

**BROOKLYN BOTANIC GARDEN
CORPORATION**

**Financial Statements
for year ended
December 31,2022
(with summarized comparative
information for 2021)**

Independent Auditor's Report

To the Board of Trustees
Brooklyn Botanic Garden Corporation

Opinion

We have audited the accompanying financial statements of Brooklyn Botanic Garden Corporation (the "Garden") which comprise the statement of financial position as of December 31, 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 Garden as of December 31, 2022 and the results of its activities 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 audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Garden and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor’s 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 auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Garden’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Garden’s ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the Garden’s 2021 financial statements, and our report dated April 14, 2022, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Conan O'Meara, McQuinn & Donnelly LLP

April 17, 2023

BROOKLYN BOTANIC GARDEN CORPORATION

Statement of Financial Position

Assets

	December 31	
	2022	2021
Cash and cash equivalents	\$ 9,982,709	\$ 11,322,516
Investments, at fair value	76,941,127	92,116,578
Accounts receivable	1,008,100	2,505,339
Contributions and grants receivable, net	4,310,436	3,475,849
Prepaid expenses and other assets	106,974	480,964
Property and equipment, net	26,626,244	27,210,752
Trusts held by third parties – with donor restrictions in perpetuity	2,908,200	3,760,080
Total assets	\$ 121,883,790	\$ 140,872,078

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 4,755,159	\$ 5,931,094
Contracts payable	32,666	38,306
Postretirement benefits	9,765,161	15,231,582
Bond payable	-	767,155
Term loan, net	544,255	1,599,365
Deferred revenue	1,801,116	3,855
PPP Loans payable	-	2,000,000
Total liabilities	16,898,357	25,571,357

Net assets

Without donor restrictions	81,810,521	91,562,457
With donor restrictions	23,174,912	23,738,264
Total net assets	104,985,433	115,300,721
Total liabilities and net assets	\$121,883,790	\$140,872,078

See notes to financial statements.

BROOKLYN BOTANIC GARDEN CORPORATION

Statement of Activities
For the Year Ended December 31, 2022
(with Summarized Comparative Information for the Year Ended December 31, 2021)

	Without Donor Restrictions				With Donor Restrictions				Total Net Assets With Donor Restrictions	Total 2022	Total 2021
	General	Board- Designated Endowment	Building	Operating Reserve Capital Fund Opportunity Fund	Capital Campaign	Total Net Assets Without Donor Restrictions	Capital Campaign	Total Net Assets with Temporary Donor Restrictions			
Revenue and support											
Appropriations by the City of New York	\$ 5,587,590	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,587,590
Contributions	3,596,890	2,275,886	-	-	-	5,672,776	493,064	1,543,064	50,000	10,187,225	
Grants	3,854,076	-	-	-	-	3,854,076	110,105	110,105	-	4,218,019	
Special events, net of direct costs of \$490,205 in 2022 and \$402,135 in 2021	554,338	-	-	-	-	554,338	-	-	-	581,050	
Interest and dividends	170,349	23,257	-	-	-	193,806	-	23	-	193,829	
Plants and gardens publications	42,805	-	-	-	-	42,805	-	-	-	57,812	
Membership dues	2,452,345	-	-	-	-	2,452,345	-	-	-	2,452,345	
Sale of plants and other items	192,645	-	-	-	-	192,645	-	-	-	138,036	
Educational programs	513,490	-	-	-	-	513,490	-	-	-	361,119	
Special fees	2,052,788	-	-	-	-	2,052,788	-	-	-	2,354,018	
Admissions	4,477,271	-	-	-	-	4,477,271	-	-	-	3,477,937	
Investment return allocation	3,580,081	(3,580,081)	-	-	-	-	-	-	-	-	
Net assets released from restrictions	877,170	-	544,104	(406,731)	350,121	1,364,664	(877,170)	(1,364,664)	-	-	
Total revenue and support	27,752,038	(1,280,938)	544,104	(406,731)	350,121	26,958,594	(274,001)	238,528	50,000	28,888,753	
Expenses											
Program services											
Horticulture	4,590,885	-	614,428	-	-	5,205,313	-	-	-	5,010,056	
Maintenance	4,587,048	-	625,173	-	-	5,212,221	-	-	-	4,903,689	
Education	4,509,966	-	61,335	-	-	4,591,301	-	-	-	3,271,883	
Security	2,838,783	-	20,094	-	-	2,878,877	-	-	-	2,927,669	
Publications	694,666	-	-	-	-	694,666	-	-	-	655,234	
Program enhancement	1,983,868	-	2,189	-	-	1,986,057	-	-	-	1,906,057	
Admissions	919,683	-	4,766	-	-	924,451	-	-	-	924,451	
Membership	988,707	-	-	-	-	988,707	-	-	-	640,808	
Capital campaign	-	-	-	-	350,121	350,121	-	-	-	684,066	
Total program services	21,103,608	-	1,330,174	-	350,121	22,783,903	-	-	-	22,783,903	
Supporting activities											
Administration	2,705,515	-	67,120	-	-	2,772,635	-	-	-	2,557,931	
Fundraising-Development	1,400,591	-	-	-	-	1,400,591	-	-	-	1,395,713	
Total supporting activities	4,106,106	-	67,120	-	-	4,173,226	-	-	-	3,897,649	
Total expenses	25,209,714	-	1,397,294	-	350,121	26,957,129	-	-	-	23,743,580	
Increase (decrease) in net assets before other additions (deductions) and transfer	2,542,324	(1,280,938)	(853,190)	(406,731)	-	1,465	(274,001)	238,528	50,000	5,105,173	
Other additions (deductions) and transfer											
Effect of post-retirement adjustment	5,699,314	-	-	-	-	5,699,314	-	-	-	(85,142)	
Realized and unrealized gain (loss), net	-	(15,452,715)	-	-	-	(15,452,715)	-	-	-	13,091,681	
Loss on disposal of assets Interfund transfer	(2,400,000)	-	-	2,400,000	-	-	-	-	-	(25,000)	
Third party trusts unrealized gain (loss), net	-	-	-	-	-	-	-	(851,880)	(851,880)	342,397	
Increase (decrease) in net assets	5,841,638	(16,733,653)	(853,190)	1,993,269	-	(9,751,950)	(274,001)	(563,352)	(801,880)	18,429,109	
Net assets, beginning of year	3,969,934	73,295,676	9,111,406	5,185,441	-	91,562,457	909,999	23,738,264	7,938,656	96,871,612	
Net assets, end of year	9,811,572	56,562,023	8,258,216	7,178,710	-	81,810,521	635,998	23,174,912	7,136,776	115,300,721	

See notes to financial statements.

