

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

Financial Statements

June 30, 2022

Independent Auditors' Report

Board of Trustees
The Queens Botanical Garden Society, Inc.

Opinion

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, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Society as of June 30, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Society and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 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 Society's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the 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 auditors' 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Society'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 Society'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 Summarized Comparative Information

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

PKF O'Connor Davies, LLP

February 10, 2023

The Queens Botanical Garden Society, Inc.

Statement of Financial Position
June 30, 2022
(with comparative amounts at June 30, 2021)

| | <u>2022</u> | <u>2021</u> |
|-------------------------------------------|----------------------|----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 1,923,028 | \$ 1,018,292 |
| Grants and other receivables, net | 1,311,510 | 1,007,413 |
| Prepaid expenses and other assets | 54,482 | 42,067 |
| Investments | 506,234 | 581,560 |
| Restricted investments | 200,000 | 200,000 |
| Property and equipment, net | <u>20,830,913</u> | <u>20,877,637</u> |
| | <u>\$ 24,826,167</u> | <u>\$ 23,726,969</u> |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Accrued benefits | \$ 136,196 | \$ 112,897 |
| Deferred revenue | 134,155 | 203,995 |
| Accrued expenses and other liabilities | 321,433 | 345,593 |
| Postretirement health benefit obligations | <u>1,430,707</u> | <u>1,964,835</u> |
| Total Liabilities | <u>2,022,491</u> | <u>2,627,320</u> |
| Net Assets | | |
| Without Donor Restrictions | | |
| Operations | (437,097) | (45,223) |
| Major capital projects | 21,417,748 | 20,149,021 |
| Board designated endowment | <u>475,305</u> | <u>502,761</u> |
| Total Without Donor Restrictions | 21,455,956 | 20,606,559 |
| With donor restrictions | <u>1,347,720</u> | <u>493,090</u> |
| Total Net Assets | <u>22,803,676</u> | <u>21,099,649</u> |
| | <u>\$ 24,826,167</u> | <u>\$ 23,726,969</u> |

See notes to financial statements

The Queens Botanical Garden Society, Inc.

Statement of Activities For the Year Ended June 30, 2022 (with summarized totals for the year ended June 30, 2021)

