

The New York Botanical Garden

Consolidated Financial Statements as of and for
the Years Ended June 30, 2022 and 2021,
Supplementary Information as of and for the
Year Ended June 30, 2022, and
Independent Auditor's Report

THE NEW YORK BOTANICAL GARDEN

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of The New York Botanical Garden (the "Garden"), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, 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 (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Garden as of June 30, 2022 and 2021, and the changes in their net assets and in their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Garden and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Garden's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Garden's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Garden's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on 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 2022 and 2021 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, 2022, 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 2022 and 2021 consolidated financial statements. Such information has been subjected to the auditing procedures applied in our audits of the 2022 and 2021 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 2022 and 2021 consolidated financial statements or to the 2022 and 2021 consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, such information is fairly stated in all material respects in relation to the 2022 and 2021 consolidated financial statements as a whole.

Deloitte & Touche LLP

March 10, 2023

THE NEW YORK BOTANICAL GARDEN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (WITH SUPPLEMENTAL CONSOLIDATING FUND INFORMATION) AS OF JUNE 30, 2022

	Supplemental Consolidating Fund Information				Total
	General Operations	Special Programs	Endowment and Similar Funds	Building and Equipment	
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 38,980,843	\$ 1,349,517	\$ 234,470	\$ -	\$ 40,564,830
ACCOUNTS AND INVESTMENT INCOME RECEIVABLE	1,455,693	78,023	-	-	1,533,716
GRANTS AND CONTRACTS RECEIVABLE	2,861,915	715,476	-	4,127,789	7,705,180
PLEDGES RECEIVABLE	-	4,313,346	6,439,814	175,000	10,928,160
INVENTORIES	777,212	-	-	-	777,212
PREPAID EXPENSES AND OTHER CURRENT ASSETS	890,037	389,654	-	39,259	1,318,950
FIXED ASSETS—Net	-	-	-	193,842,791	193,842,791
INVESTMENTS	266,694	31,119,520	376,656,913	-	408,043,127
DUE TO/FROM OTHER FUNDS	(35,248,427)	31,454,014	4,665,611	(871,198)	-
TOTAL ASSETS	<u>\$ 9,983,967</u>	<u>\$69,419,550</u>	<u>\$387,996,808</u>	<u>\$197,313,641</u>	<u>\$664,713,966</u>
LIABILITIES AND NET ASSETS					
LIABILITIES:					
Accounts payable	\$ 4,970,756	\$ 3,889	\$ -	\$ -	\$ 4,974,645
Accrued expenses and other liabilities	1,213,335	1,655,910	-	41,735	2,910,980
Deferred income and refundable advances	684,089	37,638	-	-	721,727
Accrued vacation liability	1,463,015	447,271	-	-	1,910,286
Conditional asset retirement obligation	-	-	-	3,071,165	3,071,165
Interest rate swap valuation liability	-	-	-	4,263,553	4,263,553
Capital lease obligation	-	-	-	188,133	188,133
Long-term debt	-	-	-	42,638,250	42,638,250
Total liabilities	<u>8,331,195</u>	<u>2,144,708</u>	<u>-</u>	<u>50,202,836</u>	<u>60,678,739</u>
COMMITMENTS AND CONTINGENCIES					
NET ASSETS:					
Without donor restrictions:					
General operations	<u>1,652,772</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,652,772</u>
Designated for special programs	<u>-</u>	<u>32,245,382</u>	<u>-</u>	<u>-</u>	<u>32,245,382</u>
Nonoperating:					
Funds functioning as endowment	-	-	115,879,577	-	115,879,577
Designated for land, buildings, and equipment	-	-	-	4,127,790	4,127,790
Net investment in land, buildings, and equipment	-	-	-	138,488,156	138,488,156
Total nonoperating	<u>-</u>	<u>-</u>	<u>115,879,577</u>	<u>142,615,946</u>	<u>258,495,523</u>
Total without donor restrictions	<u>1,652,772</u>	<u>32,245,382</u>	<u>115,879,577</u>	<u>142,615,946</u>	<u>292,393,677</u>
With donor restrictions:					
Program activities	-	35,029,460	-	-	35,029,460
Unexpended endowment return	-	-	67,990,599	-	67,990,599
Land, buildings, and equipment	-	-	-	4,494,859	4,494,859
Permanently restricted	-	-	204,126,632	-	204,126,632
Total with donor restrictions	<u>-</u>	<u>35,029,460</u>	<u>272,117,231</u>	<u>4,494,859</u>	<u>311,641,550</u>
Total net assets	<u>1,652,772</u>	<u>67,274,842</u>	<u>387,996,808</u>	<u>147,110,805</u>	<u>604,035,227</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,983,967</u>	<u>\$69,419,550</u>	<u>\$387,996,808</u>	<u>\$197,313,641</u>	<u>\$664,713,966</u>