BROOKLYN BOTANIC GARDEN CORPORATION

**Statement of Functional Expenses
For the Year Ended December 31, 2022**

(with Summarized Comparative Information for the Year Ended December 31, 2021)

	Program Services							Capital Campaign	Total
	Horticulture	Maintenance	Education	Security	Publications	Enhancement	Admissions		
Salaries	\$ 2,473,940	\$ 1,760,788	\$ 2,599,486	\$ 1,382,214	\$ 397,486	\$ 975,002	\$ 545,590	\$ 326,121	\$ 10,460,627
Fringe benefits	1,318,192	1,008,882	852,406	831,709	142,391	384,676	99,704	118,723	4,756,690
Total salaries and benefits	3,792,139	2,769,670	3,451,892	2,213,923	539,877	1,359,678	645,294	444,844	15,217,317
Supplies and materials	254,372	202,675	134,717	51,000	852	7,128	5,806	1,061	688,135
Equipment	91,498	26,315	49,439	20,773	4,612	51,742	-	9,020	270,126
Outside services	209,174	598,593	468,023	399,362	25,877	235,701	253,174	151,309	2,563,302
IT allocation	124,790	99,831	92,700	103,396	21,392	46,350	-	15,509	503,968
Printing	-	350	75,138	-	19,596	14,982	1,625	122,846	234,537
Repairs	28,488	128,882	2,313	3,728	-	-	-	-	163,411
Accounting and legal	4,700	5,661	-	-	-	-	-	-	10,361
Professional services	-	38,485	106,869	-	5,850	56,815	-	121,500	329,519
Postage	428	226	13,291	223	12	1,396	850	84,920	101,439
Telephone and utilities	13,287	646,819	10,130	9,211	1,751	4,257	-	1,270	686,925
Insurance	61,470	65,240	53,521	42,913	10,906	23,444	11,953	13,414	282,861
Travel and entertainment	8,695	4,076	24,093	5,554	724	25,695	983	11,230	81,050
Promotion	1,287	-	2,021	-	13,217	154,588	-	11,784	283,646
Books and periodicals	557	225	45,819	1,500	-	2,092	-	-	50,193
Depreciation	614,428	625,173	61,335	20,094	2,189	2,189	4,766	-	1,330,174
Other	-	-	-	7,200	-	-	-	-	16,939
Totals	5,205,313	5,212,221	4,591,301	2,878,877	646,855	1,986,057	924,451	988,707	22,783,903
Less: expenses deducted directly on the statement of activities	-	-	-	-	-	-	-	-	-
Total expenses reported by function on the statement of activities	\$ 5,205,313	\$ 5,212,221	\$ 4,591,301	\$ 2,878,877	\$ 646,855	\$ 1,986,057	\$ 924,451	\$ 988,707	\$ 22,783,903

	Supporting Activities		Total	Total 2021	
	Administration	Development		Expenses	Expenses
Salaries	\$ 1,525,754	\$ 818,441	\$ 2,344,195	\$ 12,804,822	\$ 11,638,949
Fringe benefits	633,965	285,511	919,476	5,676,166	5,419,579
Total salaries and benefits	2,159,719	1,103,952	3,263,671	18,480,988	17,058,528
Supplies and materials	27,572	5,830	37,668	695,803	448,840
Equipment	73,608	262	290,444	560,570	471,717
Outside services	131,355	98,744	324,847	2,888,149	1,899,957
IT allocation	(541,939)	37,971	(503,968)	-	-
Printing	5,264	38,342	12,439	290,582	162,680
Repairs	1,086	-	1,086	164,497	339,557
Accounting and legal	237,499	22,034	259,533	269,894	162,001
Professional services	465,528	-	472,103	801,622	890,496
Postage	3,990	10,232	3,410	119,071	50,882
Telephone and utilities	8,605	3,623	12,228	699,153	670,479
Insurance	59,886	26,960	86,846	369,707	340,328
Travel and entertainment	37,773	23,924	151,291	294,038	172,176
Promotion	29,497	1,419	30,916	314,562	47,045
Books and periodicals	-	78	902	51,173	27,893
Depreciation	67,120	-	67,120	1,397,294	1,326,703
Other	6,072	-	33,292	50,231	76,433
Totals	2,772,635	1,400,591	4,663,431	27,447,334	24,145,715
Less: expenses deducted directly on the statement of activities	-	-	(490,205)	(490,205)	(402,135)
Total expenses reported by function on the statement of activities	\$ 2,772,635	\$ 1,400,591	\$ 4,173,226	\$ 26,957,129	\$ 23,743,580

See notes to financial statements.

