

# **The Garden Conservancy, Inc.**

Financial Statements and  
Supplementary Information

December 31, 2022 and 2021

# **The Garden Conservancy, Inc.**

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December 31, 2022 and 2021

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## **Independent Auditors' Report**

To the Board of Directors of  
The Garden Conservancy, Inc.

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of The Garden Conservancy, Inc. (the Conservancy), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Conservancy as of December 31, 2022 and 2021, and the results of activities, changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

#### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Conservancy and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance, and therefore, is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, 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 Conservancy'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 Conservancy'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.

### **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The information of combining schedules of financial position as of December 31, 2022 and 2021 and combining schedules of activities and changes in net assets for the years then ended is presented for purposes of additional analysis of the financial statements rather than to present the financial position, activities and changes in net assets and cash flows of the individual funds, and it is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The combining information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Baker Tilly US, LLP*

New York, New York  
March 13, 2023

# The Garden Conservancy, Inc.

## Statements of Financial Position

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,718,626	\$ 2,894,591
Pledges receivable, current portion	1,038	1,038
Prepaid expenses	158,409	322,543
	<u>1,878,073</u>	<u>3,218,172</u>
<b>Noncurrent Assets</b>		
Pledges receivable, less current portion	1,885	1,946
Investments	29,407,854	34,494,161
Property and equipment, net	5,433	21,441
Other assets	77,633	10,226
	<u>31,370,878</u>	<u>37,745,946</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 287,334	\$ 224,539
Deferred revenue	4,000	703,127
Other liabilities	74,474	-
	<u>365,808</u>	<u>927,666</u>
<b>Net Assets</b>		
Without donor restrictions, Board-designated	2,727,410	2,594,509
Without donor restrictions, undesignated	13,186,910	19,018,201
With donor restrictions	15,090,750	15,205,570
	<u>31,005,070</u>	<u>36,818,280</u>
Total liabilities and net assets	<u>\$ 31,370,878</u>	<u>\$ 37,745,946</u>

See notes to financial statements

# The Garden Conservancy, Inc.

Statements of Activities and Changes in Net Assets  
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Changes in Net Assets Without Donor Restrictions</b>		
Public support and revenues:		
Contributions	\$ 1,844,982	\$ 813,993
Special events and programs	906,878	223,417
Net assets released and transferred from restrictions	303,216	241,475
Open Days program	215,856	209,195
Paycheck Protection Program	-	347,952
Membership	435,745	414,647
Donated investments	44,556	32,547
Supporting organization fees	22,500	22,500
Other	512	972
Total public support and revenues	<u>3,774,245</u>	<u>2,306,698</u>
Expenses:		
Program services	3,016,543	2,200,175
Management and general	752,889	616,237
Fundraising	548,585	463,537
Total expenses	<u>4,318,017</u>	<u>3,279,949</u>
Excess of expenses over public support and revenues	<u>(543,772)</u>	<u>(973,251)</u>
Other (loss) income, net:		
Investment gain, operating and endowment fund	391,586	1,386,467
Unrealized (loss) gain, endowment fund	(5,679,105)	3,109,722
Total other (loss) income, net	<u>(5,287,519)</u>	<u>4,496,189</u>
(Decrease) increase in net assets without donor restrictions	<u>(5,831,291)</u>	<u>3,522,938</u>
<b>Changes in Net Assets Without Donor Restrictions, Board-Designated</b>		
Contributions	150,354	842,245
Transfer to undesignated	(17,453)	-
Increase in net assets without donor restrictions, Board-designated	<u>132,901</u>	<u>842,245</u>
(Decrease) increase in net assets without donor restrictions	<u>(5,698,390)</u>	<u>4,365,183</u>
<b>Changes in Net Assets With Donor Restrictions (Temporary)</b>		
Contributions	125,110	179,641
Donated investments	-	29,629
Other	-	934
Net assets released from restrictions for operations	(285,763)	(241,475)
Decrease in net assets with donor restrictions (temporary)	<u>(160,653)</u>	<u>(31,271)</u>
<b>Changes in Net Assets With Restrictions (Permanent)</b>		
Contributions	45,833	751,034
Donated investments	-	26,219
Increase in net assets with donor restrictions (permanent)	<u>45,833</u>	<u>777,253</u>
(Decrease) increase in net assets	<u>(5,813,210)</u>	<u>5,111,165</u>
<b>Net Assets, Beginning</b>	<u>36,818,280</u>	<u>31,707,115</u>
<b>Net Assets, Ending</b>	<u>\$ 31,005,070</u>	<u>\$ 36,818,280</u>

