

**THE QUEENS BOTANICAL GARDEN SOCIETY, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2023**



LUTZ AND GARR

CERTIFIED PUBLIC ACCOUNTANTS, LLP

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of  
The Queens Botanical Garden Society, Inc.

### Opinion

We have audited the accompanying financial statements of The Queens Botanical Garden Society, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statement 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 Queens Botanical Garden Society, Inc. as of June 30, 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our 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 Queens Botanical Garden Society, Inc. 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.

### Emphasis of Matter

As discussed in Note 15 to the financial statements, net assets as of July 1, 2022 have been restated to correct certain misstatements. Our opinion is not modified with respect to this matter.

### 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 Queens Botanical Garden Society, Inc.'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 Queens Botanical Garden Society, Inc.'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 Queens Botanical Garden Society, Inc.'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.

*Lotz + Carr, LLP*

New York, New York  
February 8, 2024

**THE QUEENS BOTANICAL GARDEN SOCIETY, INC.**

**STATEMENT OF FINANCIAL POSITION**

**JUNE 30, 2023**

**Assets**

Cash and cash equivalents (Notes 1c and 4)	\$ 2,767,226
Contributions receivable (Notes 1d and 5)	
Without donor restrictions	1,732,941
With donor restrictions	5,633,635
Accounts receivable	242,493
Prepaid expenses and other assets (Note 1e)	48,868
Investments (Notes 1f, 1g and 6)	769,481
Property and equipment, at cost, net of accumulated depreciation (Notes 1h and 8)	<u>2,142,230</u>

<b>Total Assets</b>	<b><u><u>\$13,336,874</u></u></b>
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**Liabilities and Net Assets**

Liabilities	
Accounts payable and accrued expenses	471,085
Postretirement health benefit obligation (Note 11)	1,108,585
Deferred revenue (Note 1i)	<u>147,234</u>
Total Liabilities	<u>1,726,904</u>

Commitments and Contingency (Notes 9, 10 and 12)

Net Assets (Note 3)

Without Donor Restrictions	
Operating	529,045
Property and equipment	2,142,230
Board designated endowment	<u>496,307</u>
Total Without Donor Restrictions	3,167,582
With Donor Restrictions	<u>8,442,388</u>
Total Net Assets	<u>11,609,970</u>

<b>Total Liabilities and Net Assets</b>	<b><u><u>\$13,336,874</u></u></b>
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**See notes to financial statements.**