BROOKLYN BOTANIC GARDEN CORPORATION
Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program Services										Capital Campaign	Total
	Horticulture	Maintenance	Education	Security	Publications	Enhancement	Admissions	Membership				
Salaries	\$ 2,469,031	\$ 1,575,610	\$ 1,881,551	\$ 1,511,041	\$ 386,242	\$ 790,494	\$ 511,002	\$ 277,380	\$ -	\$ -	\$ 9,402,351	
Fringe benefits	1,266,395	929,444	818,213	840,469	139,238	366,460	81,505	104,975	-	-	4,547,399	
Total salaries and benefits	3,735,426	2,505,054	2,699,764	2,351,510	526,180	1,156,954	592,507	382,355	-	-	13,949,750	
Supplies and materials	166,240	150,497	59,366	33,224	505	9,997	2,925	710	2,750	-	426,214	
Equipment	61,338	32,326	31,575	24,927	1,522	25,225	-	1,000	23,842	-	201,755	
Outside services	276,150	412,665	178,012	342,268	26,610	59,171	35,089	98,734	171,388	-	1,600,087	
IT allocation	115,295	101,319	94,331	94,331	20,962	41,925	-	13,975	-	-	482,138	
Printing	-	148	13,242	455	43,805	1,240	966	63,643	15,875	-	139,374	
Repairs	26,409	303,599	650	2,369	384	-	-	-	438	-	333,849	
Accounting and legal	9,200	-	-	-	-	-	-	-	-	-	9,200	
Professional services	-	106,485	31,414	-	1,838	187,244	-	-	17,251	-	417,732	
Postage	239	1	8,417	151	101	164	1	32,667	51	-	41,792	
Telephone and utilities	13,907	613,385	10,755	8,966	1,795	3,871	-	1,197	1,298	-	655,174	
Insurance	63,343	58,752	43,464	42,252	9,458	22,929	8,687	11,248	-	-	260,133	
Travel and entertainment	2,506	1,731	9,012	3,071	521	2,763	285	3,139	-	-	23,028	
Promotion	720	-	1,637	1,450	18,050	(14,925)	-	1,898	9,410	-	16,790	
Books and periodicals	402	-	23,394	74	74	1,737	-	-	-	-	27,057	
Depreciation	538,881	617,727	66,850	20,095	3,429	2,189	348	-	-	-	1,249,519	
Other	-	-	-	2,600	-	-	-	-	-	-	12,339	
Totals	5,010,056	4,903,689	3,271,883	2,927,669	655,234	1,500,484	640,808	684,066	252,042	9,739	19,845,931	
Less: expenses deducted directly on the statement of activities	-	-	-	-	-	-	-	-	-	-	-	
Total expenses reported by function on the statement of activities	\$ 5,010,056	\$ 4,903,689	\$ 3,271,883	\$ 2,927,669	\$ 655,234	\$ 1,500,484	\$ 640,808	\$ 684,066	\$ 252,042	\$ 9,739	\$ 19,845,931	

	Supporting Activities			Total
	Administration	Development	Direct Cost of Special Events	
Salaries	\$ 1,386,036	\$ 850,562	\$ -	\$ 2,236,598
Fringe benefits	573,439	298,741	-	872,180
Total salaries and benefits	1,959,475	1,149,303	-	3,108,778
Supplies and materials	18,180	2,904	1,542	22,626
Equipment	72,111	177	197,674	269,962
Outside services	165,140	73,875	60,855	299,870
IT allocation	(520,569)	38,431	-	(482,138)
Printing	8,565	10,781	3,960	23,306
Repairs	5,708	-	5,708	399,557
Accounting and legal	146,211	6,590	-	152,801
Professional services	468,089	-	4,675	472,764
Postage	4,048	3,595	1,447	9,090
Telephone and utilities	11,547	3,758	-	15,305
Insurance	55,648	24,547	-	80,195
Travel and entertainment	8,902	8,264	131,982	149,148
Promotion	28,851	1,404	-	30,255
Books and periodicals	34	802	-	836
Depreciation	77,184	-	-	77,184
Other	48,807	15,287	-	64,094
Totals	2,557,991	1,339,718	402,135	4,299,784
Less: expenses deducted directly on the statement of activities	-	-	(402,135)	(402,135)
Total expenses reported by function on the statement of activities	\$ 2,557,991	\$ 1,339,718	\$ -	\$ 3,897,649
				(402,135)
				\$ 23,743,580

See notes to financial statements.

BROOKLYN BOTANIC GARDEN CORPORATION

Statement of Cash Flows

	December 31	
	2022	2021
Cash flows from operating activities		
Increase (decrease) in net assets	\$(10,315,288)	\$ 18,429,109
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities		
Depreciation	1,397,294	1,326,703
Amortization of deferred loan costs	9,739	9,739
Fair value of donated securities	(269,429)	(1,664,581)
Proceeds from sales of donated securities	268,847	1,698,273
Contributions designated and restricted for the long-term endowment	(2,325,886)	(1,997,159)
Realized and unrealized (gain) loss	15,452,715	(13,091,681)
Loss on disposal of assets	-	25,000
Third party trusts unrealized (gain) loss	851,880	(342,397)
Accretion of bond payable discount	6,117	24,265
PPP Loan forgiveness	(2,000,000)	(2,300,000)
Change in assets and liabilities		
(Increase) decrease in accounts receivable	1,497,239	(1,115,666)
(Increase) in contributions and grants receivable, net	(834,587)	(95,023)
(Increase) decrease in prepaid expenses and other assets	373,990	(276,708)
Increase (decrease) in accounts payable and accrues expenses	(1,175,935)	2,799,365
Increase (decrease) in post-retirement benefits	(5,466,421)	408,102
Increase in deferred revenue	1,797,261	113
Net cash provided by (used in) operating activities	(732,464)	3,837,454
Cash flows from investing activities		
Purchases of investments	(17,556,708)	(22,475,323)
Proceeds from sale of investments	17,280,026	22,683,132
Purchases of property and equipment	(812,786)	(731,858)
Contracts payable	(5,640)	(809,506)
Net cash (used in) investing activities	(1,095,108)	(1,333,555)
Cash flows from financing activities		
Repayment of bond payable	(773,272)	-
Repayments of term loan payable	(1,064,849)	(1,020,018)
Proceeds from PPP Loans	-	2,000,000
Contributions designated and restricted for the long-term endowment	2,325,886	1,997,159
Net cash provided by financing activities	487,765	2,977,141
Net increase (decrease) in cash and cash equivalents	(1,339,807)	5,481,040
Cash and cash equivalents, beginning of year	11,322,516	5,841,476
Cash and cash equivalents, end of year	\$ 9,982,709	\$ 11,322,516
Supplemental disclosure of cash flows information:		
Cash paid for interest (including capitalized interest of \$48,652 in 2022 and \$93,438 in 2021)	\$ 221,924	\$ 93,483

See notes to financial statements.

