

**BROOKLYN BOTANIC GARDEN
CORPORATION**

**Financial Statements
for year ended
June 30, 2017
(with summarized comparative
information for 2016)**

Independent Auditor's Report

To the Board of Trustees
Brooklyn Botanic Garden Corporation

We have audited the accompanying financial statements of Brooklyn Botanic Garden Corporation (the "Garden") which comprise the statement of financial position as of June 30, 2017 and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to in the first paragraph on the previous page present fairly, in all material respects, the financial position of Brooklyn Botanic Garden Corporation as of June 30, 2017 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.

Report on Summarized Comparative Information

We have previously audited the Garden's 2016 financial statements, and our report dated October 5, 2016, 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 June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Conlon O'Meara Malloy & Donnelly LLP

BROOKLYN BOTANIC GARDEN CORPORATION

Statement of Financial Position

Assets

	June 30	
	2017	2016
Cash and cash equivalents	\$ 7,597,955	\$ 5,982,882
Investments, at fair value	61,224,678	55,455,517
Accounts receivable	1,237,300	4,042,655
Pledges and grants receivable, net	1,892,913	3,820,376
Inventory	51,900	67,999
Prepaid expenses	127,080	161,274
Property and equipment, net	22,251,075	22,135,959
Trusts held by third parties – permanently restricted	2,631,181	2,459,592
Total assets	\$97,014,082	\$94,126,254

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 3,008,648	\$ 2,525,735
Contracts payable	337,972	2,470,546
Postretirement benefits	12,117,932	12,550,703
Bond payable	663,851	642,854
Deferred revenue and deposits	-	464,767
Total liabilities	16,128,403	18,654,605

Net assets

Unrestricted		
General	4,423,664	3,961,109
Board-designated endowment	43,991,073	38,425,452
Building	6,364,112	7,203,608
Operating reserve and opportunity fund	1,060,000	1,180,000
Total unrestricted	55,838,849	50,770,169
Temporarily restricted	19,594,825	19,421,804
Permanently restricted	5,452,005	5,279,676
Total net assets	80,885,679	75,471,649
Total liabilities and net assets	\$97,014,082	\$94,126,254

See notes to financial statements.

BROOKLYN BOTANIC GARDEN CORPORATION

Statement of Activities
For the Year Ended June 30, 2017
(with Summarized Comparative Information for Year Ended June 30, 2016)