| | 2022 | | | | | | 2021 |
|-----------------------------------------------------------------|----------------------------|------------------------|----------------------------|----------------------|-------------------------|----------------------|----------------------|
| | 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 - operations | \$ 1,966,878 | \$ - | \$ - | \$ 1,966,878 | \$ - | \$ 1,966,878 | \$ 1,528,808 |
| New York City appropriations - contributed capital expenditures | - | 1,382,492 | - | 1,382,492 | - | 1,382,492 | 349,688 |
| Other NYC grants | 220,000 | - | - | 220,000 | 44,522 | 264,522 | 213,406 |
| NYC Department of Sanitation grant | - | - | - | - | 453,841 | 453,841 | 253,631 |
| New York State grants | 10,000 | - | - | 10,000 | 197,972 | 207,972 | 182,565 |
| Foundation grants | 198,629 | - | - | 198,629 | 255,000 | 453,629 | 171,352 |
| Corporate grants | 171,963 | - | - | 171,963 | - | 171,963 | 94,972 |
| Individual contributions | 39,385 | - | - | 39,385 | 274 | 39,659 | 67,722 |
| Other grants | 117,230 | - | - | 117,230 | - | 117,230 | - |
| Capital Campaign, net | - | - | - | - | 813,418 | 813,418 | - |
| Fundraising events | 152,861 | - | - | 152,861 | - | 152,861 | 132,566 |
| Parking fees | 255,364 | - | - | 255,364 | - | 255,364 | 243,782 |
| Admission fees | 206,882 | - | - | 206,882 | - | 206,882 | 154,385 |
| Gift shop and other sales | 91,079 | - | - | 91,079 | - | 91,079 | 56,479 |
| Education | 169,107 | - | - | 169,107 | 319,527 | 488,634 | 300,011 |
| Rental of facilities | 267,746 | - | - | 267,746 | - | 267,746 | 157,131 |
| Memberships | 100,847 | - | - | 100,847 | - | 100,847 | 81,497 |
| Other income | 15,430 | - | - | 15,430 | - | 15,430 | 6,861 |
| Net investment (loss) income | 4,710 | - | (27,456) | (22,746) | 86 | (22,660) | 24,865 |
| Net assets released from restrictions | 1,230,010 | - | - | 1,230,010 | (1,230,010) | - | - |
| Total Support and Revenue | <u>5,218,121</u> | <u>1,382,492</u> | <u>(27,456)</u> | <u>6,573,157</u> | <u>854,630</u> | <u>7,427,787</u> | <u>4,019,721</u> |
| EXPENSES | | | | | | | |
| Program Services | | | | | | | |
| Grounds care and security | 2,088,592 | 59,245 | - | 2,147,837 | - | 2,147,837 | 2,131,844 |
| Education and composting | 1,556,443 | 48,716 | - | 1,605,159 | - | 1,605,159 | 1,282,217 |
| Visitor services and public programs | 928,674 | 2,997 | - | 931,671 | - | 931,671 | 746,365 |
| Outreach and volunteers | 444,759 | 948 | - | 445,707 | - | 445,707 | 448,034 |
| Planning/capital projects and research | 31,419 | 48 | - | 31,467 | - | 31,467 | 66,411 |
| Total Program Services | <u>5,049,887</u> | <u>111,954</u> | <u>-</u> | <u>5,161,841</u> | <u>-</u> | <u>5,161,841</u> | <u>4,674,871</u> |
| Administrative and general | 816,017 | 1,116 | - | 817,133 | - | 817,133 | 600,155 |
| Fundraising and development | 386,773 | 695 | - | 387,468 | - | 387,468 | 436,796 |
| Total Expenses | <u>6,252,677</u> | <u>113,765</u> | <u>-</u> | <u>6,366,442</u> | <u>-</u> | <u>6,366,442</u> | <u>5,711,822</u> |
| Change in Net Assets Before Non-Operating Activities | (1,034,556) | 1,268,727 | (27,456) | 206,715 | 854,630 | 1,061,345 | (1,692,101) |
| NON-OPERATING ACTIVITIES | | | | | | | |
| Actuarial gain on postretirement benefit obligation | 642,682 | - | - | 642,682 | - | 642,682 | 81,319 |
| Forgiveness of paycheck protection program loan | - | - | - | - | - | - | 672,721 |
| Change in Net Assets | <u>(391,874)</u> | <u>1,268,727</u> | <u>(27,456)</u> | <u>849,397</u> | <u>854,630</u> | <u>1,704,027</u> | <u>(938,061)</u> |
| NET ASSETS | | | | | | | |
| Beginning 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> |
| End of year | <u>\$ (437,097)</u> | <u>\$ 21,417,748</u> | <u>\$ 475,305</u> | <u>\$ 21,455,956</u> | <u>\$ 1,347,720</u> | <u>\$ 22,803,676</u> | <u>\$ 21,099,649</u> |

See notes to financial statements

The Queens Botanical Garden Society, Inc.

Statement of Functional Expenses For the Year Ended June 30, 2022 (with summarized totals for the year ended June 30, 2021)