BROOKLYN BOTANIC GARDEN CORPORATION**Notes to Financial Statements
December 31, 2022****Note 1 – Nature of organization**

Brooklyn Botanic Garden Corporation (the “Garden”) was originally created in 1910 through private enterprise and individual generosity on grounds belonging to New York City. The Garden was incorporated in 1977 as a separate entity apart from the Brooklyn Institute of Arts and Sciences. The Garden’s mission is:

Brooklyn Botanic Garden is an urban botanic garden that connects people to the world of plants, fostering delight and curiosity while inspiring an appreciation and sense of stewardship of the environment.

In the Garden, in its community, and well beyond, the Garden inspires people of all ages through the conservation, display, and enjoyment of plants; with educational programs that emphasize learning by doing; and with research focused on understanding and conserving regional plants and plant communities.

Note 2 – Summary of significant accounting policies**Basis of presentation**

The financial statements of the Garden have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The following comprise the significant accounting policies of the Garden.

Under accounting principles generally accepted in the United States of America, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Garden are classified and reported as follows:

Net assets without donor restrictions represent resources that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary objectives of the Garden. These include general, board-designated endowment, building, operating reserve, capital fund and opportunity fund and capital campaign net assets.

Net assets with temporary donor restrictions represent resources that are subject to donor-imposed stipulations that may or will be met either by actions of the Garden and/or the passage of time. As the restrictions are satisfied, net assets with temporary restrictions are reclassified to net assets without restrictions and reported in the accompanying statement of activities as net assets released from restrictions.

Net assets with perpetual donor restrictions represent resources that are subject to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or removed by actions of the Garden.

Cash and cash equivalents

Cash and cash equivalents consist of cash held in banks and money market funds, with the exception of money market funds included in investments, as it is management’s intent to reinvest these funds for long term investment purposes (Note 5).

BROOKLYN BOTANIC GARDEN CORPORATION**Notes to Financial Statements (continued)
December 31, 2022****Note 2 – Summary of significant accounting policies (continued)**Investments

The Garden's investments in equity securities with readily determinable fair values and all debt securities are reported at fair value with gains and losses (unrealized and realized) included in the accompanying statement of activities. Securities transactions are recorded on a trade-date basis.

Fair value measurements

Fair value refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value hierarchy gives the highest priority to quoted market prices and the lowest priority to unobservable data. Fair value measurements are required to be separately disclosed by level within the fair value hierarchy. The three levels of inputs used to measure fair value are as follows:

Level 1 – Quoted prices in active markets for identical assets.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices of similar assets; quoted prices in markets with insufficient volume or infrequent transactions (less active markets).

Level 3 – Unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of assets.

The following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at December 31, 2022 and December 31, 2021:

- Equities and fixed income investments are valued at the closing price reported on the active market in which these securities are traded.

Investment return allocation

The Board of the Garden adopted a policy whereby interest, dividends and net realized and unrealized gains and losses are all considered part of the Garden's total investment return. The Garden's long-term spending rate, designated by the Board, permits the Garden to use up to 5.5% of the rolling twelve-quarter average of the total investment portfolio's market value to support its operations annually. The Garden compares the rolling twelve-quarter average to the twenty-quarter average to ensure compliance with the New York Prudent Management of Institutional Funds Act (NYPMIFA).

Allowance for doubtful accounts

The Garden has provided for an allowance for doubtful accounts of \$133,784 and \$108,370 for contributions and grants receivable that may not be collectible as of December 31, 2022 and December 31, 2021, respectively. Such estimate, which is equal to approximately 3% of contributions and grants receivable at December 31, 2022 and December 31, 2021, is based on management's experience, the aging of the receivables, subsequent receipts and current economic conditions.

BROOKLYN BOTANIC GARDEN CORPORATION**Notes to Financial Statements (continued)
December 31, 2022****Note 2 – Summary of significant accounting policies (continued)**Property and equipment

The Garden capitalizes machinery, equipment, Garden-owned buildings and leasehold improvements to City-owned buildings in excess of \$10,000. These items are depreciated or amortized on the straight-line basis over their estimated useful lives, which range from 5 to 32 years.

Land and building

During July 2009, the Garden entered into a license agreement (the “license”) with the City of New York (the “City”) for the exclusive use of the premises located at 1000 Washington Avenue, Brooklyn, New York. The license is for a period of twenty-five years with a one-time option to extend the license for an additional twenty-five years and requires that the Garden pay an annual license fee of \$1.

Collections

The Garden’s collections, which consist of rare books and artwork, are not capitalized in the statement of financial position. Purchases of items are expensed in the year in which the items are acquired. Contributed collection items are not reflected in the financial statements.

Trusts held by third parties

The Garden is the beneficiary of the revenue from certain trusts that are administered by independent third party trustees. Distributions are made to the Garden in accordance with the trust agreement for each trust. These trusts are invested in cash and cash equivalents, fixed income funds, mutual funds, convertible securities, equities and alternative investments. The Garden records its interest in these trusts at fair value. Interest and dividends earned on these trusts for the year ended December 31, 2022 and December 31, 2021 were \$170,549 and \$164,620, respectively, and are classified as support without donor restrictions in the accompanying statement of activities. Unrealized gains (losses) on these trusts are classified as net assets with perpetual donor restrictions in the accompanying statement of activities. These trusts have been accounted for at fair value.

Annuities

The Garden accepts charitable gift annuities from donors, which obligate the Garden to pay beneficiaries an annuity for life.

Charitable gift annuities are irrevocable gifts without donor restrictions under which the Garden agrees in turn to pay a life annuity to the donor, or designated beneficiary. The contributed funds and related liabilities are reflected in the accompanying statement of financial position in accounts payable and accrued expenses.

BROOKLYN BOTANIC GARDEN CORPORATION**Notes to Financial Statements (continued)
December 31, 2022****Note 2 – Summary of significant accounting policies (continued)**Contributions

The Garden reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with temporary donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Unconditional promises to give are recognized as revenue when the promise is received.