	2017										2016														
	Unrestricted					Temporarily Restricted					Unrestricted					Temporarily Restricted									
	General	Board-Designated Endowment	Building	Operating Reserve and Opportunity Fund	Capital Campaign	Total Unrestricted	General	Building	Capital Campaign	Total Temporarily Restricted	Permanent Restricted	Total	General	Board-Designated Endowment	Building	Operating Reserve and Opportunity Fund	Capital Campaign	Total Unrestricted	General	Building	Capital Campaign	Total Temporarily Restricted	Permanent Restricted	Total	
Revenue and support	\$ 4,327,105	\$ -	\$ -	\$ -	\$ -	\$ 4,327,105	\$ 1,949,950	\$ -	\$ -	\$ -	\$ 4,327,105	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,959,939
Appropriations by the City of New York	3,538,573	-	-	-	-	3,538,573	1,949,950	-	-	-	3,538,573	-	-	-	-	-	-	-	-	-	-	-	-	-	10,064,212
Contributions and grants	839,103	-	-	-	-	839,103	-	-	-	839,103	-	-	-	-	-	-	-	-	-	-	-	-	-	-	503,231
Special events, net of direct costs of \$483,091 in 2017 and \$545,983 in 2016	122,250	395,648	-	-	-	517,898	121,280	-	-	642,143	-	-	-	-	-	-	-	-	-	-	-	-	-	-	652,488
Interest and dividends	53,565	-	-	-	-	53,565	-	-	-	70,991	-	-	-	-	-	-	-	-	-	-	-	-	-	-	70,991
Plants and gardens publications	1,661,850	-	-	-	-	1,661,850	-	-	-	1,661,850	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,323,228
Membership dues	186,478	-	-	-	-	186,478	-	-	-	186,478	-	-	-	-	-	-	-	-	-	-	-	-	-	-	197,325
Sale of plants and other items	557,199	-	-	-	-	557,199	-	-	-	557,199	-	-	-	-	-	-	-	-	-	-	-	-	-	-	490,822
Educational programs	1,611,659	-	-	-	-	1,611,659	-	-	-	1,611,659	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,432,809
Special fees	3,286,301	-	-	-	-	3,286,301	-	-	-	3,286,301	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,740,281
Admissions	1,714,006	(1,794,006)	-	-	-	80,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment return allocation	600,000	-	-	-	-	(600,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net assets released from reserve	1,969,645	121,280	1,064,819	-	422,289	3,578,033	(2,090,925)	-	-	1,487,108	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net assets released from restrictions	20,467,734	(1,277,078)	1,064,819	(520,000)	422,289	20,157,764	(19,695)	-	-	168,602	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21,435,326
Total revenue and support	20,467,734	(1,277,078)	1,064,819	(520,000)	422,289	20,157,764	(19,695)	-	-	168,602	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21,435,326
Expenses																									
Program services																									
Horticulture	3,817,389	-	842,454	-	-	4,659,843	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,529,171
Maintenance	3,711,771	-	616,199	-	-	4,333,970	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,876,460
Education	3,659,265	-	127,414	-	-	3,786,679	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,471,307
Security	2,364,028	-	26,977	-	-	2,391,005	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,247,182
Digital/print	553,208	-	620	-	-	553,828	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	564,572
Program enhancement	1,547,805	-	2,927	-	-	1,547,805	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,712,443
Admissions	341,010	-	2,927	-	-	343,937	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	297,877
Membership	852,649	-	1,688	-	-	854,337	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	686,373
Capital campaign	-	-	-	-	80,829	80,829	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	138,004
Total program services	16,853,125	-	1,618,279	-	80,829	18,552,233	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17,523,389
Supporting services																									
Administration	2,026,751	-	286,036	-	-	2,312,787	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,098,218
Fundraising - Development	1,158,074	-	-	-	-	1,158,074	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	920,705
Fundraising - Capital Campaign	-	-	-	-	341,460	341,460	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	615,524
Total supporting services	3,184,825	-	286,036	-	341,460	3,812,321	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,634,447
Total expenses	20,037,950	-	1,904,315	-	422,289	22,364,554	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21,157,836
Increase (decrease) in net assets before other additions (deductions) and transfer	429,784	(1,277,078)	(839,496)	(520,000)	-	(2,206,790)	(19,695)	25,313	168,602	174,220	740	(2,031,830)													277,490
Other additions (deductions) and transfer	(821,304)	-	-	-	-	(821,304)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(444,975)
Post-retirement benefits	1,254,075	-	-	-	-	1,254,075	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,983,690)
Effect of post-retirement adjustment	-	6,842,699	-	-	-	6,842,699	-	-	(1,199)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(37,893)
Realized and unrealized gain (loss), net	(400,000)	-	-	400,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net asset transfer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(100,203)
Third party trusts unrealized gain (loss), net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in net assets	462,555	5,565,621	(839,496)	(120,000)	-	5,068,680	(19,695)	25,313	167,403	173,021	172,329	(2,031,830)													(2,289,271)
Net assets, beginning of year	3,961,109	38,425,452	7,203,608	1,180,000	-	50,770,169	342,016	-	19,079,788	19,421,804	5,279,676	-													77,760,920
Net assets, end of year	4,423,664	43,991,073	6,364,112	1,060,000	-	55,838,849	322,321	-	19,247,191	19,594,825	5,452,005	-													75,471,649

See notes to financial statements.

BROOKLYN BOTANIC GARDEN CORPORATION

**Statement of Functional Expenses
For the Year Ended June 30, 2017
(With Comparative Summarized Information for the Year Ended June 30, 2016)**