| | 2022 | | | | | | | | | | 2021 | |
|----------------------------------|---------------------------------|--------------------------------|-----------------------------------------------|-------------------------------|-----------------------------------------------|------------------------------|-------------------------------|-----------------------------------|---------------------------------|---------------------|---------------------|-------|
| | 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 | Total | | |
| Salaries | \$ 705,462 | \$ 693,802 | \$ 419,100 | \$ 185,823 | \$ 3,524 | \$ 2,007,711 | \$ 418,465 | \$ 201,665 | \$ 620,130 | \$ 2,627,841 | \$ 2,228,576 | |
| Payroll taxes and fringe | 308,647 | 286,632 | 173,101 | 105,004 | 5,288 | 878,672 | 123,567 | 76,946 | 200,513 | 1,079,185 | 992,234 | |
| Professional services | 119,855 | 50,547 | 46,040 | 3,783 | 5,844 | 226,069 | 110,966 | 3,804 | 114,770 | 340,839 | 341,917 | |
| Supplies and materials | 61,776 | 182,248 | 112,302 | 28,468 | 120 | 384,914 | 13,945 | 8,304 | 22,249 | 407,163 | 243,781 | |
| Furniture and equipment expenses | 21,232 | 16,088 | 14,021 | 4,158 | 36 | 55,535 | 2,472 | 521 | 2,993 | 58,528 | 72,159 | |
| Postage and freight | 571 | 953 | 322 | 2,722 | 9 | 4,577 | 253 | 1,105 | 1,358 | 5,935 | 4,700 | |
| Printing | 1,946 | 2,718 | 2,240 | 12,657 | - | 19,561 | 261 | 3,515 | 3,776 | 23,337 | 19,416 | |
| Fundraising expenses | - | - | - | - | - | - | - | 25,547 | 25,547 | 25,547 | 24,366 | |
| Promotion | - | 243 | 5,928 | 2,788 | - | 8,959 | - | - | - | 8,959 | 7,557 | |
| Staff development and travel | 1,653 | 10,212 | 4,162 | 9,922 | - | 25,949 | 13,351 | 556 | 13,907 | 39,856 | 27,478 | |
| Utilities | 36,761 | 56,430 | 23,701 | 12,637 | 1,816 | 131,345 | 17,509 | 8,218 | 25,727 | 157,072 | 150,406 | |
| Insurance | 39,235 | 21,921 | 7,583 | 4,600 | 232 | 73,571 | 4,271 | 3,371 | 7,642 | 81,213 | 82,451 | |
| Depreciation and amortization | 849,080 | 278,811 | 121,971 | 73,119 | 14,598 | 1,337,579 | 86,045 | 53,581 | 139,626 | 1,477,205 | 1,474,732 | |
| Bad debt expense | - | - | - | - | - | - | - | - | - | - | 9,181 | |
| Miscellaneous | 1,619 | 4,554 | 1,200 | 26 | - | 7,399 | 26,028 | 335 | 26,363 | 33,762 | 32,868 | |
| Total Expenses | \$ 2,147,837 | \$ 1,605,159 | \$ 931,671 | \$ 445,707 | \$ 31,467 | \$ 5,161,841 | \$ 817,133 | \$ 387,468 | \$ 1,204,601 | \$ 6,366,442 | \$ 5,711,822 | |

See notes to financial statements

The Queens Botanical Garden Society, Inc.

Statement of Cash Flows
For the Year Ended June 30, 2022
(with comparative amounts for the year ended June 30, 2021)

| | 2022 | 2021 |
|-------------------------------------------------------------------------------------|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 1,704,027 | \$ (938,061) |
| Adjustments to reconcile change in net assets to net cash from operating activities | | |
| Depreciation and amortization | 1,477,205 | 1,474,732 |
| Discount on pledges | 14,481 | - |
| Contributed building improvements and equipment | (1,382,492) | (349,688) |
| Bad debt expense | - | 9,181 |
| Realized and unrealized loss (gain) on investments | 29,219 | (10,618) |
| Postretirement health benefit obligations adjustment | (470,650) | 74,620 |
| Forgiveness of paycheck protection program loan | - | (672,721) |
| Change in operating assets and liabilities | | |
| Grants and other receivables | (318,578) | (357,142) |
| Prepaid expenses and other assets | (12,415) | 19,075 |
| Accrued benefits | 23,299 | 27,213 |
| Deferred revenue | (69,840) | 129,308 |
| Accrued expenses and other liabilities | (24,160) | 104,126 |
| Postretirement health benefit obligations | (63,478) | (76,909) |
| Net Cash from Operating Activities | 906,618 | (566,884) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of investments | (6,346) | (12,156) |
| Proceeds from sale of investments | 52,453 | 52,110 |
| Acquisition of property and equipment | (47,989) | (77,383) |
| Net Cash from Investing Activities | (1,882) | (37,429) |
| Net Change in Cash and Cash Equivalents | 904,736 | (604,313) |
| CASH AND CASH EQUIVALENTS | | |
| Beginning of year | 1,018,292 | 1,622,605 |
| End of year | \$ 1,923,028 | \$ 1,018,292 |

See notes to financial statements

The Queens Botanical Garden Society, Inc.

Notes to Financial Statements
June 30, 2022

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 \$1,382,492 and \$349,688 in fiscal 2022 and 2021. 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 \$122,422 and \$116,451 for the fiscal 2022 and 2021. Furthermore, certain employee pension costs are paid by the City.

For the fiscal year 2022, the Society's facilities and programs attracted 272,627 people, the highest number of admissions since 2010. 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, 2022 and 2021.

2. Summary of Significant Accounting Policies

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, 2022

2. Summary of Significant Accounting Policies (*continued*)

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, 2022 and 2021, management has concluded that an allowance is not required.

