

**The Queens Botanical Garden
Society, Inc.**

Financial Statements

June 30, 2021

Independent Auditors' Report

Board of Trustees **The Queens Botanical Garden Society, Inc.**

We have audited the accompanying financial statements of The Queens Botanical Garden Society, Inc. (the "Society"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Queens Botanical Garden Society, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Society's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 23, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

PKF O'Connor Davies, LLP

November 30, 2021

The Queens Botanical Garden Society, Inc.

Statements of Financial Position
June 30, 2021
(with comparative amounts at June 30, 2020)

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 1,018,292	\$ 1,622,605
Grants and other receivables	1,007,413	659,452
Prepaid expenses and other assets	42,067	61,142
Investments	581,560	610,896
Restricted investments	200,000	200,000
Property and equipment, net	<u>20,877,637</u>	<u>21,925,298</u>
	<u>\$ 23,726,969</u>	<u>\$ 25,079,393</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accrued benefits	\$ 112,897	\$ 85,684
Deferred revenue	203,995	74,687
Accrued expenses and other liabilities	345,593	241,467
Postretirement health benefit obligations	1,964,835	1,967,124
Loan payable - paycheck protection program	<u>-</u>	<u>672,721</u>
Total Liabilities	<u>2,627,320</u>	<u>3,041,683</u>
Net Assets		
Without Donor Restrictions		
Operations	(45,223)	(445,297)
Major capital projects	20,149,021	21,106,136
Board designated endowment	<u>502,761</u>	<u>484,974</u>
Total Without Donor Restrictions	20,606,559	21,145,813
With donor restrictions	<u>493,090</u>	<u>891,897</u>
Total Net Assets	<u>21,099,649</u>	<u>22,037,710</u>
	<u>\$ 23,726,969</u>	<u>\$ 25,079,393</u>

See notes to financial statements

The Queens Botanical Garden Society, Inc.

Statement of Activities For the Year Ended June 30, 2021 (with summarized totals for the year ended June 30, 2020)

	2021				2020		
	Without Donor Restrictions			With Donor Restrictions	Total	Total	
	Operations	Major Capital Projects	Board Designated Endowment				Total
OPERATING SUPPORT AND REVENUE							
Governmental							
New York City appropriations	\$ 1,528,808	\$ 349,688	\$ -	\$ 1,878,496	\$ -	\$ 1,878,496	\$ 2,738,253
Other NYC grants	170,000	-	-	170,000	43,406	213,406	193,500
NYC Department of Sanitation grant	-	-	-	-	253,631	253,631	521,790
New York State grants	-	-	-	-	182,565	182,565	244,274
Foundation grants	98,077	-	-	98,077	73,275	171,352	526,119
Corporate grants	57,972	-	-	57,972	37,000	94,972	81,552
Individual contributions	67,722	-	-	67,722	-	67,722	38,922
In-kind contributions	3,089	-	-	3,089	-	3,089	-
Fundraising events	132,566	-	-	132,566	-	132,566	105,297
Parking fees	243,782	-	-	243,782	-	243,782	213,468
Admission fees	154,385	-	-	154,385	-	154,385	144,850
Gift shop and other sales	56,479	-	-	56,479	-	56,479	56,986
Education	77,585	-	-	77,585	222,426	300,011	495,822
Rental of facilities	157,131	-	-	157,131	-	157,131	183,594
Memberships	81,497	-	-	81,497	-	81,497	41,904
Other income	3,772	-	-	3,772	-	3,772	49,868
Net investment income	6,292	-	17,787	24,079	786	24,865	25,751
Net assets released from restrictions	1,211,896	-	-	1,211,896	(1,211,896)	-	-
Total Support and Revenue	<u>4,051,053</u>	<u>349,688</u>	<u>17,787</u>	<u>4,418,528</u>	<u>(398,807)</u>	<u>4,019,721</u>	<u>5,661,950</u>
EXPENSES							
Program Services							
Grounds care and security	1,340,825	791,019	-	2,131,844	-	2,131,844	1,779,513
Education and composting	1,082,255	199,962	-	1,282,217	-	1,282,217	1,680,745
Visitor services and public programs	625,605	120,760	-	746,365	-	746,365	891,644
Outreach and volunteers	374,780	73,254	-	448,034	-	448,034	407,065
Planning/capital projects and research	62,722	3,689	-	66,411	-	66,411	88,738
Total Program Services	3,486,187	1,188,684	-	4,674,871	-	4,674,871	4,847,705
Administrative and general	513,952	86,203	-	600,155	-	600,155	647,549
Fundraising and development	383,116	53,680	-	436,796	-	436,796	286,092
Total Expenses	<u>4,383,255</u>	<u>1,328,567</u>	<u>-</u>	<u>5,711,822</u>	<u>-</u>	<u>5,711,822</u>	<u>5,781,346</u>
Change in Net Assets Before Actuarial Gain (Loss) on Postretirement Benefit Obligation	(332,202)	(978,879)	17,787	(1,293,294)	(398,807)	(1,692,101)	(119,396)
NON-OPERATING ACTIVITIES							
Actuarial gain (loss) on postretirement benefit obligation	81,319	-	-	81,319	-	81,319	(628,592)
Forgiveness of paycheck protection program loan	672,721	-	-	672,721	-	672,721	-
Reclassification of asset to Major Capital Projects	(21,764)	21,764	-	-	-	-	-
Change in Net Assets	400,074	(957,115)	17,787	(539,254)	(398,807)	(938,061)	(747,988)
NET ASSETS							
Beginning of year	(445,297)	21,106,136	484,974	21,145,813	891,897	22,037,710	22,785,698
End of year	<u>\$ (45,223)</u>	<u>\$ 20,149,021</u>	<u>\$ 502,761</u>	<u>\$ 20,606,559</u>	<u>\$ 493,090</u>	<u>\$ 21,099,649</u>	<u>\$ 22,037,710</u>