## THE QUEENS BOTANICAL GARDEN SOCIETY, INC.

## STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions			Total	With Donor Restrictions	Totals
	Operating	Property and Equipment	Board Designated Endowment			
<b>Support and Revenue</b>						
Government Support						
New York City appropriations - operations (Note 13)	\$2,412,551	\$ -	\$ -	\$ 2,412,551	\$ -	\$ 2,412,551
Other NYC grants (Note 8)	20,000	1,208,436	-	1,228,436	26,595	1,255,031
NYC Department of Sanitation grant (Note 12b)	453,141	-	-	453,141	-	453,141
New York State grants (Note 8)	232,685	70,484	-	303,169	-	303,169
Foundations	226,769	-	-	226,769	218,357	445,126
Corporations	151,716	-	-	151,716	-	151,716
Individuals	87,897	-	-	87,897	-	87,897
Capital Campaign (Note 8)	-	-	-	-	7,011,040	7,011,040
Fundraising events	177,490	-	-	177,490	-	177,490
Less: Direct benefit expenses	(21,649)	-	-	(21,649)	-	(21,649)
Donated goods and services (Note 14)	7,145	-	-	7,145	-	7,145
Admission fees	224,007	-	-	224,007	-	224,007
Gift shop and other sales	112,285	-	-	112,285	-	112,285
Less: Cost of goods sold (Note 1e)	(35,128)	-	-	(35,128)	-	(35,128)
Education and public programs	669,496	-	-	669,496	-	669,496
Rental of facilities	434,695	-	-	434,695	-	434,695
Memberships	33,987	-	-	33,987	-	33,987
Net investment income (Note 6)	2,096	-	9,142	11,238	64	11,302
Other income	3,859	-	-	3,859	-	3,859
Net assets released from restrictions	161,388	-	-	161,388	(161,388)	-
<b>Total Support and Revenue</b>	<b>5,354,430</b>	<b>1,278,920</b>	<b>9,142</b>	<b>6,642,492</b>	<b>7,094,668</b>	<b>13,737,160</b>
<b>Expenses</b>						
Program Services						
Grounds care and security	1,414,505	97,016	-	1,511,521	-	1,511,521
Education and composting	1,437,931	34,285	-	1,472,216	-	1,472,216
Visitor services and public programs	854,078	2,530	-	856,608	-	856,608
Outreach and volunteers	291,509	-	-	291,509	-	291,509
Planning/capital projects and research	69,873	158	-	70,031	-	70,031
Total Program Services	4,067,896	133,989	-	4,201,885	-	4,201,885
Supporting Services						
Administrative and general	811,130	2,109	-	813,239	-	813,239
Fundraising and development	313,142	645	-	313,787	-	313,787
Total Supporting Services	1,124,272	2,754	-	1,127,026	-	1,127,026
<b>Total Expenses</b>	<b>5,192,168</b>	<b>136,743</b>	<b>-</b>	<b>5,328,911</b>	<b>-</b>	<b>5,328,911</b>
Increase in Net Assets from Operating Activities	162,262	1,142,177	9,142	1,313,581	7,094,668	8,408,249
Non-Operating Activity and Transfer						
Postretirement-related changes other than periodic benefit cost (Note 11)	363,193	-	-	363,193	-	363,193
Transfer for purchase of property and equipment	(11,845)	11,845	-	-	-	-
Increase in Net Assets	513,610	1,154,022	9,142	1,676,774	7,094,668	8,771,442
Net assets (deficit), beginning of year, as previously reported	(437,097)	21,417,748	475,305	21,455,956	1,347,720	22,803,676
Prior period adjustments (Note 15)	452,532	(20,429,540)	11,860	(19,965,148)	-	(19,965,148)
Net assets, beginning of year, as restated	15,435	988,208	487,165	1,490,808	1,347,720	2,838,528
<b>Net Assets, End of Year</b>	<b>\$ 529,045</b>	<b>\$ 2,142,230</b>	<b>\$ 496,307</b>	<b>\$ 3,167,582</b>	<b>\$ 8,442,388</b>	<b>\$11,609,970</b>

See notes to financial statements.

## THE QUEENS BOTANICAL GARDEN SOCIETY, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2023

	Program Services					Supporting Services				Total Expenses
	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	\$ 826,062	\$ 860,034	\$ 459,521	\$ 169,181	\$ 49,199	\$2,363,997	\$ 490,609	\$ 201,611	\$ 692,220	\$3,056,217
Payroll taxes and benefits	340,396	288,749	182,428	58,170	16,225	885,968	133,042	84,191	217,233	1,103,201
Professional services	83,849	53,443	54,874	2,555	-	194,721	99,143	2,748	101,891	296,612
Supplies and materials	51,143	91,360	93,655	23,666	996	260,820	16,622	7,374	23,996	284,816
Furniture and equipment	15,634	47,480	9,408	300	89	72,911	10,743	363	11,106	84,017
Postage and freight	556	569	300	1,612	32	3,069	345	400	745	3,814
Printing	-	2,215	1,157	8,463	-	11,835	296	1,487	1,783	13,618
Promotion	-	-	6,177	3,163	-	9,340	-	-	-	9,340
Staff development and travel	3,722	9,662	2,743	7,849	94	24,070	3,843	1,279	5,122	29,192
Utilities	45,936	55,103	27,854	13,294	2,290	144,477	21,741	9,766	31,507	175,984
Insurance	45,623	26,394	8,765	3,200	948	84,930	16,644	3,873	20,517	105,447
Depreciation	97,016	34,285	2,530	-	158	133,989	2,109	645	2,754	136,743
Other expenses	1,584	2,922	7,196	56	-	11,758	18,102	50	18,152	29,910
Total Expenses	<u>\$1,511,521</u>	<u>\$ 1,472,216</u>	<u>\$ 856,608</u>	<u>\$ 291,509</u>	<u>\$ 70,031</u>	<u>\$4,201,885</u>	<u>\$ 813,239</u>	<u>\$ 313,787</u>	<u>\$1,127,026</u>	<u>\$5,328,911</u>