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, 2021

	Supplemental Consolidating Fund Information				Total
	General Operations	Special Programs	Endowment and Similar Funds	Building and Equipment	
ASSETS					
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)	-
TOTAL ASSETS	\$ 11,427,552	\$73,464,690	\$440,106,301	\$206,812,630	\$731,811,173
LIABILITIES AND NET ASSETS					
LIABILITIES:					
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
Total liabilities	9,804,442	2,101,976	-	62,541,609	74,448,027
COMMITMENTS AND CONTINGENCIES					
NET ASSETS:					
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
Total nonoperating	-	-	118,648,637	140,557,526	259,206,163
Total without donor restrictions	1,623,110	24,458,647	118,648,637	140,557,526	285,287,920
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
Total with donor restrictions	-	46,904,067	321,457,664	3,713,495	372,075,226
Total net assets	1,623,110	71,362,714	440,106,301	144,271,021	657,363,146
TOTAL LIABILITIES AND NET ASSETS	\$ 11,427,552	\$73,464,690	\$440,106,301	\$206,812,630	\$731,811,173

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, 2022

	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	\$ 8,885,551	\$ -	\$ 90,580	\$ 8,976,131	\$ 401,805	\$ 9,377,936
Grants and contracts:						
Federal	10,564,488	-	-	10,564,488	878,009	11,442,497
State	2,729,514	-	-	2,729,514	25,810	2,755,324
Private gifts, grants, and bequests	10,113,753	-	7,141,839	17,255,592	7,023,459	24,279,051
Special events	1,369,031	1,037,292	-	2,406,323	-	2,406,323
Less expenses incurred for special events	(1,302,739)	(518,243)	-	(1,820,982)	-	(1,820,982)
Special events—net	<u>66,292</u>	<u>519,049</u>	<u>-</u>	<u>585,341</u>	<u>-</u>	<u>585,341</u>
Net investment return and endowment return not used in operations	(778)	(816,576)	(5,604,505)	(6,421,859)	(52,439,549)	(58,861,408)
Endowment return used in operations	2,538,355	-	-	2,538,355	16,461,645	19,000,000
Tuition fees	2,454,383	196,891	-	2,651,274	-	2,651,274
Membership income	6,498,921	-	-	6,498,921	-	6,498,921
Admissions and tours	17,005,759	-	-	17,005,759	-	17,005,759
Auxiliary enterprises	6,750,514	237,348	-	6,987,862	-	6,987,862
Other	1,251,878	81,526	98,366	1,431,770	-	1,431,770
Net assets released from restrictions	-	18,796,737	7,927,579	26,724,316	(26,724,316)	-
Total revenues, support, and gains	<u>68,858,630</u>	<u>19,014,975</u>	<u>9,653,859</u>	<u>97,527,464</u>	<u>(54,373,137)</u>	<u>43,154,327</u>
EXPENSES AND OTHER DEDUCTIONS:						
Program services	43,243,706	17,560,174	15,404,550	76,208,430	-	76,208,430
Management and general	10,676,809	610,699	1,184,390	12,471,898	-	12,471,898
Fundraising	5,867,572	17,926	782,341	6,667,839	-	6,667,839
Total expenses and other deductions	<u>59,788,087</u>	<u>18,188,799</u>	<u>17,371,281</u>	<u>95,348,167</u>	<u>-</u>	<u>95,348,167</u>
INCREASE (DECREASE) BEFORE TRANSFERS AND NONOPERATING GAINS (LOSSES)	9,070,543	826,176	(7,717,422)	2,179,297	(54,373,137)	(52,193,840)
TRANSFERS	(1,384,299)	(247,233)	1,631,532	-	-	-
INCREASE (DECREASE) BEFORE DEFERRED TAX BENEFIT	7,686,244	578,943	(6,085,890)	2,179,297	(54,373,137)	(52,193,840)
DEFERRED TAX EXPENSE	-	(222,283)	-	(222,283)	-	(222,283)
TRANSFER TO SPECIAL PROGRAMS	(7,656,582)	7,656,582	-	-	-	-
ACTIVITY IN THE LEGACY TRUST	-	-	-	-	(6,060,539)	(6,060,539)
GAIN (LOSS) ON VALUATION OF INTEREST RATE SWAPS AND ACTUARIAL LOSSES	-	(226,507)	5,375,250	5,148,743	-	5,148,743
CHANGES IN NET ASSETS	29,662	7,786,735	(710,640)	7,105,757	(60,433,676)	(53,327,919)
NET ASSETS—Beginning of year	1,623,110	24,458,647	259,206,163	285,287,920	372,075,226	657,363,146
NET ASSETS—End of year	<u>\$ 1,652,772</u>	<u>\$32,245,382</u>	<u>\$258,495,523</u>	<u>\$292,393,677</u>	<u>\$311,641,550</u>	<u>\$604,035,227</u>