See notes to financial statements

The Queens Botanical Garden Society, Inc.

Statement of Functional Expenses
For the Year Ended June 30, 2021
(with summarized totals for the year ended June 30, 2020)

	2021									2020	
	Program Services					Supporting Services				Total	Total
	Grounds Care and Security	Education and Composting	Visitor Services and Public Programs	Outreach and Volunteers	Planning/ Capital Projects and Research	Total Program Services	Administrative and General	Fundraising and Development	Total Supporting Services		
Salaries	\$ 638,487	\$ 588,619	\$ 359,658	\$ 214,624	\$ 10,855	\$ 1,812,243	\$ 253,210	\$ 163,123	\$ 416,333	\$ 2,228,576	\$ 2,461,094
Payroll taxes and fringe	269,270	271,350	134,855	106,369	5,948	787,792	120,515	83,927	204,442	992,234	1,052,088
Professional services	125,385	34,995	12,261	3,836	156	176,633	73,547	91,737	165,284	341,917	236,039
Supplies and materials	59,057	83,983	69,996	18,886	142	232,064	7,233	4,484	11,717	243,781	188,710
Furniture and equipment expenses	23,477	12,269	18,485	2,158	12,090	68,479	1,233	2,447	3,680	72,159	72,957
Postage and freight	162	1,194	123	1,566	2	3,047	135	1,518	1,653	4,700	10,768
Printing	-	1,282	4,371	9,746	83	15,482	-	3,934	3,934	19,416	24,411
Fundraising expenses	-	-	-	-	-	-	-	24,366	24,366	24,366	-
Promotion	-	100	5,174	2,283	-	7,557	-	-	-	7,557	9,532
Staff development and travel	1,353	6,904	677	6,162	8	15,104	11,041	1,333	12,374	27,478	25,056
Utilities	126,191	9,352	5,496	3,581	149	144,769	3,474	2,163	5,637	150,406	176,831
Insurance	40,524	21,267	7,496	4,547	229	74,063	5,055	3,333	8,388	82,451	69,991
Depreciation and amortization	847,640	250,357	123,878	74,276	36,749	1,332,900	87,404	54,428	141,832	1,474,732	1,449,411
Bad debt expense	-	-	-	-	-	-	9,181	-	9,181	9,181	-
Miscellaneous	298	545	3,895	-	-	4,738	28,127	3	28,130	32,868	4,458
Total Expenses	\$ 2,131,844	\$ 1,282,217	\$ 746,365	\$ 448,034	\$ 66,411	\$ 4,674,871	\$ 600,155	\$ 436,796	\$ 1,036,951	\$ 5,711,822	\$ 5,781,346

See notes to financial statements

The Queens Botanical Garden Society, Inc.