See notes to financial statements.

**THE QUEENS BOTANICAL GARDEN SOCIETY, INC.**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED JUNE 30, 2023**

**Cash Flows From Operating Activities**

Increase in net assets	\$ 8,771,442
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	136,743
Net unrealized loss on investments	8,442
(Increase) decrease in:	
Contributions receivable	(6,783,431)
Accounts receivable	363,430
Prepaid expenses and other assets	5,614
Increase (decrease) in:	
Accounts payable and accrued expenses	13,456
Accrued pension expense	(322,122)
Deferred revenue	13,079
Net Cash Provided By Operating Activities	2,206,653

**Cash Flows From Investing Activities**

Purchase of investments	(219,269)
Purchase of property and equipment	(1,290,765)
Net Cash Used By Investing Activities	(1,510,034)

Net increase in cash and cash equivalents	696,619
Cash and cash equivalents, beginning of year	2,070,607

<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 2,767,226</b>
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**See notes to financial statements.**

**THE QUEENS BOTANICAL GARDEN SOCIETY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**Note 1 - Organization and Summary of Significant Accounting Policies**

a - Organization

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.

For the fiscal year 2023, the Society's facilities and programs attracted 291,027 people. The Society also charges admission on a seasonal basis, from April through December 15.

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.

b - Basis of Accounting and Financial Statement Presentation

The financial statements of the Society have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"), which require the Society to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Society. These net assets may be used at the discretion of the Society's management and the Board of Trustees.

Net Assets With Donor Restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Society or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

c - Cash and Cash Equivalents

Cash and cash equivalents include highly liquid short-term investments with original maturities of three months or less at the date of purchase, except for cash and short-term investments managed as part of the Society's long-term investment strategies.



**THE QUEENS BOTANICAL GARDEN SOCIETY, INC.****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2023****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****d - Contributions and Contributions Receivable**

Contributions are recognized when the donor makes a promise to give to the Society, that is, in substance, unconditional. Conditional promises to give, that have a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions of long-lived assets and of cash restricted for the acquisition of long-lived assets are reported as increases in net assets with donor restrictions when recognized as revenue and are reclassified to net assets without donor restrictions when the assets are placed in service.

The Society uses the allowance method to determine uncollectible promises to give. Any allowance is based on prior years' experience and management's analysis of specific promises made.

**e - Inventory and Costs of Goods Sold**

Inventory (included with prepaid expenses and other assets) consists of finished goods and is stated at the lower of cost or market, cost being determined using the actual and retail method.

**f - Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-based measurement. U.S. GAAP establishes a framework for measuring fair value which maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those the market participants would use in pricing the asset based on market data obtained from sources independent of the Society. Unobservable inputs reflect the Society's assumptions about the inputs market participants would use in pricing the asset developed based on the best information available in the circumstances.

Fair value measurements are categorized into three levels as follows:

- Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Society has the ability to access at the measurement date.

**THE QUEENS BOTANICAL GARDEN SOCIETY, INC.****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2023****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****f - Fair Value Measurements (continued)**

Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 Inputs that are unobservable.