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	<u>73,103</u>	<u>760,496</u>	<u>-</u>	<u>833,599</u>	<u>-</u>	<u>833,599</u>
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	<u>6,326,143</u>	<u>28,175,279</u>	<u>6,867,117</u>	<u>41,368,539</u>	<u>(41,368,539)</u>	<u>-</u>
Total revenues, support, and gains	<u>60,888,194</u>	<u>30,307,218</u>	<u>21,847,772</u>	<u>113,043,184</u>	<u>68,711,401</u>	<u>181,754,585</u>
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	<u>4,776,969</u>	<u>4,327</u>	<u>769,124</u>	<u>5,550,420</u>	<u>-</u>	<u>5,550,420</u>
Total expenses and other deductions	<u>52,555,505</u>	<u>15,246,123</u>	<u>15,180,511</u>	<u>82,982,139</u>	<u>-</u>	<u>82,982,139</u>
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	<u>(746,663)</u>	<u>(360,784)</u>	<u>1,107,447</u>	<u>-</u>	<u>-</u>	<u>-</u>
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	<u>-</u>	<u>-</u>	<u>3,855,022</u>	<u>3,855,022</u>	<u>-</u>	<u>3,855,022</u>
CHANGES IN NET ASSETS	-	22,240,932	11,629,730	33,870,662	102,121,401	135,992,063
NET ASSETS—Beginning 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>
NET ASSETS—End of year	<u>\$ 1,623,110</u>	<u>\$24,458,647</u>	<u>\$259,206,163</u>	<u>\$285,287,920</u>	<u>\$372,075,226</u>	<u>\$657,363,146</u>

See notes to consolidated financial statements.