Statements of Cash Flows
For the Year Ended June 30, 2021
(with comparative amounts for the year ended June 30, 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (938,061)	\$ (747,988)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	1,474,732	1,449,411
Contributed building improvements and equipment	(349,688)	(1,107,490)
Bad debt expense	9,181	-
Realized and unrealized gain on investments	(10,618)	(11,027)
Postretirement health benefit obligations adjustment	74,620	772,738
Forgiveness of paycheck protection program loan	(672,721)	-
Change in operating assets and liabilities		
Grants and other receivables	(357,142)	(65,729)
Prepaid expenses and other assets	19,075	(7,327)
Accrued benefits	27,213	(42,610)
Deferred revenue	129,308	(121,306)
Accrued expenses and other liabilities	104,126	(192,057)
Postretirement health benefit obligations	(76,909)	(77,618)
Net Cash from Operating Activities	(566,884)	(151,003)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(12,156)	(101,791)
Proceeds from sale of investments	52,110	335,964
Acquisition of property and equipment	(77,383)	(100,932)
Net Cash from Investing Activities	(37,429)	133,241
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan payable - paycheck protection program	-	672,721
Net Change in Cash and Cash Equivalents	(604,313)	654,959
CASH AND CASH EQUIVALENTS		
Beginning of year	1,622,605	967,646
End of year	\$ 1,018,292	\$ 1,622,605
SUPPLEMENTAL CASH FLOW INFORMATION		
Non-Cash Financing Activities		
Forgiveness of Paycheck Protection Program Loan	\$ 672,721	\$ -

See notes to financial statements

The Queens Botanical Garden Society, Inc.

Notes to Financial Statements

June 30, 2021

1. Organization and Tax Status

The Queens Botanical Garden Society, Inc. (the "Society") is an urban oasis where people, plants and cultures are celebrated through inspiring gardens, innovative educational programs and demonstrations of environmental stewardship.

The Society is a 39-acre public garden located at the northeast corner of Flushing Meadows Corona Park. The City of New York, (the "City") owns the land as well as the buildings and the improvements made on the premises. Effective July 1, 1997, capital expenditures paid for by the City are recorded as property and equipment and are reflected as net assets without donor restrictions in the Society's financial statements. Capital expenditures paid for by the City totaled \$349,688 and \$1,107,490 in fiscal 2021 and 2020. The Society has been granted an operating agreement by the City to occupy, operate and maintain the botanical garden and arboretum. This operating agreement remains in effect so long as the Society observes the provisions of the agreement. The Society owns the plants and other items on the property. In addition, the heat, light and power costs for the Society are paid directly by the City. Such costs were \$116,451 and \$137,908 for the fiscal 2021 and 2020. Furthermore, certain employee pension costs are paid by the City.

For the fiscal year 2021, the Society's facilities and programs attracted 159,185 people with 149,570 on-site and 9,615 off-site. The garden was closed to the public starting March 19, 2020 as a result of government orders to help control the COVID-19 pandemic. The garden reopened to the public, on July 21, 2020. The Society also charges admission on a seasonal basis, from April through October.

Features include six demonstration gardens designed for different home environments; a compost education garden; the Victorian Wedding Garden; teaching gardens including herb, woodland, bee and perennial gardens; a pinetum; and seasonal flower displays. The Education Building is attached to the propagation range and houses two classrooms and offices. In addition, the Society's Visitor and Administration center is an award winning green building, which has attained LEED® platinum status from the U.S. Green Building Council. LEED® is a nationally recognized system for ranking green buildings.

The Society is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. However, net revenue resulting from certain activities not related to the Society's tax exempt status is subject to Federal and State income tax. No provision for income tax expense relating to these activities was made for the years ended June 30, 2021 and 2020.

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

The Queens Botanical Garden Society, Inc.

Notes to Financial Statements

June 30, 2021

2. Summary of Significant Accounting Policies

Net Asset Presentation

The financial statements report amounts separately by class of net assets. Net assets without donor restriction amounts are not subject to donor-imposed stipulation and are currently available at the discretion of management and the Board of Trustees for use in the Society's operations. Net assets with donor restriction amounts are those which are stipulated by donors for specific purposes, restricted by time, or amounts restricted in perpetuity. As the stipulations are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the accompanying statement of activities as net assets released from restrictions.