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

**g - Investments**

Investments in debt and equity securities with readily determinable fair values are reported at fair value based upon quoted market prices. Investments in certificates of deposit are reported at cost plus accrued interest, which approximates fair value. Interest, dividends, and gains and losses on investments are reflected in the statement of activities as increases and decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Gains and other investment income that are limited to specific uses by donor-imposed restrictions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

**h - Property and Equipment**

Property and equipment are recorded at cost at the date of acquisition, or at fair value at the date of contribution, and are being depreciated using the straight-line method over the estimated useful life of the related asset.

**i - Revenue Recognition**

The Society has revenue streams that are accounted for as exchange transactions, including contract revenue, admission fees, sales revenue, education and tours, garden usage and other event fees, memberships, and other income. The Society recognizes revenue at the point or over the period during which the related performance obligations are satisfied.

The Society sells memberships of various categories that typically last for a one-year term and provide each member with benefits that include complimentary admission and parking, and discounts to workshops and programs during the term of the membership. Memberships are billed and collected at the beginning of the membership period and revenue is recognized ratably over the membership term.

## THE QUEENS BOTANICAL GARDEN SOCIETY, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

**Note 1 - Organization and Summary of Significant Accounting Policies (continued)**j - Advertising

Advertising costs are charged to operations when they first take place. Advertising expense for 2023 and 2022 was \$9,340 and \$8,959, respectively.

k - Estimates

The Society uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenues and expenses.

l - Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Expenses are applied directly to programs, where applicable, or allocated on a reasonable and consistent basis 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 assets service, accordingly.

m - Tax Status

The Society is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

n - Subsequent Events

The Society has evaluated subsequent events through February 8, 2024, the date that the financial statements are considered available to be issued.

o - New Accounting Standard

During the year ended June 30, 2023, the Society adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU improves transparency of contributed nonfinancial assets through enhancements to presentation and disclosure and requires that contributed nonfinancial assets are presented separately in the statement of activities. New disclosures are also required to disaggregate contributed nonfinancial assets by category type and other qualitative information about utilization, policies, and valuation techniques.

**THE QUEENS BOTANICAL GARDEN SOCIETY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**Note 2 - Information Regarding Liquidity and Availability**

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 cash flows have seasonal variations during the year attributable to admission and event fees and the timing of cash receipts of contribution from donors.

The Society's financial assets as of June 30, 2023 available to meet cash needs for general expenditures within one year are summarized as follows:

Financial Assets:	
Cash and cash equivalents	\$ 2,767,226
Accounts receivable	242,493
Contributions receivable	7,366,576
Investments	<u>769,481</u>
Total Financial Assets	11,145,776
Less: Amounts not Available to be Used within One Year:	
Net assets with donor restrictions, subject to expenditure for specific programs or purposes	(8,242,388)
Plus: Net assets with restrictions to be met within one year	448,665
Less: Net assets with donor restrictions for endowment, subject to spending policy and appropriation	(200,000)
Less: Endowments designated by the Board of Trustees	<u>(496,307)</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$ 2,655,746</u>

The Society maintains board designated endowment funds of \$496,307 as of June 30, 2023, which are invested for long-term appreciation and current income. This amount could be made available at any time to meet cash needs for general expenditures at the discretion of the Board.

The Society also has a \$500,000 line of credit, all of which was available for borrowing as of June 30, 2023 (Note 9).

**Note 3 - Net Assets**

a - Net Assets Without Donor Restrictions - Board Designated Endowment

The Board of Trustees established an endowment fund to fund the Society's annual operations, and to be held as a cash reserve for specific projects and purposes. At June 30, 2023, the endowment balance was \$496,307. Appropriations are to be used for operations pursuant to the Society's spending policy (Note 7).

