$110,783 (net of refunds of \$17,310) and \$52,336 (net of refunds of \$8,200) for 2021 and 2020, respectively.

## 13. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Garden structures its financial assets to be available and liquid as its general expenditures, liabilities, and other obligations become due. In the normal course of operations, the Garden expects to withdraw approximately \$19 million from its endowments annually.

The Garden’s financial assets available to meet general expenditures within one year of June 30 are as follows:

	2021
Cash and cash equivalents	\$ 27,340,766
Pledges receivable (due within one year)	6,606,667
Other receivables (due within one year)	1,342,598
Recoverable government-funded program expenditures (due within one year)	13,332,300
Other current assets	1,747,040
Investments designated for current use	<u>19,000,000</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 69,369,371</u>



Additionally, at June 30, 2021, the Garden has endowment and similar funds of \$440,106,301 which include \$118,648,637 of board-designated funds. Although the Garden does not intend to spend its board-designated funds, amounts from these funds could be made available if necessary. However, both board-designated and donor-restricted funds contain investments with lock-up provisions which could reduce the total investments that could be made available.

#### **14. RISKS AND UNCERTAINTIES**

During the years ended June 30, 2021 and 2020, conditions in global debt and equity markets continued to remain volatile. The financial performance of the Garden's investment portfolios is affected commensurately with changes in market conditions.

The Garden receives grants and awards from the federal government. Entitlements to the resources are generally conditional upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of resources for eligible purposes. Substantially, all federal grants and awards are subject to financial and compliance audits. Any disallowances become liabilities of the Garden.

#### **15. INFORMATION USED IN THE DETERMINING DEPARTMENT OF EDUCATION'S FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE**

Section 498(c) of the Higher Education Act of 1965, as amended, requires for-profit and nonprofit institutions to annually submit audited financial statements to the Department of Education (ED) to demonstrate they are maintaining the standards of financial responsibility necessary to participate in the Title IV programs. One of many standards which ED utilizes to gauge the financial responsibility of an institution is a composite of three ratios derived from an institution's audited financial statements.

The financial information below provides the correspondence between certain values presented in the Garden’s consolidated financial statements and the values as they are included in the determination of the ratios used by ED to gauge the Garden’s financial responsibility:

	<b>2021</b>
<b>Long-Term Debt</b>	
Pre-implementation long-term debt	\$ 54,740,186
Repayment and amortization of pre-implementation long-term debt	<u>(4,868,220)</u>
Long-term debt	<u>\$ 49,871,966</u>
<b>Land, Buildings, and Equipment—Net</b>	
Pre-implementation land, buildings, and equipment—net	
post-implementation land, buildings, and equipment—net	<u>\$ 186,414,760</u>
Construction in progress	819,898
Post-implementation land, buildings, and equipment—net	
purchased without long-term debt	<u>15,069,013</u>
	<u>15,888,911</u>
Land, buildings, and equipment—net	<u>\$ 202,303,671</u>
<b>Nonoperating and Net Investment Gain (Loss)</b>	
Change in net assets—nonoperating	\$ 11,629,730
Other investment gains (losses)	<u>88,017,571</u>
Nonoperating and net investment gain (loss)	<u>\$ 99,647,301</u>

## 16. SUBSEQUENT EVENTS

The Garden has evaluated subsequent events through February 4, 2022, the date the consolidated financial statements were available to be issued, and determined that there are no subsequent events requiring adjustment or disclosure in the consolidated financial statements.

\* \* \* \* \*

**SUPPLEMENTARY INFORMATION  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021**

# THE NEW YORK BOTANICAL GARDEN

## FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

Financial Statement and Financial Statement Line item or Reference Note Disclosure	Financial Statement Line Item Reference		Amount to be Used in Ratio Calculations
	<b><u>Primary Reserve Ratio</u></b> <b><u>Expendable Net Assets</u></b>		
Consolidated Statement of Financial Position - Net assets without donor restrictions	Net assets without donor restrictions	\$	285,287,920
Consolidated Statement of Financial Position - Net assets with donor restrictions	Net assets with donor restrictions	\$	372,075,226
Consolidated Statement of Financial Position - Property plant and equipment, net	Property plant and equipment, net (includes Construction in Progress)	\$	202,303,671
Note 15 - Notes to Consolidated Financial Statements - Information used in the Determining Department of Education's Financial Responsibility Composite Score—Statement of Financial Position - Property plant and equipment, - pre-implementation	Property plant and equipment, - pre implementation	\$	186,414,760
Note 15 - Notes to Consolidated Financial Statements - Information used in the Determining Department of Education's Financial Responsibility Composite Score— Statement of Financial Position - Property plant and equipment, - post-implementation without outstanding debt for original purchase	Property plant and equipment, - post implementation without outstanding debt for original purchase	\$	15,069,013
Note 15 - Notes to Consolidated Financial Statements - Construction in progress	Construction in progress	\$	819,898
Consolidated Statement of Financial Position - Note payable and Line of Credit for long term purposes (both current and long term) and Line of Credit for Construction in progress	Long term debt for long term purposes.	\$	49,871,966
Consolidated Statement of Financial Position - Note payable and Line of Credit for long term purposes (both current and long term) and Line of Credit for Construction in progress	Long term debt for long term purposes - pre-implementation	\$	54,740,186
Note 2 - Notes to Consolidated Financial Statements - Information used in the Determining Department of Education's Financial Responsibility Composite Score—Gift Annuities	Annuities with donor restrictions	\$	1,424,476

(Continued)

# THE NEW YORK BOTANICAL GARDEN

## FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

Financial Statement and Financial Statement Line item or Reference Note Disclosure	Financial Statement Line Item Reference		Amount to be Used in Ratio Calculations
<b><u>Primary Reserve Ratio</u></b>			
<b><u>Expendable Net Assets (Continued)</u></b>			
Consolidated Statement of Financial Position - Term Endowments	Term Endowments with Donor Restrictions	\$	118,784,032
Consolidated Statement of Financial Position - Perpetual Funds	Net assets with donor restrictions: restricted in Perpetuity	\$	202,673,632
<b><u>Total Expenses and Losses</u></b>			
Consolidated Statement of Activities - Total operating expenses (Total from Statement of Activities prior to Adjustments)	Total Expenses without donor restrictions	\$	82,982,139
Consolidated Statement of Activities Nonoperating (Investment return appropriated for spending), Investments net of annual spending gain (loss), Other components of net periodic pension costs. Pension related changes other than net periodic pension, Change in value of Split Interest Agreements and Other gains (losses). - (Total from Statement of Activities Prior to Adjustments.)	Non-Operating and Net Investment Loss	\$	99,647,302
Consolidated Statement of Activities - (Investment return appropriated for spending) and Investments net of annual spending gains (losses)	Net Investment Gains	\$	85,060,042
<b><u>Equity Ratio</u></b>			
Consolidated Statement of Financial Position - net assets without donor restrictions	Net assets without donor restrictions	\$	285,287,920
Consolidated Statement of Financial Position - Total net assets with donor restrictions	Net assets with donor restrictions	\$	372,075,226
<b><u>Modified Assets</u></b>			
Consolidated Statement of Financial Position - Total assets	Total assets	\$	731,811,173
<b><u>Net Income Ratio</u></b>			
Consolidated Statement of Activities - Change in Net Assets Without Donor Restrictions	Change in Net Assets Without Donor Restrictions	\$	33,870,662
Consolidated Statement of Activities - (Net assets released from restrictions), Total Operating Revenue and Other Additions and Sale of Fixed Assets, gains and (losses).	Total Revenue and Gains	\$	181,754,585

(Concluded)