THE NEW YORK BOTANICAL GARDEN

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2022

	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	\$ 4,895,722	\$ 4,622,631	\$ 4,459,541	\$ 3,581,032	\$ 4,462,992	\$ 4,154,125	\$26,176,043	\$ 6,609,305	\$2,686,342	\$35,471,690
Fringe benefits	2,025,781	2,032,946	1,577,083	1,541,263	1,558,902	1,565,771	10,301,746	1,951,250	1,184,067	13,437,063
Professional fees	137,552	2,228,108	628,397	922,641	89,669	1,261,020	5,267,387	803,171	1,393,793	7,464,351
Supplies and materials	218,269	621,510	293,887	67,276	34,119	221,520	1,456,581	43,148	13,420	1,513,149
Telecommunications	21,381	22,548	8,965	207,189	3,420	15,860	279,363	95,578	722	375,663
Postage and shipping	29,566	192,016	3,679	26,931	180,468	1,211	433,871	8,731	23,936	466,538
Utilities and occupancy	-	64,055	160,845	824	72,048	2,994,195	3,291,967	3,635	-	3,295,602
Equipment operating costs	73,205	208,262	40,028	72,190	13,461	496,167	903,313	312,186	16,007	1,231,506
Equipment purchases	56,231	48,507	32,728	53,788	76,907	69,894	338,055	129,224	24,836	492,115
Printing and publications	261,964	192,618	6,815	213,203	268,533	5,618	948,751	199,629	55,846	1,204,226
Travel and fieldwork	615,475	13,179	59,395	8,645	15,441	13,532	725,667	9,883	6,206	741,756
Conferences and meetings	7,023	39,919	50,516	71,085	1,008	26,953	196,504	69,628	116,082	382,214
Bank and investment fees	169	3,805	77,007	414,399	293,651	42,289	831,320	230,442	29,722	1,091,484
Insurance	49	137,087	134,759	134,759	-	134,759	541,413	269,518	269,518	1,080,449
Cost of goods sold	2,350	-	2,294	-	2,690,574	-	2,695,218	-	-	2,695,218
Advertising and marketing	-	-	4,500	2,681,441	33,919	-	2,719,860	-	-	2,719,860
Miscellaneous	70,427	1,659,509	73,326	601,716	746,088	545,755	3,696,821	552,180	65,001	4,314,002
Total operating expenses	<u>8,415,164</u>	<u>12,086,700</u>	<u>7,613,765</u>	<u>10,598,382</u>	<u>10,541,200</u>	<u>11,548,669</u>	<u>60,803,880</u>	<u>11,287,508</u>	<u>5,885,498</u>	<u>77,976,886</u>
NONOPERATING EXPENSES:										
Noncapitalized expenditures for land, buildings, and equipment	16,540	-	-	-	-	1,664,431	1,680,971	10,879	-	1,691,850
Interest, fees, and amortization	1,112,295	805,038	153,824	-	569,260	-	2,640,417	-	-	2,640,417
Depreciation	2,161,265	2,635,585	2,981,308	-	717,088	2,587,916	11,083,162	1,173,511	782,341	13,039,014
Total nonoperating expenses	<u>3,290,100</u>	<u>3,440,623</u>	<u>3,135,132</u>	<u>-</u>	<u>1,286,348</u>	<u>4,252,347</u>	<u>15,404,550</u>	<u>1,184,390</u>	<u>782,341</u>	<u>17,371,281</u>
TOTAL EXPENSES	<u>\$11,705,264</u>	<u>\$15,527,323</u>	<u>\$10,748,897</u>	<u>\$10,598,382</u>	<u>\$11,827,548</u>	<u>\$15,801,016</u>	<u>\$76,208,430</u>	<u>\$12,471,898</u>	<u>\$6,667,839</u>	<u>\$95,348,167</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 STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$(53,327,919)	\$ 135,992,063
Adjustments to reconcile changes in net assets to net cash and cash equivalents used in operating activities:		
Depreciation	13,039,014	12,818,734
Amortization of discount on conditional asset retirement obligation	93,173	87,675
Actuarial (loss) gain on annuity obligations	226,507	6,003
Loss (gain) on valuation of interest rate swaps	(5,375,250)	(3,855,022)
Deferred tax (benefit) expense	222,283	45,405
Amortization of bond issue costs and bond discount	48,175	48,175
Amortization of discount on pledges receivable	(246,991)	(210,819)
Contributions designated for permanently restricted endowment	(6,028,313)	(7,035,676)
Grants and contributions designated for land, buildings, and equipment	(4,315,000)	(5,689,228)
Stock gifts	(1,904,479)	(1,153,580)
Net realized and unrealized losses (gains) on investments	47,658,924	(138,764,330)
Decrease (increase) in operating assets:		
Accounts receivable and investment income receivable	(191,118)	(173,025)
Grants and contracts receivable	5,627,119	(4,360,302)
Pledges receivable	3,953,420	3,828,374
Inventories	110,765	213,451
Prepaid expenses and other assets	(682,170)	79,860
Increase (decrease) in operating liabilities:		
Accounts payable	791,718	866,459
Accrued expenses and other liabilities	(1,148,997)	772,361
Deferred income and refundable advances	(981,264)	(1,754,172)
Accrued vacation liability	(227,491)	(876,019)
Net cash and cash equivalents used in operating activities	<u>(2,657,894)</u>	<u>(9,113,613)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from maturities/sales of investments	68,628,650	72,084,484
Purchases of investments	(51,316,005)	(56,118,951)
Purchase of fixed assets	<u>(4,578,135)</u>	<u>(3,852,877)</u>
Net cash and cash equivalents provided by investing activities	<u>12,734,510</u>	<u>12,112,656</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions received for endowment	6,028,313	7,035,676
Grants and contributions received for fixed assets	4,315,000	5,689,228
Payment of annuity obligations	(102,107)	(133,663)
Repayment of long-term debt	(3,605,000)	(3,480,000)
Repayments of credit line, bank term loan payable, and capital lease	<u>(3,488,758)</u>	<u>(1,436,395)</u>
Net cash and cash equivalents provided by financing activities	<u>3,147,448</u>	<u>7,674,846</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	13,224,064	10,673,889
CASH AND CASH EQUIVALENTS—Beginning of year	<u>27,340,766</u>	<u>16,666,877</u>
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 40,564,830</u>	<u>\$ 27,340,766</u>
SUPPLEMENTARY INFORMATION—Interest paid	<u>\$ 2,268,061</u>	<u>\$ 2,281,472</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, 2022 AND 2021

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 51.86% and 53.29% for the years ended June 30, 2022 and 2021, 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, 2022 and 2021, 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 \$5,119,520 and \$5,934,504 at June 30, 2022 and 2021, respectively. The liability for the present value of deferred gifts was \$1,548,877 and \$1,424,476 at June 30, 2022 and 2021, 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, 2022, and 2021. In-kind contributions are recorded at fair value as gift revenue and as miscellaneous expenses.