**THE QUEENS BOTANICAL GARDEN SOCIETY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**Note 3 - Net Assets (continued)**

b - Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2023 are restricted for the following purposes:

Subject to expenditure for specific purpose:	
New Education Center (Note 8)	\$7,964,189
Food justice leadership program	122,000
Educational programs including Children's Garden	94,128
Composting, Urban Farm, and Organics Recovery	29,352
NYS program services	26,595
Technology	5,005
Horticulture	1,119
	<u>8,242,388</u>
Investment in perpetuity:	
General operations	<u>200,000</u>
Total Net Assets With Donor Restrictions	<u><u>\$8,442,388</u></u>

Net assets with donor restrictions were released for the following purposes during the year ended June 30, 2023:

New Education Center (Note 8)	\$ 54,454
Educational programs including Children's Garden	60,792
Composting, Urban Farm, and Organics Recovery	22,886
Horticulture	13,526
Technology	8,897
NYS program services	<u>833</u>
Total	<u><u>\$161,388</u></u>

**Note 4 - Concentration of Credit Risk**

The Society maintains its cash and cash equivalent balances at various institutions, which are insured up to applicable limits by the Federal Deposit Insurance Corporation. Balances at times exceed insured limits.

**THE QUEENS BOTANICAL GARDEN SOCIETY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**Note 5 - Contributions Receivable**

Contributions receivable at June 30, 2023 are due as follows:

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
Due in less than one year	\$1,732,941	\$1,707,595	\$3,440,536
Due in one to five years	-	<u>4,965,000</u>	<u>4,965,000</u>
	<u>1,732,941</u>	6,672,595	8,405,536
Less: Discount to present value	-	<u>(1,038,960)</u>	<u>(1,038,960)</u>
Total	<u>\$1,732,941</u>	<u>\$5,633,635</u>	<u>\$7,366,576</u>

Uncollectable contributions receivable are expected to be insignificant. Contributions receivable due after one year are discounted to net present value using a discount rate of 8.25%.

At June 30, 2023, approximately 89% of contributions receivable were due from a foundation and a government agency.

**Note 6 - Investments**

Investments consist of the following at June 30:

	<b><u>Cost</u></b>	<b><u>Fair Value</u></b>
Cash and cash equivalents	\$286,081	\$286,081
Certificates of deposit	79,279	79,279
Mutual Funds:		
Short-term bonds	235,635	222,013
Intermediate-term bonds	54,863	51,191
Balanced fund	<u>134,709</u>	<u>130,917</u>
Total	<u>\$790,567</u>	<u>\$769,481</u>

All of the Society's investments are classified within Level 1 of the fair value hierarchy.

**THE QUEENS BOTANICAL GARDEN SOCIETY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**Note 6 - Investments (continued)**

Net investment income for the year ended June 30, 2023 is summarized as follows:

Interest and dividends	\$19,744
Unrealized loss on investments	<u>(8,442)</u>
	<u>\$11,302</u>

**Note 7 - Endowment Funds**

The Society's endowment consists of a board designated endowment fund without donor restrictions and an endowment fund with donor restrictions as described in Note 3. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Consistent with New York State Not-for-Profit Corporation Law and the New York Prudent Management of Institutional Funds Act ("NYPMIFA"), the Society classifies as net assets with donor restrictions, perpetual in nature (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of any applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the endowment funds with donor restrictions that is not classified as perpetual in nature is classified as net assets with donor restrictions, subject to spending policy and appropriation, until those amounts are appropriated for expenditure by the Society.

In accordance with NYPMIFA, the Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (i) the duration and preservation of the endowment fund;
- (ii) the purposes of the Society and the endowment fund;
- (iii) general economic conditions;
- (iv) the possible effect of inflation and deflation;
- (v) the expected total return from income and the appreciation of investments;
- (vi) other resources of the Society;
- (vii) where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Society; and
- (viii) the investment policy of the Society

**THE QUEENS BOTANICAL GARDEN SOCIETY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**Note 7 - Endowment Funds (continued)**

Changes in the Society's endowment funds for the year ended June 30, 2023 are summarized as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>		<u>Total</u>
	<u>Board Designated</u>	<u>Investment Above Gift Amount</u>	<u>Investment in Perpetuity</u>	
Endowment funds, beginning of year	\$487,165	\$ -	\$200,000	\$687,165
Net investment income	9,142	64	-	9,206
Appropriation to operations	<u>-</u>	<u>(64)</u>	<u>-</u>	<u>(64)</u>
Endowment Funds, End of Year	<u>\$496,307</u>	<u>\$ -</u>	<u>\$200,000</u>	<u>\$696,307</u>

The Society has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

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 principle of this fund is perpetually restricted while investment income may be expended to support internship positions in the Horticulture and Education Departments.