Bequests are recorded as revenue when a legally binding obligation is received and when a fair value can reasonably be determined.

Concentration of support

The Garden receives a substantial amount of its operating support from state and local governments. Any significant reduction in the level of this support could have an adverse effect on the Garden's programs.

Revenue recognition

Membership dues are recognized as revenue in the applicable membership period and the Garden has determined that the performance obligation with respect to membership dues has been satisfied. Revenues, including admissions, special fees, educational programs and sales of plants and other items are recognized at the time such services are provided.

Functional allocation of expenses

The costs of providing the various programs and supporting activities have been summarized on a functional basis in the statement of activities and are presented in the statement of functional expenses by both their natural and functional classifications. Accordingly, certain costs have been allocated among the programs and supporting activities benefited. Costs that are not directly associated with specific services or activities have been allocated based upon the head count of the respective program services or supporting activities benefitted.

Deferred loan costs

Deferred loan costs are being amortized over the life of the term loan (see note 12).

Comparative financial information

The financial statements include certain prior-year summarized comparative financial information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Garden's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

BROOKLYN BOTANIC GARDEN CORPORATION

Notes to Financial Statements (continued)
December 31, 2022

Note 2 – Summary of significant accounting policies (continued)

Concentrations of credit risk

The Garden's financial assets that are potentially exposed to concentrations of credit risk consist of cash, cash equivalents, investments and receivables. The Garden places its cash and cash equivalents with what it believes to be quality financial institutions and invests primarily in mutual stock and bond funds. At times, cash balances exceeded the FDIC insurance limit. The Garden has not experienced any losses in these accounts to date. Investments are exposed to various risks such as interest rate, market volatility, liquidity, and credit. Due to the level of uncertainty related to changes in the foregoing, it is reasonably possible that changes in these risks could materially affect the fair value of the investments reported in the statement of financial position as of December 31, 2022. The Garden routinely assesses the financial strength of its cash, cash equivalents and investment portfolio. The Garden's management monitors the collectability of the contributions, grants and accounts receivable. As a consequence, concentrations of credit risk are limited.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from these estimates.

Subsequent events

The Garden has evaluated events and transactions for potential recognition or disclosure through April 17, 2023, which is the date the financial statements were available to be issued.

Note 3 – Liquidity and availability of financial assets

The following is a summary of the Garden's financial assets as of December 31, 2022 and December 31, 2021 that are available for general expenditures that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 9,982,709	\$ 11,322,516
Investments, at fair value (excluding private equity)	74,295,481	92,116,578
Accounts receivable	1,008,100	2,505,339
Contributions and grants receivable, net	<u>4,310,436</u>	<u>3,475,849</u>
Total financial assets	89,596,726	109,420,282
Less: Net assets designated by the board for endowment	(56,562,023)	(73,295,676)
Net assets designated by the board as operating reserve, capital fund and opportunity fund	(7,178,710)	(5,185,441)
Net assets with perpetual donor restrictions	(4,228,576)	(4,178,576)
Add: Investment return appropriated for 2023 and 2022 operations, respectively	<u>4,329,184</u>	<u>4,018,459</u>
Total	<u>\$ 25,956,601</u>	<u>\$ 30,779,048</u>

BROOKLYN BOTANIC GARDEN CORPORATION

Notes to Financial Statements (continued)
December 31, 2022

Note 3 – Liquidity and availability of financial assets (continued)

The Garden's endowment funds consist of donor restricted endowments and a board-designated endowment. As described in note 2, the Garden's endowment has an annual spending rate of up to 5.5% of the rolling twelve-quarter average fair value of the investment portfolio. An appropriation of \$4,329,184 and \$4,018,459 from the endowment funds will be available within the next twelve months as of December 31, 2022 and December 31, 2021, respectively.

As part of the Garden's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Garden invests cash in excess of daily requirements in short-term investments. The Garden's board-designated endowment assets total \$56,562,023 and \$73,295,676 and the board-designated operating reserve, capital fund and opportunity fund totaled \$7,178,710 and \$5,185,441 at December 31, 2022 and December 31, 2021, respectively. Although the Garden does not normally spend from its board-designated endowment or operating reserve, capital fund and opportunity fund other than amounts appropriated for general expenditures as part of its annual budget approval and appropriation process, amounts from its board-designated funds could be made available, when deemed necessary.

Note 4 – Composition of net assets

Net assets without donor restrictions as of December 31, 2022 and December 31, 2021 have been designated by the Board of Trustees for use as follows:

	<u>2022</u>	<u>2021</u>
General	\$ 9,811,572	\$ 3,969,934
Board-designated endowment	56,562,023	73,295,676
Building	8,258,216	9,111,406
Operating reserve, capital fund and opportunity fund	<u>7,178,710</u>	<u>5,185,441</u>
Total	<u>\$ 81,810,521</u>	<u>\$ 91,562,457</u>

The Garden follows NYPMIFA provisions which apply to endowment funds existing on or established after the date it was enacted. The Garden's endowment consists of several funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and a fund designated by the Board of Trustees to function as an endowment. The Garden is required to act prudently when making decisions to spend or accumulate donor restricted endowment assets and in doing so to consider a number of factors including the duration and preservation of its donor restricted endowment funds. The Garden classifies as net assets with perpetual donor restrictions the original value of gifts donated to the permanent endowment. The portion of the donor-restricted endowment fund that is not classified as net assets with perpetual donor restrictions are classified as net assets without donor restrictions or net assets with temporary donor restrictions based on donor stipulations. During 2022, the Garden transferred \$2,400,000 from the general fund to the reserve funds as follows: \$1,800,000 was transferred to the Capital Fund and \$600,000 was transferred to the Operating Reserve Fund.

