

**BROOKLYN BOTANIC GARDEN
CORPORATION**

**Financial Statements
for year ended
December 31,2023
(with summarized comparative
information for 2022)**

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, 2023 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, 2023 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 audit 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 2022 financial statements, and our report dated April 17, 2023, 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, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Cordun O'Meara *McIntyre* *Donnelly LLP*

April 29, 2024

BROOKLYN BOTANIC GARDEN CORPORATION

Statement of Financial Position

Assets

	December 31	
	2023	2022
Cash and cash equivalents	\$ 11,620,577	\$ 9,982,709
Investments, at fair value	92,657,638	76,941,127
Accounts receivable	571,071	1,008,100
Contributions and grants receivable, net	2,862,168	4,310,436
Prepaid expenses and other assets	303,636	106,974
Property and equipment, net	25,814,263	26,626,244
Trusts held by third parties – with donor restrictions in perpetuity	3,315,631	2,908,200
Total assets	\$ 137,144,984	\$ 121,883,790

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 4,079,507	\$ 4,755,159
Contracts payable	230,908	32,666
Postretirement benefits	9,699,321	9,765,161
Term loan, net	-	544,255
Deferred revenue	501,993	1,801,116
Total liabilities	14,511,729	16,898,357

Net assets

Without donor restrictions	114,337,635	81,810,521
With donor restrictions	8,295,620	23,174,912
Total net assets	122,633,255	104,985,433
Total liabilities and net assets	\$137,144,984	\$121,883,790

See notes to financial statements.

BROOKLYN BOTANIC GARDEN CORPORATION

**Statement of Functional Expenses
For the Year Ended December 31, 2023
(with Summarized Comparative Information for the Year Ended December 31, 2022)**

	Program Services							Total		
	Horticulture	Maintenance	Education	Security	Publications	Enhancement	Admissions		Membership	Capital Campaign
Salaries	\$ 2,362,757	\$ 1,861,732	\$ 2,543,678	\$ 1,475,396	\$ 492,838	\$ 866,387	\$ 517,366	\$ 312,893	\$ -	\$ 10,433,047
Fringe benefits	1,288,877	1,014,750	912,598	867,039	179,954	395,567	76,766	125,210	-	4,860,761
Total salaries and benefits	3,651,634	2,876,482	3,456,276	2,342,435	672,792	1,261,954	594,132	438,103	-	15,293,808
Supplies and materials	236,549	278,049	158,587	33,946	626	13,103	6,381	3,773	-	731,014
Equipment	74,942	49,023	50,058	23,410	360	68,541	2,212	13,083	-	281,629
Outside services	131,764	523,099	344,484	508,565	26,609	290,828	472,463	157,048	20	2,454,880
IT allocation	107,076	86,256	83,282	83,282	17,846	38,666	-	12,938	-	429,346
Printing	-	-	150,305	-	22,245	22,925	1,912	139,863	-	337,250
Repairs	33,348	310,931	-	733	-	-	448	-	-	345,460
Accounting and legal	2,225	1,949	-	-	-	35,395	-	-	-	39,569
Professional services	-	(7,409)	2,130	-	5,375	8,550	-	108,180	-	116,826
Postage	1,054	31	10,714	484	2,466	91	863	67,208	-	82,911
Telephone and utilities	11,969	716,718	9,169	7,915	1,520	3,704	-	1,102	-	752,097
Insurance	67,930	75,037	67,584	42,943	11,157	29,515	17,681	15,466	-	327,313
Travel and entertainment	24,065	20,460	46,627	17,425	4,156	49,781	1,311	24,529	-	188,354
Promotion	1,705	1,956	865	-	15,519	164,454	-	10,908	-	195,407
Books and periodicals	5,027	-	12,639	1,465	112	1,990	-	-	-	21,233
Depreciation	815,415	619,089	56,190	6,769	-	-	8,019	-	-	1,505,482
Other	-	-	-	4,800	-	-	-	-	-	9,669
Totals	5,164,703	5,551,671	4,448,910	3,074,172	780,783	1,989,497	1,105,422	992,201	4,889	23,112,248
Less: expenses deducted directly on the statement of activities	-	-	-	-	-	-	-	-	-	-
Total expenses reported by function on the statement of activities	\$ 5,164,703	\$ 5,551,671	\$ 4,448,910	\$ 3,074,172	\$ 780,783	\$ 1,989,497	\$ 1,105,422	\$ 992,201	\$ 4,889	\$ 23,112,248