See notes to financial statements

## The Garden Conservancy, Inc.

### Statements of Cash Flows

Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Cash Flows From Operating Activities</b>		
(Decrease) increase in net assets	\$ (5,813,210)	\$ 5,111,165
Adjustments to reconcile (decrease) increase in net assets to net cash (used in) provided by operating activities:		
Depreciation	17,365	17,951
Realized gain on investments	(391,586)	(1,386,467)
Unrealized loss (gain) on investments	5,679,105	(3,109,722)
Fair value of donated investments	-	(55,848)
Changes in assets and liabilities:		
Pledges receivable	61	(22)
Prepaid expenses	164,134	(68,335)
Accounts payable and accrued expenses	62,795	(8,189)
Other assets	(67,407)	7,158
Deferred revenue	(699,127)	273,552
Other liability	74,474	-
Net cash (used in) provided by operating activities	<u>(973,396)</u>	<u>781,243</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of property and equipment	(1,357)	-
Net purchases of investments	<u>(201,212)</u>	<u>(1,297,051)</u>
Net cash used in investing activities	<u>(202,569)</u>	<u>(1,297,051)</u>
Net decrease in cash and cash equivalents	(1,175,965)	(515,808)
<b>Cash and Cash Equivalents, Beginning</b>	<u>2,894,591</u>	<u>3,410,399</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 1,718,626</u>	<u>\$ 2,894,591</u>

See notes to financial statements

# The Garden Conservancy, Inc.

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Notes to Financial Statements

December 31, 2022 and 2021

## 1. Organization and Nature of Activities

The Garden Conservancy, Inc. (the Conservancy) was incorporated on December 11, 1989 under the not-for-profit laws of New York State to preserve, share and celebrate America's gardens and diverse gardening traditions for the education and inspiration of the public. The Garden Conservancy works with garden owners and communities through partnerships to assist with and advise in the restoration and preservation of gardens. The Conservancy shares gardens and increases appreciation of the cultural, historical and ecological significance of gardens through educational programming and its Open Days program.

The accompanying financial statements of the Conservancy include the operating and endowment funds. The Conservancy will authorize transfers from one fund to another fund as required in order to conduct its operations. The resulting balances will be eliminated in the accompanying financial statements.

The Conservancy evaluated subsequent events for recognition or disclosure through March 13, 2023, the date the financial statements were available to be issued.

## 2. Summary of Significant Accounting Policies

### Financial Statement Presentation

The accompanying financial statements are prepared based on the accrual basis of accounting.

### 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Cash and Cash Equivalents

Cash and cash equivalents include money market accounts and other highly liquid short-term investments purchased with original maturities of three months or less at the time of the purchase.

### Pledges Receivable

Pledges receivable are primarily unsecured and are received from individuals and businesses. Pledges receivable and the related revenue are recorded at the present value of estimated cash flows on the date the unconditional promise to give is made. The discounts on those amounts are computed using assumptions made by management regarding the market and ultimate collectability of the pledges.

### Investments and Investment Risk

Investments with readily determinable fair values are measured at fair value in the accompanying statements of financial position.

Realized and unrealized gains and losses on investments are included in the other (loss) income section in the accompanying statements of activities and changes in net assets unless the income or loss is restricted by donor or law.



# The Garden Conservancy, Inc.

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Notes to Financial Statements  
December 31, 2022 and 2021

The Conservancy's investments are comprised of equity securities, fixed income and mutual funds managed by investment advisors. The fair values reported in the accompanying statements of financial position are subject to various risks, including fluctuations in the equity markets, the interest rate environment and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in fair value of investment securities, it is reasonably possible that the amounts reported in the accompanying statements of financial position and statements of activities and changes in net assets could change materially in the near term.