Donated Services—Volunteers donated approximately 23,005 hours and 5,561 hours during the years ended June 30, 2022 and 2021, 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, 2022 or 2021. 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, 2022.

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 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 ended June 30, 2022. The Garden adopted ASU No. 2020-07 on July 1, 2021 and the adoption did not have a material impact on its consolidated financial statements.

Transfer to Special Programs—The Garden transferred \$7,656,582 and \$7,586,026 from its General Operations to its Special Programs during the fiscal years ended June 30, 2022 and 2021 respectively. 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, 2022 and 2021, is as follows:

	2022			
	General Operations	Special Programs	Endowment and Similar Funds	Total
Cash and cash equivalents	\$156,934	\$ 313,747	\$ 27,958,453	\$ 28,429,134
Futures	-	-	19,199	19,199
Fixed-income securities	109,553	1,809,023	2,029,216	3,947,792
Equity mutual funds	207	2,996,750	36,065,981	39,062,938
Alternative investment and hedge funds:				
Equity	-	26,000,000	5,909,770	31,909,770
Absolute return and equity hedge	-	-	229,512,549	229,512,549
Private	-	-	32,861,745	32,861,745
Real estate	-	-	42,300,000	42,300,000
Total	<u>\$266,694</u>	<u>\$31,119,520</u>	<u>\$376,656,913</u>	<u>\$408,043,127</u>

	2021			
	General Operations	Special Programs	Endowment and Similar Funds	Total
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	-	-	<u>31,422,500</u>	<u>31,422,500</u>
Total	<u><u>\$ 387,017</u></u>	<u><u>\$ 38,934,504</u></u>	<u><u>\$ 431,788,689</u></u>	<u><u>\$ 471,110,210</u></u>

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 \$19,000,000 and \$20,000,000 drawdowns to support operations for 2022 and 2021, respectively. The effective rates for the years ended June 30, 2022 and 2021, were 4.62% and 6.15%, respectively.

The investment return (loss) and its classification in the consolidated statements of activities for the years ended June 30, 2022 and 2021, are summarized as follows:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Dividends and interest income	\$ 218,427	\$ 2,242,918	\$ 2,461,345
Less investment fees	(27,789)	(1,636,040)	(1,663,829)
Net realized and unrealized gains	<u>(4,074,142)</u>	<u>(36,584,782)</u>	<u>(40,658,924)</u>
Total gain on investments—net of investment fees	(3,883,504)	(35,977,904)	(39,861,408)
Endowment return used in operations	<u>(2,538,355)</u>	<u>(16,461,645)</u>	<u>(19,000,000)</u>
Net investment gain (loss)	<u><u>\$ (6,421,859)</u></u>	<u><u>\$ (52,439,549)</u></u>	<u><u>\$ (58,861,408)</u></u>
	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
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><u>\$ 14,389,832</u></u>	<u><u>\$ 70,670,210</u></u>	<u><u>\$ 85,060,042</u></u>

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

Changes in donor-restricted and board-designated endowment and similar funds for the year ended June 30, 2022, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance—beginning of the year	\$ 118,648,637	\$ 321,457,664	\$ 440,106,301
Contributions	5,744,896	697,141	6,442,037
Net investment return	(5,468,905)	(33,575,927)	(39,044,832)
Amounts appropriated for expenditure and other changes	<u>(3,045,051)</u>	<u>(16,461,647)</u>	<u>(19,506,698)</u>
Balance—end of year	<u><u>\$ 115,879,577</u></u>	<u><u>\$ 272,117,231</u></u>	<u><u>\$ 387,996,808</u></u>

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

	Without Donor Restrictions	With Donor Restrictions	Total
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>
Balance—end of year	<u>\$ 118,648,637</u>	<u>\$ 321,457,664</u>	<u>\$ 440,106,301</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, 2022				Total
	Level 1	Level 2	Level 3	Investments Measured at NAV	
Cash and cash equivalents	\$28,429,134	\$ -	\$ -	\$ -	\$ 28,429,134
Futures	19,199	\$ -	\$ -	\$ -	19,199
Fixed-income securities	3,947,792	-	-	-	3,947,792
Equity mutual funds	39,062,938	-	-	-	39,062,938
Alternative investment and hedge funds:					
Cash and cash equivalents	-	-	-	-	-
Equity ^(a)	-	-	26,000,000	5,909,770	31,909,770
Absolute return and equity hedge ^(b)	-	-	-	229,512,549	229,512,549
Private ^(c)	-	-	-	32,861,745	32,861,745
Real estate	-	-	42,300,000	-	42,300,000
Interest rate swap valuation liability	-	4,263,553	-	-	4,263,553