Supporting Activities

	Fundraising		Direct Cost of Special Events	Total	Total 2023		Total 2022	
	Administration	Development			Expenses	Expenses		
Salaries	\$ 1,634,297	\$ 824,257	\$ -	\$ 2,458,554	\$ 12,891,601	\$ 12,804,822	-	-
Fringe benefits	685,655	277,625	-	963,280	5,824,041	5,676,166	-	-
Total salaries and benefits	2,319,952	1,101,882	-	3,421,834	18,715,642	18,480,988	-	-
Supplies and materials	31,587	8,957	15,586	56,130	787,144	695,803	-	-
Equipment	61,306	-	285,728	347,034	628,663	560,570	-	-
Outside services	163,674	191,444	-	355,118	2,809,998	2,888,149	-	-
IT allocation	(461,023)	31,677	-	(429,346)	-	-	-	-
Printing	3,180	19,379	16,002	38,561	375,811	290,582	-	-
Repairs	-	3,305	-	3,305	348,765	164,497	-	-
Accounting and legal	212,303	3,456	-	215,759	255,328	269,894	-	-
Professional services	538,218	-	6,950	545,168	661,994	801,622	-	-
Postage	4,453	8,274	5,082	17,809	100,720	119,071	-	-
Telephone and utilities	6,721	3,429	-	10,150	762,247	699,153	-	-
Insurance	65,236	33,632	-	98,868	426,181	369,707	-	-
Travel and entertainment	57,203	35,839	195,136	288,178	476,532	294,038	-	-
Promotion	24,720	4,074	-	28,794	224,201	314,562	-	-
Books and periodicals	-	172	182	354	21,587	51,173	-	-
Depreciation	107,499	-	-	107,499	1,612,981	1,397,294	-	-
Other	-	8,770	88,696	97,466	107,135	50,231	-	-
Totals	3,135,029	1,454,290	613,362	5,202,681	28,314,929	27,447,334	-	-
Less: expenses deducted directly on the statement of activities	-	-	(613,362)	(613,362)	-	(490,205)	-	-
Total expenses reported by function on the statement of activities	\$ 3,135,029	\$ 1,454,290	\$ -	\$ 4,589,319	\$ 27,701,567	\$ 26,957,129	\$ 4,889	\$ 23,112,248

See notes to financial statements.

BROOKLYN BOTANIC GARDEN CORPORATION
Statement of Functional Expenses
For the Year Ended December 31, 2022

	Program Services										Total
	Horticulture	Maintenance	Education	Security	Publications	Enhancement	Admissions	Membership	Capital Campaign	Total	
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	1,318,199	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	524	658,135	
Equipment	91,498	26,315	49,439	20,773	4,612	51,742	-	9,020	16,727	270,126	
Outside services	209,174	598,593	468,023	399,362	25,877	235,701	253,174	151,309	222,089	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	93	101,439	
Telephone and utilities	13,287	646,819	10,130	9,211	1,751	4,257	-	1,270	200	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	-	25,695	983	11,230	-	81,050	
Promotion	1,287	-	2,021	-	-	13,217	-	11,784	100,749	283,646	
Books and periodicals	557	225	45,819	1,500	2,189	2,092	-	-	-	50,193	
Depreciation	614,428	625,173	61,335	20,094	2,189	2,189	4,766	-	-	1,330,174	
Other	-	-	-	-	-	-	-	-	-	16,939	
Totals	5,205,313	5,212,221	4,591,301	2,878,877	646,855	1,986,057	924,451	988,707	350,121	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	\$ 350,121	\$ 22,783,903	