Operating Measure

The Society includes in its operating measure revenues, support and expenses for activities associated with its mission. Actuarial gains and losses on the postretirement benefit obligation and the forgiveness of paycheck protection program loan are classified as non-operating activities.

Cash and Cash Equivalents

For the statement of cash flow purposes, the Society considers money market funds and certificates of deposit with maturities of three months or less at the time of purchase to be cash equivalents.

Support and Promises to Give

Contributions and grants are recognized when the donor makes a promise to give that is unconditional or when substantially all conditions have been met. All contributions and grants are considered to be available for use without restriction unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. Support restricted in perpetuity requires the Society to maintain those funds permanently. When a restriction expires, that is, when a stipulated time or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. An allowance for uncollectible receivables is estimated based on a combination of write-off history, aging analysis and any specific known troubled accounts. At June 30, 2021 and 2020, management has concluded that an allowance is not required.

Unconditional promises to give are expected to be collected within one year.

The Queens Botanical Garden Society, Inc.

Notes to Financial Statements

June 30, 2021

2. Summary of Significant Accounting Policies (continued)

Fair Value Measurements

The Society follows U.S. GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted market prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Investments Valuation, Investment Income Recognition and Expenses

Investments other than certificates of deposit (“CDs”) are stated at fair value. CDs are stated at cost plus accrued interest which approximates fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets. Investment expenses consists of bank fees.

Property and Equipment

Purchased property and equipment are stated at cost. Major expenditures for property and improvements that substantially increase the useful life of the property are capitalized. Maintenance, repairs and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in the change in net assets. Depreciation is provided by both straight-line and accelerated methods over the estimated useful lives of the assets. Amortization of a leasehold improvement is determined by the lesser of the term of the lease or the useful life of the asset.

The Society reviews property and equipment assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If such assets are considered impaired, the impairment to be recognized is measured by the amount by which the carrying amounts of the assets exceed the fair value. No impairment loss has been recognized during the years ended June 30, 2021 and 2020.

Accrued Benefits

Upon termination, employees are entitled to receive accrued vacation and compensatory time. Additionally, the union contract provides for termination payments upon retirement. Accordingly, these amounts have been accrued when earned by the employees.

The Queens Botanical Garden Society, Inc.

Notes to Financial Statements

June 30, 2021

2. Summary of Significant Accounting Policies (continued)

Deferred Revenue

Deposits received in advance for the use of the Society's facilities or to attend future programs are deferred and recognized in the period to which they pertain.

Postretirement Benefit Plan

The Society is the sponsor of a postretirement benefit plan and is required to recognize the funded status of its postretirement benefits plan in the statement of financial position, measure the benefit obligations as of the statement of financial position date, and provide other disclosures.

Contributed Property and Equipment

The appropriations from the City for property, equipment and leasehold improvements are recorded as net assets with donor restrictions. When such contributed assets are placed in service, they are released from net assets with donor restrictions to net assets without donor restrictions. Accordingly, when such assets contributed by the City are immediately placed in service, the Society records the value of contributed property as net assets without donor restrictions.

Contributed Services and Goods

The Society receives volunteer and donated services. The Society does not recognize the value of volunteer support provided to program and support services if an objective basis for valuing the services is not available. However, the Society does recognize goods and services provided which have an ascertainable value and are an integral part of the Society's program services, which would have been purchased if not donated.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosures and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is November 30, 2021.

Prior Year Summarized Financial Information

The financial statements present prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Society's financial statements as of and for the year ended June 30, 2020 from which the summarized financial information was derived.

The Queens Botanical Garden Society, Inc.

Notes to Financial Statements
June 30, 2021

2. Summary of Significant Accounting Policies (continued)

Functional Expenses

The Society allocates its expenses on a functional basis between its program services, management and general, and fundraising expenses. Expenses which can be identified with a specific program or supporting activity are allocated directly to that activity. Other expenses that are common to several functions are allocated among the program services, management and general and fundraising expenses based on management estimates. These expenses include salaries and related expenses and depreciation expense, which are allocated based on an assessment of where employees' time is spent and the primary function of such depreciable asset's service, accordingly.