BROOKLYN BOTANIC GARDEN CORPORATION

Notes to Financial Statements (continued)
December 31, 2022

Note 4 – Composition of net assets (continued)

The following is a summary of the activity of the board-designated and net assets with temporary donor restrictions for the year ended December 31, 2022:

	Balance at December 31, 2021	Support and Other	Investment Return	Released from Designations and Restrictions	Balance at December 31, 2022
Board-designated endowment	<u>\$73,295,676</u>	<u>\$ 2,275,886</u>	<u>\$(15,429,458)</u>	<u>\$(3,580,081)</u>	<u>\$56,562,023</u>
Operating reserve, capital fund and opportunity fund	<u>5,185,441</u>	<u>2,400,000</u>	<u>-</u>	<u>(406,731)</u>	<u>7,178,710</u>
With temporary donor restrictions					
General operating support	824,998	100,000	-	(339,000)	585,998
Garden apprentice program	-	157,500	-	(157,500)	-
Brooklyn Academy of Science and the Environment	-	20,000	-	(20,000)	-
Children's education	8,477	116,000	-	(124,477)	-
Horticulture	75,000	21,064	-	(46,064)	50,000
Other programs	<u>1,524</u>	<u>188,605</u>	<u>-</u>	<u>(190,129)</u>	<u>-</u>
Sub-total	909,999	603,169	-	(877,170)	635,998
Building	345,915	-	-	-	345,915
Capital campaign	<u>14,543,694</u>	<u>1,000,000</u>	<u>23</u>	<u>(487,494)</u>	<u>15,056,223</u>
Total net assets with temporary donor restrictions	<u>15,799,608</u>	<u>1,603,169</u>	<u>23</u>	<u>(1,364,664)</u>	<u>16,038,136</u>
Total endowment and temporary donor restricted funds	<u>\$94,280,725</u>	<u>\$ 6,279,055</u>	<u>\$(15,429,435)</u>	<u>\$(5,351,476)</u>	<u>\$79,778,869</u>

Net assets with perpetual donor restrictions are restricted as follows as of December 31, 2022 and December 31, 2021:

	<u>2022</u>	<u>2021</u>
Investments in perpetuity, revenue to support general operations	\$ 4,228,576	\$ 4,178,576
Third party trusts	<u>2,908,200</u>	<u>3,760,080</u>
Total	<u>\$ 7,136,776</u>	<u>\$ 7,938,656</u>

BROOKLYN BOTANIC GARDEN CORPORATION

Notes to Financial Statements (continued)
December 31, 2022

Note 5 – Investments

The following is a summary of the fair values of the investments held by the Garden as of December 31, 2022 and December 31, 2021:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,281,007	\$ 1,107,049
Mutual fund – equity	9,515,136	11,241,785
Mutual fund – fixed income	490,458	-
Multi-strategy equity	45,199,894	57,556,527
Multi-strategy bond	17,808,986	22,211,217
Private equity	<u>2,645,646</u>	<u>-</u>
Total	<u>\$ 76,941,127</u>	<u>\$ 92,116,578</u>

The following table presents the Garden’s financial assets that are measured at fair value on a recurring basis at December 31, 2022 and December 31, 2021:

<u>Description</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual fund – equity	\$ 9,515,136	\$ 9,515,136	\$ -	\$ -
Mutual fund – fixed income	490,458	490,458	-	-
Multi-strategy equity fund	45,199,894	-	45,199,894	-
Multi-strategy bond fund	17,808,986	-	17,808,986	-
Private equity	2,645,646	-	-	2,645,646
Trusts held by third parties	<u>2,908,200</u>	<u>2,877,897</u>	<u>-</u>	<u>30,303</u>
Sub-total	78,568,320	<u>\$12,883,491</u>	<u>\$63,008,880</u>	<u>\$ 2,675,949</u>
Cash and cash equivalents	<u>1,281,007</u>			
Total assets at fair value	<u>\$79,849,327</u>			

<u>Description</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual fund – equity	\$11,241,785	\$ 11,241,785	\$ -	\$ -
Multi-strategy equity fund	57,556,527	-	57,556,527	-
Multi-strategy bond fund	22,211,217	-	22,211,217	-
Trusts held by third parties	<u>3,760,080</u>	<u>3,726,378</u>	<u>-</u>	<u>33,702</u>
Sub-total	94,769,609	<u>\$ 14,968,163</u>	<u>\$79,767,744</u>	<u>\$ 33,702</u>
Cash and cash equivalents	<u>1,107,049</u>			
Total assets at fair value	<u>\$95,876,658</u>			

BROOKLYN BOTANIC GARDEN CORPORATION

Notes to Financial Statements (continued)
December 31, 2022

Note 5 – Investments (continued)

The following is a summary of changes in the fair value of the Garden's Level 3 investments for the years ended December 31, 2021 and December 31, 2022:

	<u>Trusts Held by Third Parties</u>	<u>Private Equity</u>	<u>Total</u>
Balance, December 31, 2020	\$ 31,367	\$ -	\$ 31,367
Capital contributions	1,557	-	1,557
Distributions	(85)	-	(85)
Net unrealized gain	85	-	85
Net realized gain	778	-	778
Balance, December 31, 2021	33,702	-	33,702
Capital contributions	-	3,305,236	3,305,236
Distributions	(1,190)	(92,188)	(93,378)
Net unrealized gain (loss)	304	(567,402)	(567,098)
Net realized (loss)	(2,513)	-	(2,513)
Balance, December 31, 2022	<u>\$ 30,303</u>	<u>\$ 2,645,646</u>	<u>\$ 2,675,949</u>

During 2022, the Garden made capital commitments to invest in four different private equity investment funds for a total commitment of \$11,100,000. The Garden's remaining capital commitment as of December 31, 2022 was \$8,518,178.

Note 6 – Property and equipment

Property and equipment consisted of the following as of December 31, 2022 and December 31, 2021:

	<u>2022</u>	<u>2021</u>
Machinery and equipment	\$ 4,627,347	\$ 4,010,817
Leasehold improvements	54,318,936	46,109,672
Improvements in progress	929,317	8,942,325
Total	59,875,600	59,062,814
Less: accumulated depreciation and amortization	<u>33,249,356</u>	<u>31,852,062</u>
Net property and equipment	<u>\$ 26,626,244</u>	<u>\$ 27,210,752</u>

There were no capital expenditures to the Garden's facilities paid by the City of New York during the year ended December 31, 2022. Estimated capital expenditures to the Garden's facilities, in the amounts of \$673,495 were made by the City of New York during the year ended December 31, 2021. The City of New York has spent \$61,884,987 on capital expenditures from the 2002 fiscal year through December 31, 2022. The City has entered into contracts for a capital expansion of the Garden. In accordance with a directive from the City of New York, all capital expenditures paid for by the City belong to the City of New York and are not included in these financial statements.