	Supporting Activities			Total
	Administration	Development	Direct Cost of Special Events	
Salaries	\$ 1,525,754	\$ 818,441	\$ -	\$ 2,344,195
Fringe benefits	633,965	285,511	-	919,476
Total salaries and benefits	2,159,719	1,103,952	-	3,263,671
Supplies and materials	27,572	5,830	4,266	37,668
Equipment	73,608	262	216,574	290,444
Outside services	131,355	98,744	94,748	324,847
IT allocation	(541,939)	37,971	-	(503,968)
Printing	5,264	38,342	12,439	56,045
Repairs	1,086	-	1,086	2,172
Accounting and legal	237,499	22,034	-	259,533
Professional services	465,528	-	6,575	472,103
Postage	3,990	10,232	3,410	17,632
Telephone and utilities	8,605	3,623	-	12,228
Insurance	59,886	26,960	-	86,846
Travel and entertainment	37,773	23,924	151,291	212,988
Promotion	29,497	1,419	-	30,916
Books and periodicals	-	78	902	980
Depreciation	67,120	-	-	67,120
Other	6,072	27,220	-	33,292
Totals	2,772,635	1,400,591	490,205	4,663,431
Less: expenses deducted directly on the statement of activities	-	-	(490,205)	(490,205)
Total expenses reported by function on the statement of activities	\$ 2,772,635	\$ 1,400,591	\$ -	\$ 4,173,226

See notes to financial statements.

BROOKLYN BOTANIC GARDEN CORPORATION

Statement of Cash Flows

	Year Ended	
	December 31	
	2023	2022
Cash flows from operating activities		
Increase (decrease) in net assets	\$17,647,822	\$(10,315,288)
Adjustments to reconcile increase (decrease) in net assets to net cash (used in) operating activities		
Depreciation	1,612,981	1,397,294
Amortization of deferred loan costs	-	9,739
Fair value of donated securities	(191,588)	(269,429)
Proceeds from sales of donated securities	191,289	268,847
Contributions designated and restricted for the long-term endowment	(4,599,435)	(2,325,886)
Realized and unrealized (gain) loss	(14,417,503)	15,452,715
Third party trusts unrealized (gain) loss	(407,431)	851,880
Accretion of bond payable discount	-	6,117
PPP Loan forgiveness	-	(2,000,000)
Change in assets and liabilities		
Decrease in accounts receivable	437,029	1,497,239
(Increase) decrease in contributions and grants receivable, net	1,448,268	(834,587)
(Increase) decrease in prepaid expenses and other assets	(196,662)	373,990
(Decrease) in accounts payable and accrues expenses	(675,652)	(1,175,935)
(Decrease) in post-retirement benefits	(65,840)	(5,466,421)
Increase (decrease) in deferred revenue	(1,299,123)	1,797,261
Net cash (used in) operating activities	(515,845)	(732,464)
Cash flows from investing activities		
Purchases of investments	(50,585,929)	(17,556,708)
Proceeds from sale of investments	49,287,220	17,280,026
Purchases of property and equipment	(801,000)	(812,786)
Contracts payable	198,242	(5,640)
Net cash (used in) investing activities	(1,901,467)	(1,095,108)
Cash flows from financing activities		
Repayment of bond payable	(544,255)	(773,272)
Repayments of term loan payable	-	(1,064,849)
Contributions designated and restricted for the long-term endowment	4,599,435	2,325,886
Net cash provided by financing activities	4,055,180	487,765
Net increase (decrease) in cash and cash equivalents	1,637,868	(1,339,807)
Cash and cash equivalents, beginning of year	9,982,709	11,322,516
Cash and cash equivalents, end of year	\$11,620,577	\$ 9,982,709
Supplemental disclosure of cash flows information:		
Cash paid for interest (including capitalized interest of \$6,359 in 2023 and \$48,652 in 2022)	\$ 6,359	\$ 221,924

See notes to financial statements.

BROOKLYN BOTANIC GARDEN CORPORATION**Notes to Financial Statements
December 31, 2023****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, 2023****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, 2023 and December 31, 2022:

- 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 \$98,939 and \$133,784 for contributions and grants receivable that may not be collectible as of December 31, 2023 and December 31, 2022, respectively. Such estimate, which is equal to approximately 3% of contributions and grants receivable at December 31, 2023 and December 31, 2022, 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, 2023****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, 2023 and December 31, 2022 were \$146,032 and \$170,549, 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, 2023****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 benefited.

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, 2022, from which the summarized information was derived.