Reclassification

Certain 2020 amounts have been reclassified to conform to the 2021 presentation.

3. Concentration of Credit Risk

The Society's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash and cash equivalents, investments and certain grants and other receivables. The Society places its cash with financial institutions and throughout the year balances may exceed the Federal insured limits. The Society invests in mutual funds maintained at a major financial institution. The Society believes that no significant concentration of credit risk exists with respect to grants and other receivables.

4. Investments

The following are major categories of investments measured at fair value as of June 30:

Description	2021	2020
Mutual Funds, at Fair Value		
Long-term bond	\$ 55,472	\$ 54,701
Short-term bond	227,989	226,471
Conservative allocation	<u>136,337</u>	<u>120,048</u>
	419,798	401,220
CDs, at cost plus accrued interest	292,727	340,012
Restricted cash and cash equivalents	<u>69,035</u>	<u>69,664</u>
Total	<u>\$ 781,560</u>	<u>\$ 810,896</u>

Except for CDs, as of and for the years ended June 30, 2021 and 2020 all of the Society's investments bought, sold, and held were valued using Level 1 inputs under the fair value hierarchy.

The Queens Botanical Garden Society, Inc.

Notes to Financial Statements
June 30, 2021

4. Investments (continued)

Net investment income consists of the following for the years ended June 30:

	2021	2020
Interest and dividends	\$ 14,247	\$ 14,724
Realized gain on sale of investment	4,052	1,211
Unrealized gain on investments	<u>6,566</u>	<u>9,816</u>
Total	<u>\$ 24,865</u>	<u>\$ 25,751</u>

5. Property and Equipment

Major classes of property and equipment as of June 30 consist of the following:

	Estimated Useful Life Years	2021	2020
Furniture, fixtures and equipment	5-7	\$ 1,163,038	\$ 1,264,338
Leasehold improvements	5-30	1,449,026	1,411,009
Building improvements - DCLA* (Notes 1 and 7)	5-30	<u>34,578,000</u>	<u>34,302,095</u>
		37,190,064	36,977,442
Less: accumulated depreciation and amortization		<u>(16,312,427)</u>	<u>(15,052,144)</u>
Net property and equipment		<u>\$ 20,877,637</u>	<u>\$ 21,925,298</u>

*Department of Cultural Affairs

During 2021, the Society removed fully depreciated property and equipment from its books and records totaling \$214,449.

6. Held for the NYC Department of Sanitation (DSNY)

The DSNY Bureau of Waste Prevention, Reuse and Recycling engaged the Society to act as an agent to disburse available funding to other composting and recycling programs. For its effort, the Society receives a fee equal to 5% of the disbursement. During fiscal 2021 and 2020, the Society received \$913,104, of which, the Society disbursed \$930,281 to Big Initiatives Incorporated, upon DSNY's written request. The Society earned \$43,481 in fees on these disbursements. The Society did not act as agent and hold and disburse funds to Big Initiatives Incorporated during 2021.

The Queens Botanical Garden Society, Inc.

Notes to Financial Statements
June 30, 2021

7. New York City Appropriations

Department of Cultural Affairs (DCLA)

The Society has an operating agreement since 1963 with the City, now through DCLA, for the unrestricted occupancy, operation and maintenance by the Society of a botanical garden within the Kissena Park Corridor/Flushing Meadows Corona Park area (Flushing, New York) on land and a physical plant owned by the City. DCLA annually provides to the Society, by appropriations, such sums as may be deemed proper for the maintenance and care of the buildings and other improvements. In addition, for the years ended June 30, 2021 and 2020, DCLA made capital expenditures of \$349,688 and \$1,107,490 for the Society, which has been recognized as support and revenue in the statement of activities for the years then ended.

The Society is responsible for the salary of the executive director, cost of plant material needed for development and exhibition, and the cost of research and lectures, classes, library books and other educational activities that the Society may conduct.