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 ^(a)	-	-	33,000,000	4,928,469	37,928,469
Absolute return and equity hedge ^(b)	-	-	-	291,441,766	291,441,766
Private ^(c)	-	-	-	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)

(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, 2022 and 2021, the percentage of fair value of the investments owned and classified as Level 1 by equity investment funds was 78% and 83%, 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.

The changes in the fair value of the Garden's Level 3 assets for the years ended June 30, 2022 and 2021, are summarized as follows:

	Level 3	
	2022	2021
Balance—beginning of year	\$ 64,422,500	\$ 24,450,000
Purchases and contributions	-	37,872,500
Redemptions	-	-
Change in fair value	<u>3,877,500</u>	<u>2,100,000</u>
Balance—end of year	<u>\$ 68,300,000</u>	<u>\$ 64,422,500</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, 2022 and 2021, are summarized as follows:

Category/Objective	2022			
	Fair Value Determined Using NAV	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Alternative investments—equity ^(a)	\$ 5,909,770	\$ -	Monthly, semi-annually	30–90 days
Alternative investments—absolute return and equity hedge ^(b)	229,512,549	3,878,708	Daily, monthly, bimonthly, quarterly, semiannually, annually	Daily–90 days
Alternative investments—private ^(c)	<u>32,861,745</u>	<u>5,566,712</u>	N/A	N/A
Total	<u>\$ 268,284,064</u>	<u>\$ 9,445,420</u>		

Category/Objective	2021			
	Fair Value Determined Using NAV	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Alternative investments—equity ^(a)	\$ 4,928,469	\$ -	Monthly, semi-annually	30–90 days
Alternative investments—absolute return and equity hedge ^(b)	291,441,766	5,171,754	Daily, monthly, bimonthly, quarterly, semiannually, annually	Daily–90 days
Alternative investments—private ^(c)	<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>		

6. PLEDGES RECEIVABLE

Pledges receivable consisted of the following as of June 30, 2022 and 2021:

	2022	2021
Gross contributions:		
Within one year	\$ 5,188,716	\$ 6,606,667
One to five years	1,327,050	4,376,964
More than five years	<u>6,500,000</u>	<u>6,500,000</u>
Total gross contributions	13,015,766	17,483,631
Allowance for uncollectible amounts	(997,131)	(1,511,577)
Discount to present value (applied discount rates range from 0.1% to 2.9%)	<u>(1,090,475)</u>	<u>(1,337,466)</u>
Net pledges receivable	<u>\$ 10,928,160</u>	<u>\$ 14,634,588</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 0.3% at June 30, 2022. 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, 2022, 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:

Years Ending June 30	Total
2023	\$ 14,373,333
2024	14,373,333
2025	14,373,333
Less unamortized discount and debt issuance costs	<u>(481,749)</u>
Total	<u>\$ 42,638,250</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, 2022 and 2021, there were \$0 and \$1,501,666 borrowings outstanding, respectively.

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 \$1,278,492 and \$289,470 were repaid during the years ended June 30, 2022 and 2021, respectively. At June 30, 2022 and 2021, there were \$0 and \$1,278,492 borrowings outstanding, respectively.

The aggregate principal payments due on long-term debt are as follows:

Years Ending June 30	Series 2009A Bond
2023	\$ 3,790,000
2024	3,950,000
2025	4,075,000
2026	4,260,000
2027	3,945,000
Thereafter	<u>23,100,000</u>
Total	<u>\$43,120,000</u>

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 \$(4,263,553) and \$(9,638,803) at June 30, 2022 and 2021, 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, 2022 and 2021.

Fiscal Year	2022	2021
Computer software	\$ 3,179,009	\$ 3,179,009
Less accumulated depreciation	<u>(2,374,577)</u>	<u>(1,987,538)</u>
	<u>\$ 804,432</u>	<u>\$ 1,191,471</u>

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, 2022:

Fiscal Year	
2023	\$ 191,548
Less interest	<u>(3,415)</u>
Present value of minimum lease payments	<u>\$ 188,133</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, 2022 and 2021, 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	February 28, 2023	
	Year Ended June 30,	
	2022	2021
Pension Protection Act Zone Status (certified by plan actuary)	Green	Green
Contributions made to the plan by the Garden	\$3,438,832	\$3,786,136
Contributions made by the Garden were in excess of 5% of total contributions to the plan?	Yes	Yes

Negotiations for a new CIRS collective bargaining agreement are still in process.