BROOKLYN BOTANIC GARDEN CORPORATION

Notes to Financial Statements (continued)
December 31, 2023

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, 2023. 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 29, 2024, 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, 2023 and December 31, 2022 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>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 11,620,577	\$ 9,982,709
Investments, at fair value (excluding private equity)	87,156,356	74,295,481
Accounts receivable	571,071	1,008,100
Contributions and grants receivable, net	<u>2,862,168</u>	<u>4,310,436</u>
Total financial assets	102,210,172	89,596,726
Less: Net assets designated by the board for endowment	(84,162,593)	(56,562,023)
Net assets designated by the board as operating reserve, capital fund and opportunity fund	(10,179,083)	(7,178,710)
Net assets with perpetual donor restrictions	(4,228,576)	(4,228,576)
Add: Investment return appropriated for 2024 and 2023 operations, respectively	<u>4,589,794</u>	<u>4,329,184</u>
Total	<u>\$ 8,229,714</u>	<u>\$ 25,956,601</u>

BROOKLYN BOTANIC GARDEN CORPORATION

Notes to Financial Statements (continued)
December 31, 2023

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 \$4,589,794 and \$4,329,184 from the endowment funds will be available within the next twelve months as of December 31, 2023 and December 31, 2022, 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 \$84,162,593 and \$56,562,023 and the board-designated operating reserve, capital fund and opportunity fund totaled \$10,179,083 and \$7,178,710 at December 31, 2023 and December 31, 2022, 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, 2023 and December 31, 2022 have been designated by the Board of Trustees for use as follows:

	<u>2023</u>	<u>2022</u>
General	\$ 10,914,245	\$ 9,811,572
Board-designated endowment	84,162,593	56,562,023
Building	9,081,714	8,258,216
Operating reserve, capital fund and opportunity fund	<u>10,179,083</u>	<u>7,178,710</u>
Total	<u>\$114,337,635</u>	<u>\$ 81,810,521</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 is classified as net assets without donor restrictions or net assets with temporary donor restrictions based on donor stipulations. During 2023, the Garden transferred \$2,100,000 from the general fund to the reserve funds as follows: \$600,000 was transferred to the Capital Fund and \$1,500,000 was transferred to the Operating Reserve Fund. Additionally, \$879,504 has been transferred to the Capital Fund, \$12,500,000 to the Board-Designated Endowment Fund and \$2,131,523 to the Building Fund from Capital Campaign donor restricted fund.

BROOKLYN BOTANIC GARDEN CORPORATION

**Notes to Financial Statements (continued)
December 31, 2023**

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, 2023:

	Balance at December 31, 2022	Current year Support	Investment Income	Releases	Transfer	Balance at December 31, 2023
Board-designated endowment	\$ 56,562,023	\$ 4,599,435	\$ 14,606,319	\$ (4,105,184)	\$ 12,500,000	\$ 84,162,593
Operating reserve, capital fund and opportunity fund	7,178,710	126,949	-	(106,080)	2,979,504	10,179,083
With temporary donor restrictions						
General operating support	585,998	-	-	(373,000)	-	212,998
Garden apprentice program	-	97,500	-	(97,500)	-	-
Brooklyn Academy of Science and the Environment	-	80,000	-	(20,000)	-	60,000
Children's education	-	443,875	-	(361,375)	-	82,500
Horticulture	50,000	71,716	-	(71,716)	-	50,000
Other programs	-	92,000	-	(92,000)	-	-
Sub-total	635,998	785,091	-	(1,015,591)	-	405,498
Building	345,915	-	-	-	-	345,915
Capital campaign	15,056,223	500,000	9	(45,205)	(15,511,027)	-
Total net assets with temporary donor restrictions	16,038,136	1,285,091	9	(1,060,796)	(15,511,027)	751,413
Total endowment and temporary donor restricted funds	\$ 79,778,869	\$ 6,011,475	\$ 14,606,328	\$ (5,272,060)	\$ (31,523)	\$ 95,093,089

BROOKLYN BOTANIC GARDEN CORPORATION

Notes to Financial Statements (continued)
December 31, 2023

Note 4 – Composition of net assets (continued)

Net assets with perpetual donor restrictions are restricted as follows as of December 31, 2023 and December 31, 2022:

	<u>2023</u>	<u>2022</u>
Investments in perpetuity, revenue to support general operations	\$ 4,228,576	\$ 4,228,576
Third party trusts	<u>3,315,631</u>	<u>2,908,200</u>
Total	<u>\$ 7,544,207</u>	<u>\$ 7,136,776</u>

Note 5 – Investments

The following is a summary of the fair values of the investments held by the Garden as of December 31, 2023 and December 31, 2022:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 8,558,321	\$ 1,281,007
Mutual fund – equity	9,852,702	9,515,136
Mutual fund – fixed income	410,730	490,458
Multi-strategy equity	50,774,973	45,199,894
Multi-strategy bond	17,559,630	17,808,986
Private equity	<u>5,501,282</u>	<u>2,645,646</u>
Total	<u>\$ 92,657,638</u>	<u>\$ 76,941,127</u>