**Note 8 - Property and Equipment and Capital Campaign**

Property and equipment consist of the following as of June 30, 2023:

	<u>Life</u>	<u>Amount</u>
Leasehold improvements	5-30 years	\$2,646,704
Furniture, fixtures and equipment	5-10 years	1,192,500
Projects in process	Not in service	<u>111,614</u>
		3,950,818
Less: Accumulated depreciation		<u>(1,808,588)</u>
		<u>\$2,142,230</u>



**THE QUEENS BOTANICAL GARDEN SOCIETY, INC.****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2023****Note 8 - Property and Equipment and Capital Campaign (continued)**

The City owns the Society's premises and has funded several capital improvement projects to the Society. Capital expenditures funded by the City are not capitalized as assets of the Society and are not included in the accompanying financial statements. Cumulative capital expenditures funded by the City as of June 30, 2023, including Building Project costs described below, total \$36,353,779.

During the year ended June 30, 2023, the Society incurred \$1,208,436 of improvement costs to renovate the HVAC system of the administration building. The City, through the New York City Department of Citywide Administrative Services, has agreed to reimburse these costs and, accordingly, the Society has recognized this amount as government support and contributions receivable in the accompanying financial statements.

The City has committed funding totaling approximately \$30,075,000 to construct a new Education Building (the "Building Project") at the Society, including design fees and contingency. The Building Project is managed by the NYC Department of Design and Construction and construction is expected to begin in 2024. During the year ended June 30, 2023, the City paid \$393,285 in Building Project costs. Cumulative Building Project costs incurred by the City to date relate to planning and design and total \$3,116,514 as of June 30, 2023. These costs are funded by the City, through the New York City Department of Citywide Administrative Services, and are not capitalized assets of the Society.

In addition, the Dormitory Authority of the State of New York has awarded the Society cost-reimbursable funding of \$1,000,000 for exterior improvements (a Pavilion) to the Kids Culture and Education Garden (the "Garden Exterior Project") and \$2,125,000 for the design and construction of an interactive landscape and exhibits for the Kids Culture and Education Garden (the "Garden Renovation Project"). During the year ended June 30, 2023, the Society incurred reimbursable capital costs totaling \$62,451 for the Garden Exterior Project. Cumulative Garden Exterior Project costs as of June 30, 2023 total \$111,614. No costs have been incurred to date for the Garden Renovation Project. The unexpended award balances have not been recognized in the accompanying financial statements since they are conditional on incurring qualifying expenditures.

In 2019, the Society commenced a Capital Campaign to raise funding to support future operating costs of the Education Building and Kids Culture and Education Garden (collectively, the "New Education Center"), including equipment, soft costs, exhibits, and maintenance. As of June 30, 2023, the Society has secured private contributions totaling \$9,423,800, of which \$5,601,040 is receivable in multi-year pledge installments through the year ending June 30, 2027 (net of present value discount of \$1,038,960).

**THE QUEENS BOTANICAL GARDEN SOCIETY, INC.****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2023****Note 9 - 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, which was 8.25% at June 30, 2023. The Society did not utilize the line of credit during 2023. The line of credit of credit is revolving and expires March 2024.