With the exception of capital campaign pledges receivable, unconditional promises to give are expected to be collected within one year.

The Queens Botanical Garden Society, Inc.

Notes to Financial Statements
June 30, 2022

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, 2022 and 2021.

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 employee.

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. These deposits represented contract liabilities amounting to \$134,155 and \$203,995 as of June 30, 2022 and 2021. As of July 1, 2020 these balances amounted to \$74,687.

The Queens Botanical Garden Society, Inc.

Notes to Financial Statements
June 30, 2022

2. Summary of Significant Accounting Policies *(continued)*

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. The value of the contributed property is determined on actual costs paid by the City.

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.

Parking Fees, Admission Fees, and Membership Revenues

The Society charges stated parking and admission fees, collects, and recognizes revenue upon sale for access to the Society's gardens. The Society sells memberships of various categories that typically last for a one-year term. Each membership has both a gift and exchange component, the levels of which are determined by the level and nature of the membership based on established published rates. The exchange component form memberships is immaterial and as such, the Society recognizes membership revenue when received.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is February 10, 2023.

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, 2021 from which the summarized financial information was derived.

The Queens Botanical Garden Society, Inc.

Notes to Financial Statements
June 30, 2022

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.

Accounting for Uncertainty in Income Taxes

The Society recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Society had no uncertain tax positions that would required financial statement recognition or disclosure. The Society is no longer subject to examinations by application taxing jurisdictions for periods prior to 2019.

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. Receivables

Receivables to be received in more than one year are discounted to present value of future cash flows at a risk adjusted rate. Management expects receivables at June 30, 2022 to be collected in the following periods

| | | |
|------------------------|------|---------------------|
| | 2023 | \$ 1,085,991 |
| | 2024 | 75,000 |
| | 2025 | 75,000 |
| | 2026 | 75,000 |
| | 2027 | 15,000 |
| | | <u>1,325,991</u> |
| Present value discount | | <u>(14,481)</u> |
| | | <u>\$ 1,311,510</u> |

The Queens Botanical Garden Society, Inc.

Notes to Financial Statements
June 30, 2022

5. Investments

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

| Description | 2022 | 2021 |
|--------------------------------------|-------------------|-------------------|
| Mutual Funds, at Fair Value | | |
| Long-term bond | \$ 51,284 | \$ 55,472 |
| Short-term bond | 218,825 | 227,989 |
| Conservative allocation | <u>126,771</u> | <u>136,337</u> |
| | 396,880 | 419,798 |
| CDs, at cost plus accrued interest | 240,345 | 292,727 |
| Restricted cash and cash equivalents | <u>69,009</u> | <u>69,035</u> |
| Total | <u>\$ 706,234</u> | <u>\$ 781,560</u> |

Except for CDs and cash, as of and for the years ended June 30, 2022 and 2021 all of the Society's investments bought, sold, and held were valued using Level 1 inputs under the fair value hierarchy.

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

| | 2022 | 2021 |
|---------------------------------------|--------------------|------------------|
| Interest and dividends | \$ 6,559 | \$ 14,247 |
| Realized gain on sale of investment | 4,796 | 4,052 |
| Unrealized (loss) gain on investments | <u>(34,015)</u> | <u>6,566</u> |
| Total | <u>\$ (22,660)</u> | <u>\$ 24,865</u> |

6. Property and Equipment

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

| | Estimated Useful Life Years | 2022 | 2021 |
|--------------------------------------------------|--------------------------------|----------------------|----------------------|
| Furniture, fixtures and equipment | 5-7 | \$ 1,188,447 | \$ 1,163,038 |
| Leasehold improvements | 5-30 | 1,471,606 | 1,449,026 |
| Building improvements - DCLA* (Notes 1 and 7) | 5-30 | <u>35,960,492</u> | <u>34,578,000</u> |
| | | 38,620,545 | 37,190,064 |
| Less: accumulated depreciation and amortization | | <u>(17,789,632)</u> | <u>(16,312,427)</u> |
| Net property and equipment | | <u>\$ 20,830,913</u> | <u>\$ 20,877,637</u> |

*Department of Cultural Affairs

The Queens Botanical Garden Society, Inc.