The following table presents the Garden's financial assets that are measured at fair value on a recurring basis at December 31, 2023 and December 31, 2022:

<u>Description</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual fund – equity	\$ 9,852,702	\$ 9,852,702	\$ -	\$ -
Mutual fund – fixed income	410,730	410,730	-	-
Multi-strategy equity fund	50,774,973	-	50,774,973	-
Multi-strategy bond fund	17,559,630	-	17,559,630	-
Private equity	5,501,282	-	-	5,501,282
Trusts held by third parties	<u>3,315,631</u>	<u>3,293,549</u>	-	<u>22,082</u>
Sub-total	87,414,948	<u>\$13,556,981</u>	<u>\$68,334,603</u>	<u>\$ 5,523,364</u>
Cash and cash equivalents	<u>8,558,321</u>			
Total assets at fair value	<u>\$95,973,269</u>			

BROOKLYN BOTANIC GARDEN CORPORATION

Notes to Financial Statements (continued)
December 31, 2023

Note 5 – Investments (continued)

<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>			

The following is a summary of changes in the fair value of the Garden’s Level 3 investments for the years ended December 31, 2022 and December 31, 2023:

	<u>Private Equity</u>	<u>Trusts Held by Third Parties</u>	<u>Total</u>
Balance, December 31, 2021	\$ -	\$ 33,702	\$ 33,702
Capital contributions	3,305,236	-	3,305,236
Distributions	(92,188)	(1,190)	(93,378)
Net unrealized gain (loss)	(567,402)	304	(567,098)
Net realized (loss)	<u>-</u>	<u>(2,513)</u>	<u>(2,513)</u>
Balance, December 31, 2022	2,645,646	30,303	2,675,949
Capital contributions	2,545,000	5,591	2,550,591
Distributions	-	(15,550)	(15,550)
Net unrealized gain	310,636	27	310,663
Net realized gain	<u>-</u>	<u>1,711</u>	<u>1,711</u>
Balance, December 31, 2023	<u>\$ 5,501,282</u>	<u>\$ 22,082</u>	<u>\$ 5,523,364</u>

The Garden has made capital commitments to invest in five different private equity investment funds for a total commitment of \$12,100,000. The Garden’s remaining capital commitment as of December 31, 2023 was \$6,874,151.

BROOKLYN BOTANIC GARDEN CORPORATION

Notes to Financial Statements (continued)
December 31, 2023

Note 6 – Property and equipment

Property and equipment consisted of the following as of December 31, 2023 and December 31, 2022:

	<u>2023</u>	<u>2022</u>
Machinery and equipment	\$ 5,098,920	\$ 4,627,347
Leasehold improvements	54,418,008	54,318,936
Improvements in progress	<u>1,159,672</u>	<u>929,317</u>
Total	60,676,600	59,875,600
Less: accumulated depreciation and amortization	<u>34,862,337</u>	<u>33,249,356</u>
Net property and equipment	<u>\$ 25,814,263</u>	<u>\$ 26,626,244</u>

Estimated capital expenditures to the Garden's facilities, in the amount of \$701,691 were made by the City of New York during the year ended December 31, 2023. There were no capital expenditures to the Garden's facilities paid by the City of New York during the year ended December 31, 2022. The City of New York has spent \$62,586,678 on capital expenditures from the 2002 fiscal year through December 31, 2023. 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.

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, 2023 and December 31, 2022, the Garden used a discount rate of 3.0% to reduce the contributions receivable to their present value. The contributions receivable at December 31, 2023 and December 31, 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Due within one year	\$ 2,924,398	\$ 4,444,220
Due within one to five years	<u>40,000</u>	<u>-</u>
Sub-total	2,964,398	4,444,220
Less: amount to reduce the contributions receivable to their present value	(3,291)	-
Less: allowance for doubtful accounts	<u>(98,939)</u>	<u>(133,784)</u>
Total	<u>\$ 2,862,168</u>	<u>\$ 4,310,436</u>

BROOKLYN BOTANIC GARDEN CORPORATION

Notes to Financial Statements (continued)
December 31, 2023

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, 2023 and December 31, 2022, is outlined in the table below. 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 2023 and 2022 is for the plan’s 2022 and 2021 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.