**Note 10 - Employee Pension Plans**

- a - The Society 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 plan.
- b - The Society contributes to the Cultural Institutions Retirement System's (CIRS) plan under the terms of a collective-bargaining agreement that covers certain of its union-represented employees. The risks of participating in a multiemployer plan are different from single-employer plans in the following aspects:
- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
  - If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

If the Society chooses to stop participating in a multiemployer plan, the Society may be required to pay an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Society's participation in this plan is summarized below. The "EIN/Pension Plan Number" column provides the Employee Identification Number (EIN) and the three-digit plan number, if applicable. The most recent Pension Protection Act (PPA) zone status available in 2023 is for the CIRS plan year end at June 30, 2023. The zone status is based on information that the Society received from the plan and 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 "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. The last column lists the expiration dates of the collective-bargaining agreement to which the plan is subject, as applicable.

**THE QUEENS BOTANICAL GARDEN SOCIETY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**Note 10 - Employee Pension Plans (continued)**

<u>Pension Fund</u>	<u>EIN/Pension Plan Number</u>	<u>Pension Protection Act Zone Status</u>	<u>FIP/RP Status Pending Implementation</u>	<u>Contributions of the Society</u>	<u>Expiration Date of Collective Bargaining Agreement</u>
Cultural Institutions Retirement System Pension Plan	11-2001170/001	Green	N/A	<u>\$260,299</u>	June 30, 2025

The total expense under the plan for the year ended June 30, 2023 of \$260,299 was partially financed by an appropriation from the City (Note 13).

The Society's contributions to the plan listed above is not greater than 5% of the total plan contributions.

**Note 11 - Postretirement Health Benefit Obligation**

In addition to the employee pension plans, the Society provides certain postretirement health and supplemental welfare benefits for eligible retired employees (the "Plan"). 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 benefit costs on a pay-as-you-go basis.

The Society is required to recognize the funded status of the pension plan, measured as the difference between the fair value of plan assets and the projected benefit obligation, in the statement of financial position.

In addition to recognizing net periodic pension cost as an operating expense (\$98,136 for 2023), other changes in the funded status (including actual plan asset gains and losses, and other costs or credits that arise during the period but are not part of net periodic benefit cost) are required to be recognized as a separate line item, apart from expenses, in the statement of activities (an increase in net assets of \$363,193 for 2023).

**THE QUEENS BOTANICAL GARDEN SOCIETY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**Note 11 - Postretirement Health Benefit Obligation (continued)**

The Plan's funded status and accumulated benefit obligation as June 30, 2023 is as follows:

Change in Benefit Obligation:	
Benefit obligation at beginning of year	\$1,430,707
Service cost	73,115
Interest cost	64,807
Actuarial gain	(402,979)
Benefits paid	<u>(57,065)</u>
Benefit obligation at end of year	<u>1,108,585</u>
Change in Plan Assets:	
Fair value of plan assets at beginning of year	-
Employer contribution	57,065
Benefits paid	<u>(57,065)</u>
Fair value of plan assets at end of year	<u>-</u>
Total Accumulated Postretirement Health Benefit Obligation	<u><u>\$(1,108,585)</u></u>

Amounts recognized in the statement of activities for the year ended June 30, 2023 consist of:

Net Periodic Postretirement Benefit Cost:	
Service cost	\$ 73,115
Interest cost	64,807
Amortization of prior service credit	(14,826)
Amortization of net gain	<u>(24,960)</u>
Total Net Periodic Postretirement Benefit Cost	<u>\$ 98,136</u>
Changes Other than Periodic Postretirement Benefit Cost:	
Net actuarial gain	\$(378,019)
Amortization of prior service cost	<u>14,826</u>
Total Postretirement-Related Changes Other than Periodic Benefit Cost	<u><u>\$(363,193)</u></u>

The discount rate used for valuations is based on the FTSE US Broad Investment Grade Above Median AA Yield Curve. A valuation based on the curve for the month before the measurement is performed, which results in an accumulated postretirement benefit obligation based on the yield curve. A single interest discount rate that would yield the same obligation is then selected.