In 2022, pension expense was \$3,819,604 including \$550,243 paid by the City. In 2021, pension expense was \$3,992,937 including \$534,714 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, 2021, the date of the last actuarial valuation, the market value of CIRS plan assets was \$1.52 billion. Accumulated benefit liabilities of the plan were \$2.80 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 \$828,457 and \$754,765 to the plan in the years ended June 30, 2022 and 2021, respectively.

The Garden has supplemental key executive deferred compensation agreements. Under the terms of the agreements, the obligations outstanding at June 30, 2022 and 2021, were \$0 and \$412,500, 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, 2022 and 2021, were \$0 and \$412,500, 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 2022 and 2021, the City allocated \$90,580 and \$307,092, respectively, for appropriations relating to capital projects. From 1990 to 2022, the City has contributed \$159,285,000 toward the Garden’s capital expenses. The Garden also receives funding for capital projects from private and other sources which have contributed approximately \$167,690,000.

Fixed assets as of June 30, 2022 and 2021, are summarized as follows:

	2022	2021
Land	\$ 9,053,130	\$ 9,053,130
Land improvements	80,823,628	80,127,729
Buildings	164,857,935	164,857,935
Building improvements	111,235,817	109,861,024
Equipment, furniture, and fixtures	26,695,936	24,962,799
Construction in progress	2,805,915	2,031,610
Conditional asset retirement costs	<u>4,200,000</u>	<u>4,200,000</u>
	399,672,361	395,094,227
Less accumulated depreciation	<u>(205,829,570)</u>	<u>(192,790,556)</u>
Total	<u>\$ 193,842,791</u>	<u>\$ 202,303,671</u>

Outstanding commitments for construction in progress were \$2,802,000 and \$1,640,000 at June 30, 2022 and 2021, respectively.

Depreciation expense for the year ended June 30, 2022, was \$13,039,014 (Program Services, \$11,083,162; Management and General, \$1,173,511; and Fundraising, \$782,341). 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).

The changes in the carrying value of the Garden’s conditional asset retirement obligation for the years ended June 30, 2022 and 2021, are summarized as follows:

	2022	2021
Balance—beginning of year	\$ 2,977,992	\$ 2,890,317
Amortization of discount	<u>93,173</u>	<u>87,675</u>
Balance—end of year	<u>\$ 3,071,165</u>	<u>\$ 2,977,992</u>

10. DONOR-RESTRICTED NET ASSETS

Donor-restricted net assets that are temporarily restricted as of June 30, 2022 and 2021, are available for the following purposes or periods:

	2022	2021
Investment earnings accumulated for program and other operating activities	\$ 98,706,713	\$ 158,790,679
Buildings and equipment	4,494,859	3,713,495
Pledges due in future years for program activities	<u>4,313,346</u>	<u>6,897,420</u>
	<u>\$ 107,514,918</u>	<u>\$ 169,401,594</u>

During the years ended June 30, 2022 and 2021, 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, 2022 and 2021, are as follows:

	2022	2021
Purpose restrictions accomplished:		
Science	\$ 9,048,754	\$ 14,007,235
Horticulture	13,182,163	20,405,643
Education and outreach	<u>4,493,399</u>	<u>6,955,661</u>
Total restrictions released	<u>\$ 26,724,316</u>	<u>\$ 41,368,539</u>

For the years ended June 30, 2022 and 2021, 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:

	2022	2021
Program activities	\$ 201,217,173	\$ 199,764,173
Building operations	1,238,829	1,238,829
Any activity of the organization	<u>1,670,630</u>	<u>1,670,630</u>
	<u>\$ 204,126,632</u>	<u>\$ 202,673,632</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, 2022 and 2021, are summarized as follows:

	2022	2021
General operating support	\$ 6,259,499	\$ 4,803,323
Energy appropriation	2,051,670	1,900,298
Pension contribution	550,243	534,714
Restricted program support	425,944	183,376
Capital support	<u>90,580</u>	<u>307,092</u>
Total	<u>\$ 9,377,936</u>	<u>\$ 7,728,803</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, 2022 and 2021, were \$80,000 and \$70,408, respectively. There were no refunds in 2022. There were also no refunds in 2021.

The School incurred operating expenses of \$293,230 and \$312,582 for the years ended June 30, 2022 and 2021, respectively.