Notes to Financial Statements

June 30, 2022

6. Property and Equipment (*continued*)

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

7. NYC Department of Sanitation (DSNY)

The Society is a subcontractor of Big Initiatives Incorporated that has a contract with DSNY Bureau of Waste Prevention, Reuse and Recycling to disburse available funding to composting and recycling programs. During fiscal years 2022 and 2021 the Society received \$453,024 and \$253,631, which has been recognized as support and revenue in the statement of activities for the year then ended.

8. New York City Appropriations

Department of Cultural Affairs (DCLA)

The Society has had 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, 2022 and 2021, DCLA made capital expenditures of \$1,382,492 and \$349,688 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.

The Queens Botanical Garden Society, Inc.

Notes to Financial Statements
June 30, 2022

9. Net Assets with Donor Restrictions

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

| | <u>2022</u> | <u>2021</u> |
|--------------------------------------------------|---------------------|-------------------|
| Purpose Restrictions | | |
| Educational Programs including Children's Garden | \$ 92,856 | \$ 6,000 |
| Composting, Urban Farm and Organics Recovery | 22,886 | 50,331 |
| Intern program | - | 3,811 |
| New Education Center | 1,007,603 | 204,153 |
| Horticulture | 14,645 | 9,733 |
| NYS program services | 833 | 9,062 |
| Technology | <u>8,897</u> | <u>10,000</u> |
| Total Purpose Restrictions | 1,147,720 | 293,090 |
| Restricted in perpetuity | <u>200,000</u> | <u>200,000</u> |
| Total | <u>\$ 1,347,720</u> | <u>\$ 493,090</u> |

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

| | <u>2022</u> | <u>2021</u> |
|--------------------------------------------------|---------------------|---------------------|
| Educational Programs including Children's Garden | \$ 457,467 | \$ 317,332 |
| Composting, Urban Farm and Organics Recovery | 496,286 | 269,798 |
| Intern program | 3,897 | - |
| New Education Center | 9,968 | 131,389 |
| Horticulture | 45,088 | 7,377 |
| Public programs | - | 20,000 |
| Outreach | - | 3,775 |
| NYS program services | 206,201 | 228,696 |
| Technology | 11,103 | - |
| Corporate membership | - | 2,500 |
| COVID-19 relief support | <u>-</u> | <u>231,029</u> |
| Total | <u>\$ 1,230,010</u> | <u>\$ 1,211,896</u> |

10. 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).

The Queens Botanical Garden Society, Inc.

Notes to Financial Statements
June 30, 2022

10. Endowment and Net Assets Designated for Investments (continued)

Perpetually restricted net assets at June 30, 2022 and 2021 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, 2022 and 2021:

| | Board Designated Without Restriction | With Donor Restrictions in Perpetuity | Accumulated Earnings | Total |
|-------------------------------|--------------------------------------------|---------------------------------------------|-------------------------|-------------------|
| Balance at July 1, 2020 | \$ 484,974 | \$ 200,000 | \$ - | \$ 684,974 |
| Investment income earned | 17,787 | - | 786 | 18,573 |
| Appropriated for expenditures | - | - | (786) | (786) |
| Balance at June 30, 2021 | 502,761 | 200,000 | - | 702,761 |
| Investment income earned | (27,456) | - | 86 | (27,370) |
| Appropriated for expenditures | - | - | (86) | (86) |
| Balance at June 30, 2022 | <u>\$ 475,305</u> | <u>\$ 200,000</u> | <u>\$ -</u> | <u>\$ 675,305</u> |

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, 2022, 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 Queens Botanical Garden Society, Inc.

Notes to Financial Statements
June 30, 2022

10. Endowment and Net Assets Designated for Investments (continued)

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.

11. 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, 2022 and 2021, were as follows:

| | 2022 | 2021 |
|-------------------------------------------------------------------------------------|--------------|--------------|
| Financial Assets | | |
| Cash and cash equivalents | \$ 1,923,028 | \$ 1,018,292 |
| Investments | 506,234 | 581,560 |
| Grants and other receivables | 1,311,510 | 1,007,413 |
| Restricted investments | 200,000 | 200,000 |
| Total Financial Assets | 3,940,772 | 2,807,265 |
| Less: | | |
| Board designated endowment | (475,305) | (502,761) |
| Donor restrictions - purpose restricted | (1,147,720) | (293,090) |
| Donor restrictions in perpetuity | (200,000) | (200,000) |
| | (1,823,025) | (995,851) |
| Financial Assets Available to Meet General Expenditures Over the Next Twelve Months | \$ 2,117,747 | \$ 1,811,414 |

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 14), 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.