BROOKLYN BOTANIC GARDEN CORPORATION

Notes to Financial Statements (continued)
December 31, 2022

Note 7 – Contributions and grants receivable

Contributions and grants receivable are unconditional promises from external organizations to donate cash to the Garden. For the years ended December 31, 2022 and December 31, 2021, the Garden used a discount rate of 3.0% to reduce the contributions receivable to their present value. The contributions receivable at December 31, 2022 and December 31, 2021 is as follows:

	2022	2021
Due within one year	\$ 4,444,220	\$ 3,205,403
Due within one to five years	-	420,000
Sub-total	4,444,220	3,625,403
Less: amount to reduce the contributions receivable to their present value	-	(41,184)
Less: allowance for doubtful accounts	(133,784)	(108,370)
Total	\$ 4,310,436	\$ 3,475,849

Note 8 – Pension and retirement plans

Multiemployer defined benefit pension plan

The Garden participates in a defined benefit pension plan, under the terms of a collective bargaining agreement which covers all eligible employees. Employees who satisfy certain age and length-of-service requirements participate in the plan. Contributions are made to the Cultural Institutions Retirement System (CIRS), an aggregation of New York City not-for-profit organizations. The risks of participating in a multiemployer plan are different from a single-employer plan in the following respects:

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

The Garden's participation in the plan for the years ended December 31, 2022 and December 31, 2021, is outlined in the table on the following page. The "EIN/Pension Plan Number" column provides the Employer Identification Number ("EIN") and the three-digit plan number. The next column lists the expiration date of the collective-bargaining agreement to which the plan is subject. The most recent Pension Protection Act zone status available in 2022 and 2021 is for the plan's 2021 and 2020 fiscal year-ends. The zone status is based on information that the Garden 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 percent funded, plans in the yellow zone are between 65 percent and 80 percent funded, and plans in the green zone are at least 80 percent funded.

BROOKLYN BOTANIC GARDEN CORPORATION

Notes to Financial Statements (continued)
December 31, 2022

Note 8 – Pension and retirement plans (continued)

Multiemployer defined benefit pension plan (continued)

<u>Pension Fund</u>	<u>EIN/Pension Plan Number</u>	<u>Expiration Date of Collective Bargaining Agreement</u>	<u>Pension Protection Act Zone Status</u>		<u>Contributions to the Plans</u>	
			<u>2021</u>	<u>2020</u>	<u>2022</u>	<u>2021</u>
The Cultural Institutions Pension Plan	11-2001170 001	6/30/2021	Green	Green	\$1,077,530	\$995,435

The entities in the Cultural Institutions Pension Plan are currently negotiating an extension of the collective bargaining agreement. While the negotiations are ongoing, the terms of the expired agreement remain in force.

401(k) savings plan

The CIRS also has a 401(k) savings plan whereby the Garden matches an employee's contributions up to a maximum of 3% of an employee's compensation. In accordance with the Collective Bargaining Agreement, the employer match for the 401(k) savings plan has been suspended indefinitely.

The Garden's expense in connection with the aforementioned plans and certain other benefits totaled \$1,288,634 and \$1,136,079 for the years ended December 31, 2022 and December 31, 2021, of which \$466,307 and \$433,989, respectively, was donated by the City and is included in the financial statements as appropriations by the City.

403(b) Tax-Deferred Annuity Plan

The Garden also maintains a defined contribution retirement plan under Section 403(b) of the Internal Revenue Code (the "Code"). Employees may elect to defer a portion of eligible compensation to the 403(b) Plan, subject to the limits established in the Code. The Garden does not make contributions to the 403(b) Plan.

Note 9 – Postretirement benefits

In addition to providing pension benefits, the Garden provides certain postretirement health and supplemental benefits for retired employees. Certain Garden employees may become eligible for those benefits if they reach retirement age while working for the Garden. The Garden funds its postretirement benefit cost on a pay-as-you-go basis.

The Garden follows the accounting standards for defined benefit pension and other postretirement plans. These standards require organizations to recognize the underfunded status of a postretirement benefit plan as a liability in its statement of financial position.

BROOKLYN BOTANIC GARDEN CORPORATION

Notes to Financial Statements (continued)
December 31, 2022

Note 9 – Postretirement benefits (continued)

The service cost, which represents the estimated value of benefits earned by employees from services rendered during the period, for the years ended December 31, 2022 and 2021 totaled \$716,773 and \$758,988, respectively, has been allocated to various program services and supporting activities. The remaining components of the postretirement benefits cost of \$5,699,314 and \$(85,142), respectively, have been reflected as an other addition (deduction) in the statement of activities.

The benefit obligation, plan assets, contributions, payments, and funded status for the post-retirement benefit plan as of and for the years ended December 31, 2022 and December 31, 2021 are summarized as follows:

	<u>2022</u>	<u>2021</u>
Benefit obligation	\$ 9,765,161	\$ 15,231,582
Fair value of plan assets	<u>-</u>	<u>-</u>
Funded status	<u>\$ 9,765,161</u>	<u>\$ 15,231,582</u>
Items not yet recognized as a component of net periodic benefit cost		
Net (gain) loss	<u>\$ (3,914,351)</u>	<u>\$ 2,270,111</u>

Accounting standards for postretirement benefits require that actuarial net losses be recognized in the financial statements over a period of time, thereby smoothing the effect of such items on the financial statements. The net (gain)/loss above represents a component of the plan liability that has not yet been recognized as an expense in the Garden's financial statements. There was \$74,287 of the estimated net loss that was amortized into net periodic benefit cost and recognized as an expense during the year ending December 31, 2022 and \$269,597 of the estimated net gain that will be amortized into net periodic benefit cost and recognized as an expense during the year ending December 31, 2023.