School of Horticulture and Landscape Design—Tuition fees revenue earned by the Garden’s School of Horticulture and Landscape Design were \$94,432 (net of refunds of \$22,790) and \$110,783 (net of refunds of \$17,310) for 2022 and 2021, 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 \$18,000,000 million from its endowments annually.

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

	2022
Cash and cash equivalents	\$ 40,564,830
Pledges receivable (due within one year)	5,188,716
Other receivables (due within one year)	2,096,162
Recoverable government-funded program expenditures (due within one year)	7,705,180
Other current assets	1,533,715
Investments designated for current use	<u>18,200,000</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 75,288,603</u>

Additionally, at June 30, 2022, the Garden has endowment and similar funds of \$387,996,808 which include \$67,990,599 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, 2022 and 2021, 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:

2022

Long-Term Debt

Pre-implementation long-term debt	\$ 49,871,966
Repayment and amortization of pre-implementation long-term debt	<u>(7,045,583)</u>
Long-term debt	<u>\$ 42,826,383</u>

Land, Buildings, and Equipment—Net

Pre-implementation land, buildings, and equipment—net post-implementation land, buildings, and equipment—net	<u>\$ 175,108,997</u>
Construction in progress	1,594,203
Post-implementation land, buildings, and equipment—net purchased without long-term debt	<u>17,139,591</u>
	<u>18,733,794</u>
Land, buildings, and equipment—net	<u>\$ 193,842,791</u>

Nonoperating and Net Investment Gain (Loss)

Change in net assets—nonoperating	\$ (710,640)
Other investment gains (losses)	<u>(35,977,904)</u>
Nonoperating and net investment gain (loss)	<u>\$ (36,688,544)</u>

16. SUBSEQUENT EVENTS

The Garden has evaluated subsequent events through March 10, 2023, 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.

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**SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

THE NEW YORK BOTANICAL GARDEN

FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

Financial Statement and Financial Statement Line item or Reference Note Disclosure	Financial Statement Line Item Reference	Amount to be Used in Ratio Calculations
<u>Primary Reserve Ratio</u>		
<u>Expendable Net Assets</u>		
Consolidated Statement of Financial Position - Net assets without donor restrictions	Net assets without donor restrictions	\$ 292,393,677
Consolidated Statement of Financial Position - Net assets with donor restrictions	Net assets with donor restrictions	\$ 311,641,550
Consolidated Statement of Financial Position - Property plant and equipment, net	Property plant and equipment, net (includes Construction in Progress)	\$ 193,842,791
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	\$ 175,108,997
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	\$ 17,139,591
Note 15 - Notes to Consolidated Financial Statements - Construction in progress	Construction in progress	\$ 1,594,203
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.	\$ 42,826,383
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	\$ 49,871,966
Note 2 - Notes to Consolidated Financial Statements - Information used in the Determining Department of Education's Financial Responsibility Composite Score—Gift	Annuities with donor restrictions	\$ 1,548,877

(Continued)

THE NEW YORK BOTANICAL GARDEN

FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

Financial Statement and Financial Statement Line item or Reference Note Disclosure	Financial Statement Line Item Reference	Amount to be Used in Ratio Calculations
Primary Reserve Ratio		
Expendable Net Assets (Continued)		
Consolidated Statement of Financial Position - Term Endowments	Term Endowments with Donor Restrictions	\$ 67,990,599
Consolidated Statement of Financial Position - Perpetual Funds	Net assets with donor restrictions: restricted in Perpetuity	\$ 204,126,632
Total Expenses and Losses		
Consolidated Statement of Activities - Total operating expenses (Total from Statement of Activities prior to Adjustments)	Total Expenses without donor restrictions	\$ 95,348,167
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	\$ (35,977,904)
Consolidated Statement of Activities - (Investment return appropriated for spending) and Investments net of annual spending gains (losses)	Net Investment Loss	\$ (58,861,408)
Equity Ratio		
Consolidated Statement of Financial Position - net assets without donor restrictions	Net assets without donor restrictions	\$ 292,393,677
Consolidated Statement of Financial Position - Total net assets with donor restrictions	Net assets with donor restrictions	\$ 311,641,550
Modified Assets		
Consolidated Statement of Financial Position - Total assets	Total assets	\$ 664,713,966
Net Income Ratio		
Consolidated Statement of Activities - Change in Net Assets Without Donor Restrictions	Change in Net Assets Without Donor Restrictions	\$ 7,105,757
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	\$ 42,927,820

(Concluded)