8. Net Assets with Donor Restrictions

As of June 30, net assets with donor restrictions are available for the following:

	<u>2021</u>	<u>2020</u>
Purpose Restrictions		
Educational Programs including Children's Garden	\$ 6,000	\$ 17,500
Composting, Urban Farm and Organics Recovery	50,331	15,000
Intern program	3,811	3,025
New Education Center	204,153	330,539
Horticulture	9,733	9,610
Public programs	-	20,000
NYS program services	9,062	55,194
Technology	10,000	10,000
COVID-19 relief support	-	231,029
Total Purpose Restrictions	<u>293,090</u>	<u>691,897</u>
Restricted in perpetuity	<u>200,000</u>	<u>200,000</u>
Total	<u>\$ 493,090</u>	<u>\$ 891,897</u>

The Queens Botanical Garden Society, Inc.

Notes to Financial Statements
June 30, 2021

8. Net Assets with Donor Restrictions (continued)

Net assets released from restriction for the years ended June 30, consist of the following:

	<u>2021</u>	<u>2020</u>
Educational Programs including Children's Garden	\$ 317,332	\$ 132,218
Special Gardens / Unity Garden	-	40,028
Composting, Urban Farm and Organics Recovery	269,798	521,790
Intern program	-	2,952
New Education Center	131,389	69,366
Horticulture	7,377	10,503
Public programs	20,000	-
Outreach	3,775	3,327
NYS program services	228,696	217,194
Technology	-	10,000
Corporate membership	2,500	5,000
COVID-19 relief support	<u>231,029</u>	<u>18,971</u>
Total	<u>\$ 1,211,896</u>	<u>\$ 1,031,349</u>

9. Endowment and Net Assets Designated for Investments

The Society maintains donor-restricted and board-designated funds whose purpose is to provide long term support for its charitable programs. In classifying such funds for financial statement purposes as either with donor restrictions or without donor restrictions, the Board of Trustees looks to the explicit direction of the donor and provisions of the New York Prudent Management of Institutional Funds Act (NYPMIFA).

Perpetually restricted net assets at June 30, 2021 and 2020 represent a gift amounting to \$200,000, which is restricted by the donor in perpetuity, the income of which is expendable to support the Society's intern program.

The following is a reconciliation of the investment activity in the donor restricted and without donor restriction endowment funds for the years ended June 30, 2021 and 2020:

	Board Designated Without Restriction	With Donor Restrictions in Perpetuity	Accumulated Earnings	Total
Balance at July 1, 2019	\$ 470,247	\$ 200,000	\$ -	\$ 670,247
Investment income earned	14,727	-	3,025	17,752
Appropriated for expenditures	<u>-</u>	<u>-</u>	<u>(3,025)</u>	<u>(3,025)</u>
Balance at June 30, 2020	484,974	200,000	-	684,974
Investment income earned	17,787	-	786	18,573
Appropriated for expenditures	<u>-</u>	<u>-</u>	<u>(786)</u>	<u>(786)</u>
Balance at June 30, 2021	<u>\$ 502,761</u>	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ 702,761</u>

The Queens Botanical Garden Society, Inc.

Notes to Financial Statements

June 30, 2021

9. Endowment and Net Assets Designated for Investments *(continued)*

Interpretation of Relevant Law

The Board of the Society has interpreted NYPMIFA as requiring the preservation of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Society classifies as perpetually restricted net assets (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment fund, and (c) accumulations of investment returns to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of any donor-restricted endowment fund that is not classified as perpetually restricted net assets is classified as net assets with donor restrictions (purpose) until those amounts are appropriated for expenditure by the Board in a manner consistent with the standard of prudence prescribed by NYPMIFA. At June 30, 2021, all earnings associated with perpetually restricted net assets were appropriated.

Investment Policy

The principal and investment income from the Board Designated Endowment Fund may be invested in FDIC insured bank deposits, money market accounts, and short to intermediate term bond funds with Morningstar ratings of at least three stars. Currently, expenditure of the fund's income or principal requires a vote of the Board of Trustees.

The principal of the perpetually restricted fund is invested at the direction of the Finance Committee of the Board of Trustees which considers the advice of the donor in its decision making. The principal of this fund is perpetually restricted while investment income may be expended to support internship positions in the Horticulture and Education departments.

The Queens Botanical Garden Society, Inc.