	Program Services										Capital Campaign	Total
	Horticulture	Maintenance	Education	Security	Digital/Print	Program Enhancement	Admissions	Membership				
Salaries	\$ 2,242,981	\$ 1,583,324	\$ 2,126,541	\$ 1,434,546	\$ 338,256	\$ 700,665	\$ 243,172	\$ 304,910	\$ 8,432	\$ 8,982,827		
Fringe benefits	1,076,401	913,840	821,531	676,526	125,880	322,004	51,759	98,612	2,684	4,089,237		
Total salaries and benefits	3,319,382	2,497,164	2,948,072	2,111,072	464,136	1,022,669	294,931	403,522	11,116	13,072,064		
Supplies and materials	188,434	197,615	155,867	20,305	791	23,265	4,362	1,816	595	593,050		
Equipment	47,641	28,026	35,320	3,825	860	76,014	330	1,892	5,711	199,619		
Outside services	43,969	197,023	162,283	72,539	20,704	150,282	35,920	98,838	34,559	816,117		
IT allocation	114,553	104,684	112,790	98,692	13,746	35,247	-	14,451	352	494,515		
Printing	190	-	74,170	527	22,885	25,994	1,195	122,718	91	247,770		
Repairs	15,054	134,692	2,804	6,874	-	-	226	-	-	159,650		
Accounting and legal	-	-	-	-	-	788	-	-	-	788		
Professional services	-	-	19,540	-	1,775	10,325	-	76,268	550	108,458		
Postage	810	26	12,853	138	2,926	2,919	15	80,445	316	100,448		
Telephone and utilities	17,660	503,059	12,611	9,704	1,207	4,534	-	1,269	862	550,906		
Insurance	51,758	49,969	50,357	31,593	7,523	22,212	3,652	11,715	11,353	240,132		
Travel	16,112	5,513	36,987	5,964	1,005	36,700	379	25,246	29	127,935		
Promotion	1,754	-	1,816	195	15,618	136,318	-	14,469	15,295	185,465		
Books and periodicals	72	-	33,795	-	32	538	-	-	-	34,437		
Depreciation	842,454	616,199	127,414	26,977	620	-	2,927	1,688	-	1,618,279		
Miscellaneous	-	-	-	2,600	-	-	-	-	-	2,600		
Totals	\$ 4,659,843	\$ 4,333,970	\$ 3,786,679	\$ 2,391,005	\$ 553,828	\$ 1,547,805	\$ 343,937	\$ 854,337	\$ 80,829	\$ 18,552,233		
	Supporting Services											
	Fundraising		Capital Campaign		Total 2017 Expenses		Total 2016 Expenses					
Administration	Development	Capital Campaign	Total	Total 2017 Expenses	Total 2016 Expenses							
\$ 1,351,717	\$ 707,702	\$ 156,284	\$ 2,215,703	\$ 11,198,530	\$ 10,639,230							
641,546	286,763	62,808	991,117	5,080,354	4,455,859							
1,993,263	994,465	219,092	3,206,820	16,278,884	15,095,089							
Supplies and materials	5,045	5,017	39,575	632,625	627,403							
Equipment	1,890	497	62,505	262,124	267,811							
Outside services	43,675	26,226	223,669	1,039,786	1,114,334							
IT allocation	(536,459)	31,722	(494,515)	-	-							
Printing	13,338	19,324	33,739	281,509	272,983							
Repairs	-	-	-	159,650	139,469							
Accounting and legal	128,581	1,430	135,011	135,799	172,165							
Professional services	25,910	750	110,455	218,913	293,155							
Postage	4,937	11,602	16,765	117,213	115,557							
Telephone and utilities	9,304	3,632	13,834	564,740	485,383							
Insurance	45,050	22,713	76,764	316,896	311,535							
Travel	46,292	44,290	110,465	238,400	298,326							
Promotion	26,257	612	213,057	216,789	216,789							
Books and periodicals	1,661	1,332	2,993	37,430	29,827							
Depreciation	286,036	-	286,036	1,904,315	1,742,256							
Miscellaneous	25,218	(24,408)	(39,387)	(36,787)	(24,246)							
Totals	\$ 2,312,787	\$ 1,158,074	\$ 3,470,861	\$ 22,364,554	\$ 21,157,836							

See notes to financial statements.