<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>2022</u>	<u>2021</u>	<u>2023</u>	<u>2022</u>
The Cultural Institutions Pension Plan	11-2001170 001	6/30/2025	Green	Green	\$ 1,217,077	\$ 1,077,530

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.

BROOKLYN BOTANIC GARDEN CORPORATION

Notes to Financial Statements (continued)
December 31, 2023

Note 8 – Pension and retirement plans (continued)

401(k) savings plan (continued)

The Garden’s expense in connection with the aforementioned plans and certain other benefits totaled \$1,415,576 and \$1,288,634 for the years ended December 31, 2023 and December 31, 2022, of which \$473,271 and \$466,307, respectively, was donated by the City and is included in the financial statements as appropriations by the City. The Garden estimated its 2023 expenses based on its total salary census as of July 1, 2023, which is the basis for the CIRS bill.

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.

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, 2023 and 2022 totaled \$345,975 and \$716,773, respectively, has been allocated to various program services and supporting activities. The remaining components of the postretirement benefits cost for the years ended December 31, 2023 and 2022 totaling \$(75,928) and \$5,699,314, 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, 2023 and December 31, 2022 are summarized as follows:

	<u>2023</u>	<u>2022</u>
Benefit obligation	\$ 9,699,321	\$ 9,765,161
Fair value of plan assets	<u>-</u>	<u>-</u>
Funded status	<u>\$ 9,699,321</u>	<u>\$ 9,765,161</u>
Items not yet recognized as a component of net periodic benefit cost		
Net (gain)	<u>\$ (4,040,232)</u>	<u>\$ (3,914,351)</u>

BROOKLYN BOTANIC GARDEN CORPORATION

Notes to Financial Statements (continued)
December 31, 2023

Note 9 – Postretirement benefits (continued)

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) on the previous page represents a component of the plan liability that has not yet been recognized as an expense in the Garden's financial statements. There was \$269,597 of the estimated net gain that was amortized into net periodic benefit cost and recognized as an expense during the year ending December 31, 2023 and \$284,285 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, 2024.

	2023	2022
Employer contributions	\$ 487,743	\$ 483,880
Benefits paid	\$ 487,743	\$ 483,880
Weighted average assumptions to determine benefit obligations and benefit costs for years ended December 31:		
Discount rate (benefit obligation)	4.80%	4.95%
Discount rate (benefit costs)	4.95%	2.75%

The healthcare cost trend rate was assumed to be 7.0% for the year ended December 31, 2023. This trend rate is assumed to decrease gradually to 5.1% by the year ended December 31, 2028.

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, 2024 are \$449,228.

The estimated future benefit payments are shown as follows:

Year	Amount
2024	\$ 449,228
2025	433,963
2026	473,464
2027	509,462
2028	536,412
2029 – 2033	3,141,542

BROOKLYN BOTANIC GARDEN CORPORATION**Notes to Financial Statements (continued)
December 31, 2023****Note 10 – Commitments**Catering and concession services

The Garden has 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 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. For the year ended December 31, 2023 and December 31, 2022, the Garden received \$500,000 and \$1,000,000, respectively, in connection with this grant. This grant has been fully collected during 2023.

Capital projects

The Garden has entered into contracts for the renovation and water proofing of its facilities, totaling approximately \$439,000 including change orders, as of December 31, 2023. In connection with this contract, the Garden has recorded contract payable totaling \$230,908 for work completed through December 31, 2023.

Note 11 – Term loan

During June 2018, the Garden borrowed \$5,000,000 under a term loan. The proceeds from the loan were used to finance expenditures related to the Overlook Project until such time as the Garden received grant funds intended for this project. During 2023, the Garden repaid the term loan in full.

BROOKLYN BOTANIC GARDEN CORPORATION**Notes to Financial Statements (continued)
December 31, 2023****Note 12 – Employee retention credits**

In response to the coronavirus emergency, the Coronavirus Aid, Relief and Economic Security Act and subsequent legislations (the “Acts”) were signed into law. The Acts provided, among other things, a refundable credit of certain qualified wages per eligible employee for wages paid or incurred from March 13, 2020 through September 30, 2021. In connection therewith, the Garden submitted amended payroll forms and applied for such payroll tax credits for the eligible periods in the total amount of \$2,287,916. These credits were received during 2023 and are recorded in the statement of activities.

Note 13 – 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 14 – 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.