	<u>2022</u>	<u>2021</u>
Employer contributions	\$ 483,880	\$ 436,028
Benefits paid	\$ 483,880	\$ 436,028
Weighted average assumptions to determine benefit obligations and benefit costs for years ended December 31:		
Discount rate (benefit obligation)	4.95%	2.75%
Discount rate (benefit costs)	2.75%	2.40%

The increase in the discount rate from 2.75% to 4.95% decreased the benefit obligation by approximately \$3,492,000.

The healthcare cost trend rate was assumed to be 6.5% for the year ended December 31, 2022. This trend rate is assumed to decrease gradually to 5.1% by the year ended December 31, 2027.

BROOKLYN BOTANIC GARDEN CORPORATION

Notes to Financial Statements (continued)
December 31, 2022

Note 9 – Postretirement benefits (continued)

The Garden calculates benefit costs for a given fiscal year based on assumptions developed at the end of the previous fiscal year. The Garden measures benefit obligations as of December 31. Expected employer contributions to the post-retirement benefit plan for the year ending December 31, 2023 are \$483,635.

The estimated future benefit payments are shown as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 483,635
2024	505,326
2025	485,324
2026	523,049
2027	564,699
2028 – 2032	3,237,779

Note 10 – Commitments

Catering and concession services

The Garden had an agreement with an independent contractor to provide food catering and concession services. The catering and concession operations undertaken by the independent contractor for the food and beverage sales and related expenses were reflected separately in the books and records of the independent contractor and were not reflected in the accounts and records of the Garden. The agreement, which commenced October 1, 2014 and expired January 15, 2023, provided for certain financial conditions and fees payable to the Garden, as defined in the agreement. Subsequent to year end, following the expiration of this agreement, the Garden entered into a new agreement with an independent contractor to provide food catering and concession services. The agreement, which commenced on January 16, 2023 and expires on December 31, 2027 provides for certain financial conditions and fees payable to the Garden, as defined in the agreement. In addition, all related taxes incurred with the catering and concession operations were paid by the independent contractor.

Grant and pledge agreements

In July 2016, the Garden entered into a Grant and Pledge Agreement with the Robert W. Wilson Charitable Trust (the “Trust”) for a maximum amount of \$7,000,000 to support the design and construction of the reimaged Overlook. At the time of the execution of the agreement, the Garden received a \$250,000 payment. The remaining portion of the grant will be paid in quarterly installments of \$250,000. During each of the years ended December 31, 2022 and December 31, 2021, the Garden received \$1,000,000 in connection with this grant.

BROOKLYN BOTANIC GARDEN CORPORATION

Notes to Financial Statements (continued)
December 31, 2022

Note 10 – Commitments (continued)

Capital projects

The Garden has entered into contracts for the renovation of its fire alarm system, totaling approximately \$653,000 including change order, as of December 31, 2022. In connection with this contract, the Garden has recorded contract payable totaling \$32,666 for work completed through December 31, 2022.

Note 11 – Bond payable

In May 2014, the Garden obtained a zero coupon bond payable with a face value of \$1,141,100, issued at a discounted price of \$600,000. Accretion of the discount was calculated at a rate of 3.24% compounded on a semi-annual basis and the bond was to mature in May 2034. During 2022, the Garden repaid the bond payable and all accrued interest, totaling \$173,272, in full.

Note 12 – Term loan

During June 2018, the Garden borrowed \$5,000,000 under a term loan. The proceeds from the loan will be used to finance expenditures related to the Overlook Project until such time as the Garden receives grant funds intended for this project. The loan requires equal monthly payments of \$92,792 consisting of principal and interest at a fixed rate of 4.25% per annum through maturity in June 2023. The Garden may make prepayments on the loan without penalty. The loan is collateralized by all business assets of the Garden and contains certain financial and borrowing covenants as outlined in the agreement.

The following is a summary of the required annual principal payments under the term loan as of December 31, 2022:

<u>Year</u>	<u>Amount</u>
2023	\$ 549,124
Less: deferred loan costs	<u>(4,869)</u>
Term loan, net	<u>\$ 544,255</u>

Note 13 – PPP Loans

On April 5, 2020, the Garden applied for and received a \$2,300,000 term note under the Paycheck Protection Program (the “PPP Loan”), which is a small business loan program established under the Coronavirus Aid, Relief, and Economic Security Act. The Garden elected to record the proceeds as a liability until the loan was, in part or wholly, forgiven and the Garden was legally released. The Garden was eligible for forgiveness of up to 100% of the PPP Loan, upon meeting certain requirements as disclosed in the PPP Loan documents. The full amount of the loan was forgiven on June 18, 2021. The Garden recorded the forgiveness in the statement of activities.

BROOKLYN BOTANIC GARDEN CORPORATION**Notes to Financial Statements (continued)****December 31, 2022****Note 13 – PPP Loans (continued)**

On January 28, 2021, the Garden applied for and received a second draw PPP Loan in an amount of \$2,000,000 at terms substantially similar to the first draw PPP Loan. The Garden elected to record the proceeds as a liability until the loan was, in part or wholly, forgiven and the Garden was legally released. The Garden applied for forgiveness of the loan and in February 2022, the full amount of the loan was forgiven. The Garden recorded the forgiveness in the statement of activities.

Note 14 – Litigation

The Garden is currently involved in legal proceedings arising in the ordinary course of business. The Garden believes it has defenses for these proceedings and is vigorously defending these actions. In the opinion of management, after consultation with outside legal counsel, the final disposition of these matters will not have a material effect on the Garden's financial statements.

Note 15 – Tax status

The Garden is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"). In addition, the Garden has been determined by the Internal Revenue Service to be a publicly supported organization, and not a private foundation, within the meaning of Sections 170(b)(1)(A)(vi) and 509(a)(1) of the Code. Donors are eligible to receive the maximum charitable tax deduction available for public charities under the Code.