**THE QUEENS BOTANICAL GARDEN SOCIETY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**Note 11 - Postretirement Health Benefit Obligation (continued)**

The net periodic postretirement benefit cost was determined using a discount rate of 4.64%. The accumulated postretirement health benefit obligation was determined using a discount rate of 5.21%.

The health care cost trend rates for fiscal year 2023 are 8.5% annually prior to Medicare eligibility, 4.2% annually following Medicare eligibility, and 3.0% annually for employees covered under the District Council 37 Health and Security Plan.

As of June 30, 2023, benefit amounts expected to be paid in future years are as follows:

<u>Year Ending June 30,</u>	
2024	\$ 70,000
2025	71,000
2026	74,000
2027	63,000
2028	67,000
2029-2033	392,000

**Note 12 - Commitments and Contingency**

- a - Salaries for the Society's gardeners and support staff are covered under a union contract with District Council 37 and its affiliated Local 374 of the American Federation of State County and Municipal Employees. The contract for the union employees was ratified May 26, 2023 and expires November 6, 2026. Under the contract, the Society agrees to contribute to the District Council 37 Cultural Institution Health and Security Plan Trust a sum equal to the amount contributed for city reimbursed employees. For the year ended June 30, 2023, contributions to the trust totaled \$33,340 and total salary expense for employees covered under the contract was \$685,921.
  
- b - The Society is a subcontractor of Big Initiatives Incorporated (aka Big Reuse) as a part of a service arrangement with the New York City Department of Sanitation to advance NYC Compost Project programming in Queens. Under the subcontractor agreement, the Society is reimbursed for costs incurred to operate a compost site, distribute finished compost to community partners, and provide workshops and technical assistance to community compost sites. During the year ended June 30, 2023, the Society received \$453,141 for services performed under this agreement. The current agreement expires June 30, 2024.
  
- c - Government supported projects are subject to audit by the governmental granting agency.

**THE QUEENS BOTANICAL GARDEN SOCIETY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**Note 13 - The City of New York Financial Support**

The Society operates under an agreement made with the City in 1963, which provides the license to occupy, operate and maintain the botanical garden, building, and incidental features on land and a physical plant owned by the City. This operating agreement remains in effect so long as the Society observes the provisions of the agreement.

The City, through the New York City Department of Cultural Affairs (the "DCA") appropriates funds to support certain operating costs of the Society. Operating support provided to the Society during the year ended June 30, 2023 consists of:

Contributions for operations	\$1,897,967
Education programs	240,000
Heat, light and power	137,416
Pension (Note 10b)	<u>137,168</u>
	<u>\$2,412,551</u>

**Note 14 - Donated Goods and Services**

During the year ended June 30, 2023, the Society received the following donated goods and services:

Donated goods - annual benefit event	\$2,145
Legal fees	<u>5,000</u>
	<u>\$7,145</u>

Donated goods are valued based on the retail pricing as of the date of donation and were utilized during the Society's annual benefit event. The value of donated legal fees was provided by the service provider, who estimates fair value based on current market rates charged to others for similar services. Donated legal fees were utilized in the Society's administrative supporting services.

## THE QUEENS BOTANICAL GARDEN SOCIETY, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

**Note 15 - Prior Period Adjustments**

Net assets as of July 1, 2022 have been restated for the following:

	<u>Without Donor Restrictions</u>			<u>Total</u>
	<u>Operating</u>	<u>Capital</u>	<u>Board Designated Endowment</u>	
To reverse property and equipment, net, related to DCA funded and managed projects.	\$ -	\$(19,842,706)	\$ -	\$(19,842,706)
To reclassify net assets related to operating and board designated endowment.	574,974	(586,834)	11,860	-
To reverse contributions receivable for expenses paid directly to third parties (vendors) on behalf of the Society.	<u>(122,442)</u>	<u>-</u>	<u>-</u>	<u>(122,442)</u>
	<u>\$452,532</u>	<u>\$(20,429,540)</u>	<u>\$11,860</u>	<u>\$(19,965,148)</u>