BROOKLYN BOTANIC GARDEN CORPORATION

**Statement of Functional Expenses
For Year Ended June 30, 2016**

	Program Services							Total		
	Horticulture	Maintenance	Education	Security	Digital/ Print	Program Enhancement	Admissions		Membership	Capital Campaign
Salaries	\$ 2,175,712	\$ 1,500,093	\$ 1,963,918	\$ 1,454,153	\$ 331,450	\$ 718,712	\$ 205,947	\$ 214,593	\$ 75,624	\$ 8,640,202
Fringe benefits	995,195	765,319	714,333	555,104	113,902	283,802	37,728	74,277	19,679	3,559,339
Total salaries and benefits	3,170,907	2,265,412	2,678,251	2,009,257	445,352	1,002,514	243,675	288,870	95,303	12,199,541
Supplies and materials	172,808	203,958	128,952	27,425	502	29,527	6,001	2,741	2,617	574,531
Equipment	47,156	27,588	23,627	4,265	4,062	65,543	749	3,175	9,683	185,848
Outside services	49,173	191,549	178,693	63,676	20,075	228,808	40,213	99,136	16,049	887,372
IT allocation	122,103	98,411	116,635	72,897	14,215	32,804	-	12,210	2,005	471,280
Printing	227	200	63,035	-	33,496	52,972	-	97,691	562	248,183
Repairs	19,010	110,934	1,734	3,002	-	-	1,198	-	-	135,878
Accounting and legal	9,969	-	-	-	-	-	-	-	-	9,969
Professional services	-	10,910	26,345	-	6,745	71,932	-	65,378	-	181,310
Postage	2,358	12	12,618	258	4,881	3,655	44	72,471	339	96,636
Telephone and utilities	14,801	428,390	12,465	7,569	1,172	3,989	-	1,007	1,105	470,498
Insurance	53,622	48,315	49,658	25,867	7,830	24,334	4,149	10,758	7,779	232,312
Travel	25,761	5,436	44,460	6,239	3,928	40,043	-	25,821	2,222	153,910
Promotion	2,100	340	929	195	22,248	155,141	-	5,427	340	186,720
Books and periodicals	193	-	25,804	82	66	1,181	-	-	-	27,326
Depreciation	838,983	485,005	108,101	19,450	-	-	1,848	1,688	-	1,455,075
Miscellaneous	-	-	-	7,000	-	-	-	-	-	7,000
Totals	\$ 4,529,171	\$ 3,876,460	\$ 3,471,307	\$ 2,247,182	\$ 564,572	\$ 1,712,443	\$ 297,877	\$ 686,373	\$ 138,004	\$ 17,523,389
Supporting Services										
	Administration		Development		Fundraising		Capital Campaign		Total 2016 Expenses	
Salaries	\$ 1,138,083	\$ 515,798	\$ 345,147	\$ 1,999,028	\$ 10,639,230					
Fringe benefits	576,609	186,853	133,058	896,520	4,455,859					
Total salaries and benefits	1,714,692	702,651	478,205	2,895,548	15,095,089					
Supplies and materials	44,112	5,076	3,684	52,872	627,403					
Equipment	80,031	1,787	145	81,963	267,811					
Outside services	133,286	63,303	30,373	226,962	1,114,334					
IT allocation	(518,299)	33,715	13,304	(471,280)	-					
Printing	4,892	18,598	1,310	24,800	272,983					
Repairs	3,591	-	-	3,591	139,469					
Accounting and legal	132,957	2,670	26,569	162,196	172,165					
Professional services	37,945	1,400	72,500	111,845	293,155					
Postage	6,589	12,075	257	18,921	115,557					
Telephone and utilities	10,564	3,224	1,097	14,885	485,383					
Insurance	45,077	21,852	12,294	79,223	311,535					
Travel	63,581	61,890	18,945	144,416	298,326					
Promotion	29,916	-	153	30,069	216,789					
Books and periodicals	969	1,532	-	2,501	29,827					
Depreciation	287,181	-	-	287,181	1,742,256					
Miscellaneous	21,134	(9,068)	(43,312)	(31,246)	(24,246)					
Totals	\$ 2,098,218	\$ 920,705	\$ 615,524	\$ 3,634,447	\$ 21,157,836					

See notes to financial statements.

BROOKLYN BOTANIC GARDEN CORPORATION

Statement of Cash Flows

	Year Ended June 30	
	2017	2016
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 5,414,030	\$ (2,289,271)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities		
Depreciation	1,904,315	1,742,256
Fair value of donated securities	(1,134,494)	(314,558)
Proceeds from sales of donated securities	1,133,857	310,732
Contributions restricted for long-term endowment	(740)	(387,712)
Realized and unrealized (gain) loss	(6,841,500)	37,893
Third party trusts unrealized (gain) loss	(171,589)	100,203
Accretion of bond payable discount	20,997	20,334
Change in assets and liabilities		
(Increase) decrease in accounts receivable	2,805,355	(1,689,888)
Decrease in pledges and grants receivable, net	1,927,463	1,493,979
Decrease in inventory	16,099	7,422
Decrease in prepaid expenses	34,194	111,073
Increase (decrease) in accounts payable and accrued expenses	482,913	(11,230)
Increase (decrease) in postretirement benefits	(432,771)	2,428,665
(Decrease) in deferred revenue and deposits	(464,767)	(130,700)
Net cash provided by operating activities	4,693,362	1,429,198
Cash flows from investing activities		
Purchases of investments	(29,359,166)	(16,380,296)
Proceeds from sale of investments	30,432,142	14,082,587
Purchases of property and equipment	(2,019,431)	(2,364,669)
Increase (decrease) in contracts payable	(2,132,574)	391,752
Net cash (used in) investing activities	(3,079,029)	(4,270,626)
Cash flows from financing activities		
Proceeds from line of credit	-	450,000
Repayment of line of credit	-	(450,000)
Contributions restricted for long-term endowment	740	387,712
Net cash provided by financing activities	740	387,712
Net increase (decrease) in cash and cash equivalents	1,615,073	(2,453,716)
Cash and cash equivalents, beginning of year	5,982,882	8,436,598
Cash and cash equivalents, end of year	\$ 7,597,955	\$ 5,982,882