Notes to Financial Statements
June 30, 2021

10. Liquidity and Availability of Financial Assets

The Society's financial assets and resources available to meet cash needs for general expenditures within one year of the date of the statement of financial position as of June 30, 2021 and 2020, were as follows:

	<u>2021</u>	<u>2020</u>
Financial Assets		
Cash and cash equivalents	\$ 1,018,292	\$ 1,622,605
Investments	581,560	610,896
Grants and other receivables	1,007,413	659,452
Restricted investments	<u>200,000</u>	<u>200,000</u>
Total Financial Assets	<u>2,807,265</u>	<u>3,092,953</u>
Less:		
Board designated endowment	(502,761)	(484,974)
Donor restrictions - purpose restricted	(293,090)	(691,897)
Donor restrictions in perpetuity	<u>(200,000)</u>	<u>(200,000)</u>
	<u>(995,851)</u>	<u>(1,376,871)</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 1,811,414</u>	<u>\$ 1,716,082</u>

As part of the Society's liquidity management strategy, the Society structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Society's working capital and cash flows have cyclical variations during the year attributable to the cash receipts of contributions from donors. Grants and other receivables are subject to implied time restrictions and are expected to be collected over the next year. Also available to the Society is a line of credit (see note 13), which can be drawn upon to meet the Society's short term obligations, although the majority of general expenditures over the next twelve months are expected to be financed through cash and investments.

11. Employee Pension Plans

The Society contributes to the Cultural Institutions Retirement System (CIRS), a multi-employer defined benefit pension plan. Retirement benefits are based on a computation that incorporates the number of years of creditable service, the final average salary and the participant's primary social security benefits. The plan is funded by the Society and the City through contributions and accumulated interest. The frozen initial liability method is used to determine contributions to the plan.

The Queens Botanical Garden Society, Inc.

Notes to Financial Statements
June 30, 2021

11. Employee Pension Plans (continued)

The risk of participating in a multiemployer plan are different from a single-employer plan in the following aspects:

- a. Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- c. If an employer chooses to stop participating in some of its multiemployer plans, the employer may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Society's participation in this type of plan for the years ended June 30, 2021 and 2020 is outlined in the table below. The "EIN Number" column provides the employer identification number for the plan. The most recent Pension Protection Act ("PPA") zone status is green at June 30, 2021 and 2020 and, as required by the PPA, is certified by the Plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The "Status Pending/Implemented" column indicates plans for which a Financial Improvement Plan ("FIP") or a rehabilitation plan ("RP") is pending or has been implemented. The last column lists the expiration dates of the collective bargaining agreement to which the plan is subject. The Society's contributions to the plan did not exceed more than 5% of the total contributions to this plan for the years ended June 30, 2021 and 2020.

Pension Fund	EIN Number	Plan Number	Protection Act		Status Pending/Implemented	Total Pension Cost to the Plan		Expiration Date of Collective Bargaining Agreement
			2021	2020		2021	2020	
The Cultural Institutions Pension Plan	11-200170	001	Green	Green	N/A	\$ 221,347	\$ 241,434	3/31/2022

Total pension plan costs for the years ended June 30 consisted of the following:

	2021	2020
Paid by the City	\$ 106,855	\$ 118,187
Paid by the Society	114,492	123,247
	<u>\$ 221,347</u>	<u>\$ 241,434</u>

The Society also sponsors a 401(k) savings plan. Eligible employees may contribute a portion of their compensation, subject to statutory limitations. The Society does not make contributions to the 401(k) savings plan.

The Queens Botanical Garden Society, Inc.

Notes to Financial Statements
June 30, 2021

12. Postretirement Health Benefit Obligations

In addition to providing pension benefits, the Society provides certain postretirement health and supplemental welfare benefits for eligible retired employees. Substantially all of the Society's full-time employees may become eligible for those benefits if they reach normal retirement age while working for the Society. Current benefits, which may be changed at the Society's discretion are based on, among other factors, years of service and age. The Society funds its postretirement benefits costs on a pay-as-you-go basis. The obligations exclude the retiree portion of the medical premium for the year ended June 30, 2021.

During the year ended June 30, 2019, the plan as carried out by the Society was changed, whereby current active employees of the Society will no longer pay the extra premium for spouse and family coverage upon retirement. The effective date for carrying out this provision is June 30, 2019. The adjustment has been included in the actuarial gain reflected in the statement of activities.