The Queens Botanical Garden Society, Inc.

Notes to Financial Statements
June 30, 2022

12. 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 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, 2022 and 2021 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, 2022 and 2021 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, 2022 and 2021. The Collective Bargaining Agreement continues under its previous terms as a new agreement is being negotiated.

| Pension Fund | EIN Number | Plan Number | Protection Act Zone Status | | Status Pending/ Implemented | Total Pension Cost to the Plan | | Expiration Date of Collective Bargaining Agreement |
|----------------------------------------|------------|-------------|----------------------------|-------|-----------------------------|--------------------------------|------------|----------------------------------------------------|
| | | | 2022 | 2021 | | 2022 | 2021 | |
| The Cultural Institutions Pension Plan | 11-200170 | 001 | Green | Green | N/A | \$ 221,138 | \$ 221,347 | 3/31/2022 |

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

| | 2022 | 2021 |
|---------------------|-------------------|-------------------|
| Paid by the City | \$ 110,903 | \$ 106,855 |
| Paid by the Society | 110,235 | 114,492 |
| | <u>\$ 221,138</u> | <u>\$ 221,347</u> |

The Queens Botanical Garden Society, Inc.

Notes to Financial Statements
June 30, 2022

12. Employee Pension Plans (continued)

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.

13. 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 include only the portion of the premiums paid by the Society and exclude the retiree portion of the medical premium for the year ended June 30, 2022.

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

| | 2022 | 2021 |
|-------------------------------------------------|--------------|--------------|
| Changes in Benefit Obligation | | |
| Benefit obligation at beginning of fiscal year | \$ 1,964,835 | \$ 1,967,124 |
| Service cost | 116,274 | 101,416 |
| Interest cost | 55,758 | 54,523 |
| Actuarial gain | (642,682) | (81,319) |
| Benefits paid | (63,478) | (76,909) |
| Benefit Obligation at end of Fiscal Year | 1,430,707 | 1,964,835 |
| Fair value of plan assets at end of fiscal year | - | - |
| Accrued Postretirement Benefit Cost | \$ 1,430,707 | \$ 1,964,835 |

The Queens Botanical Garden Society, Inc.

Notes to Financial Statements
June 30, 2022

13. Postretirement Health Benefit Obligations (continued)

| | 2022 | 2021 |
|-------------------------------------------------------------|-------------------|-------------------|
| Components of Net Periodic Expense for Fiscal Year | | |
| Service cost | \$ 116,274 | \$ 101,416 |
| Interest cost | <u>55,758</u> | <u>54,523</u> |
| Total Net Periodic Expense | <u>\$ 172,032</u> | <u>\$ 155,939</u> |
| Effect of a one-percentage point increase in HCCTR* on | | |
| Year end benefit obligation | \$ 242,197 | \$ 399,449 |
| Total of Service and Interest Cost Components of Expense | 53,753 | 48,802 |
| Effect of a one-percentage point (decrease) in HCCTR* on | | |
| Year end benefit obligation | (190,669) | (305,494) |
| Total of Service and Interest Cost Components of Expense | (38,651) | (34,997) |

* Health Care Cost Trend Rate

For fiscal 2022, the inflation rate used to calculate the net periodic post-retirement benefit expense and disclosures for the medical premiums was assumed to be 10.25% per year initially and then to reduce uniformly for eight years until it reaches a final rate of 5.25% per year in the ninth year. The discount rate per annum is 4.64% for 2022 and 2.89% for 2021.

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:

| | |
|-----------|-----------|
| 2023 | \$ 68,000 |
| 2024 | 70,000 |
| 2025 | 71,000 |
| 2026 | 73,000 |
| 2027 | 64,000 |
| 2028-2032 | 372,000 |

The Queens Botanical Garden Society, Inc.

Notes to Financial Statements
June 30, 2022

14. 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 7.27% and 3.25% at June 30, 2022 and 2021, respectively. The Society did not utilize the line of credit during 2022 and 2021. Line of credit is revolving and has no expiration date.

15. 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.

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 for the year ended June 30, 2021.

16. Subsequent Event

In October 2022, the Society entered into an agreement to receive \$8,000,000 from a donor over a five-year period. These funds are restricted as part of the Society’s Capital Campaign to raise funds for a new education center.

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