See notes to financial statements.

BROOKLYN BOTANIC GARDEN CORPORATION

Notes to Financial Statements

June 30, 2017

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:

Unrestricted net assets – Net assets 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 and opportunity fund and capital campaign net assets.

Temporarily restricted net assets – Net assets 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statement of activities as net assets released from restrictions.

BROOKLYN BOTANIC GARDEN CORPORATION**Notes to Financial Statements (continued)****June 30, 2017****Note 2 – Summary of significant accounting policies (continued)**

Permanently restricted net assets – Net assets 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 consists 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 4).

Investments

The Garden's investments in equity securities with readily determinable fair values and all debt securities are reported at fair values 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.

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 June 30, 2017 and June 30, 2016:

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

BROOKLYN BOTANIC GARDEN CORPORATION**Notes to Financial Statements (continued)****June 30, 2017****Note 2 – Summary of significant accounting policies (continued)****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 \$58,827 for pledges and grants receivable that may not be collectible as of June 30, 2017. Such estimate, which is equal to approximately 3% of pledges and grants receivable at June 30, 2017, is based on management's experience, the aging of the receivables, subsequent receipts and the current economic conditions.

Property and equipment

The Garden capitalizes machinery, equipment, Garden-owned buildings and leasehold improvements to City-owned buildings in excess of \$5,000. 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.

Inventory

The Garden maintains an inventory of books and other items for general sale. The inventory is valued at the lower of cost (first-in, first-out) or market value.

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.

BROOKLYN BOTANIC GARDEN CORPORATION**Notes to Financial Statements (continued)****June 30, 2017****Note 2 – Summary of significant accounting policies (continued)****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 and equities. The Garden records its interest in these trusts at fair value. Interest and dividends earned on these trusts for the years ended June 30, 2017 and June 30, 2016 were \$122,250 and \$76,659, respectively, and are classified as unrestricted support in the accompanying statement of activities. Unrealized gains (losses) on these trusts are classified as permanently restricted net assets in the accompanying statement of activities. These trusts exist in perpetuity and they 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 unrestricted irrevocable gifts 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.

Revenue recognition

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, temporarily restricted net assets are reclassified to unrestricted net assets 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.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

BROOKLYN BOTANIC GARDEN CORPORATION**Notes to Financial Statements (continued)****June 30, 2017****Note 2 – Summary of significant accounting policies (continued)****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 June 30, 2016, from which the summarized information was derived.

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 June 30, 2017. The Garden routinely assesses the financial strength of its cash, cash equivalents and investment portfolio. The Garden's management monitors the collectability of the pledges, 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 October 6, 2017, which is the date the financial statements were available to be issued.

BROOKLYN BOTANIC GARDEN CORPORATION

Notes to Financial Statements (continued)

June 30, 2017

Note 3 – Composition of net assets

Unrestricted net assets as of June 30, 2017 and June 30, 2016 have been designated by the Board of Trustees for use as follows:

	<u>2017</u>	<u>2016</u>
General	\$ 4,423,664	\$ 3,961,109
Board-designated endowment	43,991,073	38,425,452
Building	6,364,112	7,203,608
Operating reserve and opportunity fund	<u>1,060,000</u>	<u>1,180,000</u>
Total	<u>\$ 55,838,849</u>	<u>\$ 50,770,169</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 permanently restricted net assets the original value of gifts donated to the permanent endowment. The portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as unrestricted and temporarily restricted net assets based on donor stipulations.