The following table presents the plan's status as of and for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Changes in Benefit Obligation		
Benefit obligation at beginning of fiscal year	\$ 1,967,124	\$ 1,272,004
Service cost	101,416	87,205
Interest cost	54,523	56,941
Actuarial (gain) loss	(81,319)	628,592
Benefits paid	<u>(76,909)</u>	<u>(77,618)</u>
Benefit Obligation at end of Fiscal Year	1,964,835	1,967,124
Fair value of plan assets at end of fiscal year	<u>-</u>	<u>-</u>
Accrued Postretirement Benefit Cost	<u>\$ 1,964,835</u>	<u>\$ 1,967,124</u>

The Queens Botanical Garden Society, Inc.

Notes to Financial Statements
June 30, 2021

12. Postretirement Health Benefit Obligations (continued)

	2021	2020
Components of Net Periodic Expense for Fiscal Year		
Service cost	\$ 101,416	\$ 87,205
Interest cost	54,523	56,941
Total Net Periodic Expense	\$ 155,939	\$ 144,146
Effect of a one-percentage point increase in HCCTR* on		
Year end benefit obligation	\$ 399,449	\$ 394,688
Total of Service and Interest Cost Components of Expense	48,802	40,399
Effect of a one-percentage point (decrease) in HCCTR* on		
Year end benefit obligation	(305,494)	(300,880)
Total of Service and Interest Cost Components of Expense	(34,997)	(29,493)

* Health Care Cost Trend Rate

For fiscal 2021, the inflation rate used to calculate the net periodic post-retirement benefit expense and disclosures for the medical premiums was assumed to be 7.5% per year initially and then to reduce uniformly for eight years until it reaches a final rate of 4.5% per year in the ninth year. The discount rate per annum was 2.89% for 2021 and 2.83% for 2020.

Net benefits expected to be paid in each of the next five fiscal years and the following five years in the aggregate are as follows:

2022	\$ 71,000
2023	72,000
2024	73,000
2025	74,000
2026	76,000
2027-2031	365,000

13. Commitment and Contingency

Line of Credit

On January 19, 2018 the Society obtained an uncommitted discretionary \$500,000 line of credit with a bank to be used solely for working capital. Outstanding balances on the line of credit bear interest of prime plus 1%, which was 3.25% at June 30, 2021. There is no expiration date on the line of credit. The Society did not utilize the line of credit during 2021 and 2020.

The Queens Botanical Garden Society, Inc.

Notes to Financial Statements

June 30, 2021

14. Loan Payable – Paycheck Protection Program

On May 29, 2020, the Society received loan proceeds in the amount of \$672,721 under the Paycheck Protection Program (“PPP Loan”). The PPP Loan, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loan and accrued interest are forgivable after eight or twenty four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the covered period.

The unforgiven portion of the PPP loan, if any, is payable within two years from the date of the loan. Loan payments of principal or interest are deferred until the amount of loan forgiveness is determined by the United States Small Business Administration (“SBA”). If the Society does not apply for forgiveness, payments begin approximately 16 months after the loan date.

The PPP loan was recognized a loan payable on the statement of financial position as of June 30, 2020. In accordance with Accounting Standards Codification (“ASC”) 470, Debt, the Society recognized income of \$672,721 from the loan forgiveness received in full on April 28, 2021, which is reflected as non-operating revenue in the accompanying statement of activities.

15. COVID - 19

The Society's activities and financial performance have been affected by the recent and ongoing outbreak of the coronavirus disease (“COVID-19”), which was declared a pandemic by the World Health Organization in March 2020. As discussed in Note 14, the Society obtained a PPP Loan offered by the Small Business Administration (“SBA”) in response to COVID-19. The outbreak may adversely affect the Society on an interim basis and the amount of the impact cannot be reasonably estimated at this time. As discussed in Note 1, the garden was closed for a portion of 2020. The Society has, however, taken several steps to strengthen its financial position, cash flows and operations to maintain financial liquidity and flexibility.

The full duration and extent of the COVID-19 pandemic, related business and travel restrictions and changes to behavior intended to reduce its spread are uncertain as of the date these financial statements were available for issuance. Therefore, the full extent of any adverse impact on the results of operations, financial position, and cash flows in 2022 cannot be reasonably estimated at this time.

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