BROOKLYN BOTANIC GARDEN CORPORATION

Notes to Financial Statements (continued)
June 30, 2017

Note 3 – Composition of net assets (continued)

The following is a summary of the activity of the board-designated and temporarily restricted net assets for the year ended June 30, 2017:

	<u>Balance at June 30, 2016</u>	<u>Support and Other</u>	<u>Investment Return</u>	<u>Released from Designations and Restrictions</u>	<u>Balance at June 30, 2017</u>
Board-designated endowment	\$38,425,452	\$ -	\$ 7,238,347	\$(1,672,726)	\$43,991,073
Operating reserve and opportunity fund	<u>1,180,000</u>	<u>480,000</u>	<u>-</u>	<u>(600,000)</u>	<u>1,060,000</u>
Temporarily restricted					
Purpose restrictions:					
General operating support	-	29,335	-	(10,000)	19,335
Garden apprentice program	-	287,000	-	(206,284)	80,716
Brooklyn Academy of Science and the Environment	-	57,525	-	(57,525)	-
Composting	-	771,694	-	(771,694)	-
Children's education	121,011	552,173	-	(614,707)	58,477
Horticulture	7,213	74,027	-	(81,240)	-
Other programs	<u>213,792</u>	<u>178,196</u>	<u>-</u>	<u>(228,195)</u>	<u>163,793</u>
Sub-total	342,016	1,949,950	-	(1,969,645)	322,321
Building	-	25,313	-	-	25,313
Capital campaign	19,079,788	1,652,745	1,766	(1,487,108)	19,247,191
Endowment fund investment return	<u>-</u>	<u>-</u>	<u>121,280</u>	<u>(121,280)</u>	<u>-</u>
Total temporarily restricted	<u>19,421,804</u>	<u>3,628,008</u>	<u>123,046</u>	<u>(3,578,033)</u>	<u>19,594,825</u>
Total endowment and temporarily restricted funds	<u>\$59,027,256</u>	<u>\$ 4,108,008</u>	<u>\$ 7,361,393</u>	<u>\$(5,850,759)</u>	<u>\$64,645,898</u>

BROOKLYN BOTANIC GARDEN CORPORATION

Notes to Financial Statements (continued)

June 30, 2017

Note 3 – Composition of net assets (continued)

Permanently restricted net assets are restricted as follows as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Investments in perpetuity, revenue to support general operations	\$ 2,820,824	\$ 2,820,084
Third party trusts	<u>2,631,181</u>	<u>2,459,592</u>
Total	<u>\$ 5,452,005</u>	<u>\$ 5,279,676</u>

Note 4 – Investments

The following is a summary of the fair values of the investments held by the Garden as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 1,429,200	\$ 997,209
Exchange traded funds		
Equity	7,088	2,103
Fixed income	14,820	26,557
Mutual funds		
Equity	45,728	16,350,106
Fixed income	34,366	6,064,913
Multi-strategy equity	43,541,593	23,478,377
Multi-strategy bond	<u>16,151,883</u>	<u>8,536,252</u>
Total	<u>\$ 61,224,678</u>	<u>\$ 55,455,517</u>

The following table presents the Garden's financial assets that are measured at fair value on a recurring basis at June 30, 2017:

<u>Description</u>	<u>Fair value measurements at June 30, 2017</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Exchange traded funds				
Equity	\$ 7,088	\$ 7,088	\$ -	\$ -
Fixed income	14,820	14,820	-	-
Mutual funds				
Equity	45,728	45,728	-	-
Fixed income	34,366	34,366	-	-
Multi-strategy equity fund	43,541,593	-	43,541,593	-
Multi-strategy bond fund	16,151,883	-	16,151,883	-
Trusts held by third parties	<u>2,631,181</u>	<u>2,584,235</u>	<u>-</u>	<u>46,946</u>
Sub-total	62,426,659	<u>\$ 2,686,237</u>	<u>\$59,693,476</u>	<u>\$ 46,946</u>
Cash and cash equivalents	<u>1,429,200</u>			
Total assets at fair value	<u>\$63,855,859</u>			

BROOKLYN BOTANIC GARDEN CORPORATION

Notes to Financial Statements (continued)

June 30, 2017

Note 4 – Investments (continued)

The following table presents the Garden's financial assets that are measured at fair value on a recurring basis at June 30, 2016:

<u>Description</u>	<u>Fair value measurements at June 30, 2016</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Exchange traded funds				
Equity	\$ 2,103	\$ 2,103	\$ -	\$ -
Fixed income	26,557	26,557	-	-
Mutual funds				
Equity	16,350,106	16,350,106	-	-
Fixed income	6,064,913	6,064,913	-	-
Multi-strategy equity fund	23,478,377	-	23,478,377	-
Multi-strategy bond fund	8,536,252	-	8,536,252	-
Trusts held by third parties	<u>2,459,592</u>	<u>2,409,562</u>	<u>-</u>	<u>50,030</u>
Sub-total	56,917,900	\$24,853,241	\$32,014,629	\$ 50,030
Cash and cash equivalents	<u>997,209</u>			
Total assets at fair value	<u>\$57,915,109</u>			

The following is a summary of changes in the fair value of the Garden's Level 3 investments for the years ended June 30, 2016 and June 30, 2017:

	<u>Trusts Held by Third Parties</u>
Balance, June 30, 2015	\$ 73,841
Capital contributions	9,606
Distributions	(30,421)
Net unrealized (loss)	(294)
Net realized (loss)	<u>(2,702)</u>
Balance, June 30, 2016	50,030
Capital contributions	20,383
Distributions	(24,391)
Net unrealized gain	36
Net realized gain	<u>888</u>
Balance, June 30, 2017	<u>\$ 46,946</u>

BROOKLYN BOTANIC GARDEN CORPORATION

Notes to Financial Statements (continued)

June 30, 2017

Note 5 – Property and equipment

Property and equipment consisted of the following as of June 30, 2017 and June 30, 2016:

	<u>2017</u>	<u>2016</u>
Machinery and equipment	\$ 3,862,329	\$ 3,251,395
Leasehold improvements	37,012,449	36,964,448
Improvements in progress	<u>5,977,948</u>	<u>4,617,452</u>
Total	46,852,726	44,833,295
Less: accumulated depreciation and amortization	<u>24,601,651</u>	<u>22,697,336</u>
Net property and equipment	<u>\$ 22,251,075</u>	<u>\$ 22,135,959</u>

Capital expenditures to the Garden's facilities, in the amounts of \$3,333,442 and \$3,345,704 were made by the City of New York during the years ended June 30, 2017 and June 30, 2016, respectively. The City of New York has spent approximately \$47,572,316 on capital expenditures from the 2002 fiscal year through the 2017 fiscal year. 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 6 – Pledges and grants receivable

Pledges and grants receivable are unconditional promises from external organizations to donate cash to the Garden. For the years ended June 30, 2017 and June 30, 2016, the Garden used a discount rate of 3.0% to reduce the contributions receivable to their present value. The contributions receivable at June 30, 2017 and June 30, 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Due within one year	\$ 1,810,552	\$ 2,770,905
Due within one to five years	<u>154,000</u>	<u>1,261,000</u>
Sub-total	1,964,552	4,031,905
Less amount to reduce the pledges receivable to their present value	(12,812)	(88,097)
Less allowance for doubtful accounts	<u>(58,827)</u>	<u>(123,432)</u>
Total	<u>\$ 1,892,913</u>	<u>\$ 3,820,376</u>

BROOKLYN BOTANIC GARDEN CORPORATION

Notes to Financial Statements (continued)

June 30, 2017

Note 7 – 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 participate in the plan after completion of three months of service and attainment of age 21. 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 aspects:

- 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 June 30, 2017 and June 30, 2016, 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 2017 and 2016 is for the plan's 2016 and 2015 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>2016</u>	<u>2015</u>	<u>2017</u>	<u>2016</u>
The Cultural Institutions Pension Plan	11-2001170 001	9/30/2017	Green	Green	\$1,095,481	\$950,414

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)

June 30, 2017

Note 7 – Pension and retirement plans (continued)

The Garden's expense in connection with the aforementioned plans and certain other benefits totaled \$1,174,327 and \$1,018,593 for the years ended June 30, 2017 and June 30, 2016, of which \$418,678 and \$379,488, 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 8 – 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 net periodic benefit cost, which represents the estimated value of benefits earned by the plan participants, for the years ended June 30, 2017 and 2016 totaled \$1,102,652 and \$750,468, respectively, of which \$281,348 and \$305,493 of benefits paid in cash has been allocated to various program and supporting services. The remaining amounts of \$821,304 and \$444,975, respectively, have been reflected as an other 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 June 30, 2017 and 2016 are summarized as follows:

	<u>2017</u>	<u>2016</u>
Benefit obligation	\$ (12,117,932)	\$ (12,550,703)
Fair value of plan assets	<u>-</u>	<u>-</u>
Funded status	<u>\$ (12,117,932)</u>	<u>\$ (12,550,703)</u>
Items not yet recognized as a component of net periodic benefit cost		
Net loss	<u>\$ 1,772,852</u>	<u>\$ 3,026,927</u>

BROOKLYN BOTANIC GARDEN CORPORATION

Notes to Financial Statements (continued)

June 30, 2017

Note 8 – 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 loss 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 is \$103,017 of the estimated net loss that will be amortized into net periodic benefit cost and recognized as an expense during the 2018 fiscal year.

	<u>2017</u>	<u>2016</u>
Employer contributions	\$ 281,348	\$ 305,493
Benefits paid	\$ 281,348	\$ 305,493
	<u>2017</u>	<u>2016</u>

Weighted average assumption to determine benefit obligations and benefit costs for years ended June 30:

Discount rate (benefit obligation)	3.75%	3.45%
Discount rate (benefit costs)	3.45%	4.30%

The increase in the discount rate from 3.45% to 3.75% decreased the benefit obligation by approximately \$593,000.

The healthcare cost trend rate was assumed to be 7.0% and 6.1% for the years ended June 30, 2017 and June 30, 2016, respectively. This trend rate is assumed to decrease gradually to 5.3% by the years ended June 30, 2021/June 30, 2022.

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 June 30. Expected employer contributions to the post-retirement benefit plan for the year ending June 30, 2018 are \$356,651.

The estimated future benefit payments are shown as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2018	\$ 356,651
2019	441,276
2020	500,069
2021	557,081
2022	624,457
2023 – 2027	3,180,601

BROOKLYN BOTANIC GARDEN CORPORATION**Notes to Financial Statements (continued)
June 30, 2017****Note 9 – 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 are reflected separately in the books and records of the independent contractor and are not reflected in the accounts and records of the Garden. The agreement, which commenced October 1, 2014 and expires October 31, 2022, 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 are paid by the independent contractor.

Grant and pledge agreements

On April 1, 2009, the Garden entered into a Grant and Pledge Agreement with the Robert W. Wilson Charitable Trust (the “Trust”). The purpose of the Grant is to support the New, Restored and Expanded Garden components of BBG’s Campaign for the Next Century (the “Campaign”). The maximum amount of the Grant will be \$3,000,000. The payment of the maximum amount of the Grant was conditioned on BBG receiving at least \$7,000,000 of matching contributions from private donors and receiving at least \$10,000,000 from the City of New York for the Campaign. As of June 30, 2013, BBG had submitted the quarterly reports to the Trust and requested payments totaling \$3,000,000. In the 2014 fiscal year, the full amount of this grant had been received by the Garden. The Garden has certain reporting responsibilities to the Trust with respect to this grant agreement until such time that projects funded through the Campaign have been completed.

In July 2016, the Garden and the Trust entered into a new Grant and Pledge Agreement for a maximum amount of \$7,000,000 to support the design and construction of the reimagined Overlook. The payment of the grant is subject to the completion of the Overlook on or before a specified date, as described in the agreement. 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 the 2017 fiscal year, the Garden received \$1,000,000 in connection with this grant.

Capital projects

The Garden has entered into contracts for the construction of the South Garden and Overlook projects totaling approximately \$14,900,000, including change orders, as of June 30, 2017. In connection with these contracts, the Garden has recorded contracts payable totaling \$337,972 for work completed through June 30, 2017.

BROOKLYN BOTANIC GARDEN CORPORATION**Notes to Financial Statements (continued)****June 30, 2017****Note 10 – Line of credit**

The Garden has available an unsecured \$2,000,000 line of credit. Borrowings under the line bear interest at LIBOR plus 2.95%, which was 4.17% at June 30, 2017. The Garden is required to repay any outstanding balance for at least thirty consecutive days each fiscal year. The line of credit has restrictive borrowing covenants, as outlined in the agreement. At June 30, 2017, there was no outstanding balance. The line of credit matures on March 13, 2018.

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 will be calculated at a rate of 3.24% compounded on a semi-annual basis with maturity in May 2034. The bond payable does not require any payments of interest or principal until maturity. As of June 30, 2017, the total balance of the bond payable was \$663,851, including accretion of interest totaling \$63,851.

Note 12 – 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 the 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 13 – 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.