## Property and Equipment

Property and equipment are stated at cost. Depreciation is calculated on the straight-line basis over estimated useful lives of 5 years for office, garden and computer equipment and 40 years for building and improvements.

Expenditures for maintenance, repairs and betterments which do not materially prolong the normal useful life of an asset are charged to operations as incurred. Purchases of property and equipment and additions and betterments which substantially extend the useful lives of the properties are capitalized at cost. Upon sale or other disposition of assets, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss, if any, is reported in the accompanying statements of activities and changes in net assets.

## Impairment of Long-Lived Assets

Long-lived assets such as property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset with the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated undiscounted future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Fair value is determined based on estimated discounted future cash flows expected to be generated by an asset. The Conservancy had no impairment during the years ended December 31, 2022 and 2021.

Long-lived assets will continue to be tested when events or circumstances indicate that an impairment or decline in value may have occurred. Upon completion of each review, there can be no assurance that a material charge will not be recorded.

## Leases

The Conservancy leases office space and equipment used in operations and determines if an arrangement is a lease at inception. As of December 31, 2022, the Conservancy's leases of \$71,091 are included in other assets and the corresponding liabilities of \$74,224 are included in other liabilities.

The Conservancy's right to use an underlying asset for the lease term and the lease liability represent the Conservancy's obligation to make lease payments arising from the lease. The asset and liability are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Conservancy will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Conservancy has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of the lease liability.

# The Garden Conservancy, Inc.

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Notes to Financial Statements  
December 31, 2022 and 2021

## Donor Promises to Give

Donor unconditional promises to give are recorded as revenue by the Conservancy when such promises are received. Donor unconditional promises to give that are expected to be received within 12 months are reflected as current pledges receivable and are recorded at their net realizable value. Donor unconditional promises to give due in subsequent years are reported as long-term pledges receivable and are computed using assumptions made by management of the Conservancy regarding the market and ultimate collectability of the receivables.

## Deferred Revenue

Deferred revenue pertains to advances received for certain events which will occur in the subsequent year.

## Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions. All revenue not restricted by donors and donor-restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net assets without donor restrictions. Net assets without donor restrictions include part of the operating fund and part of the endowment fund and consist of the funds available for support of the Conservancy's operations and resources designated for property and equipment acquisitions. Net assets without donor restrictions that are undesignated are not subject to donor-imposed restrictions and are available for the support of the Conservancy's activities.

**Net Assets With Donor Restrictions** - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. All revenues restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in net assets with donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The net assets of the Conservancy are also recorded among the operating fund and endowment fund. All transfers among the funds are eliminated when combined and presented together on a combined basis.

## Revenue From Contributions and Other

Contributions with donor-imposed restrictions, which are satisfied in the same year, are reported as an increase in net assets without donor restrictions. Memberships do not have performance obligations, and are therefore treated as contributions.

Revenue from special events and Open Days programs are earned upon the occurrence of the event. The majority of the Conservancy's revenues are recognized at a point-in-time as control is transferred at a distinct point in time per the nature of events provided. The Conservancy determines the transaction price based on standard charges for programs or events provided.

## The Garden Conservancy, Inc.

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Notes to Financial Statements

December 31, 2022 and 2021

Revenues are recognized at the amount that reflects the consideration to which the Conservancy expects to be entitled in exchange for providing programs and events. Revenue is recognized as performance obligations are satisfied and are determined based on the nature of the program or event provided by the Conservancy. The Conservancy believes that this method provides a faithful depiction of the transfer of goods or services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

All of the Conservancy's performance obligations relate to programs with a duration of less than one year, therefore, the Conservancy has elected to apply the optional exemptions provided in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606-10-50-14(a) and as a result is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

The Conservancy has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from customers (Members and Friends) for the effects of a significant financing component due to the Conservancy's expectation that the period between the time the programs and service is provided to a customer and the time that the customer pays for that service will be one year or less.

### **Paycheck Protection Program Revenue**

In March 2021, the Conservancy received proceeds in the amount of \$347,952 under the Paycheck Protection Program (PPP) (PPP Advance Round 2) which was established as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act (as amended by the Economic Aid Act (EAA) on December 27, 2020) and is administered through the Small Business Administration (SBA).

The PPP provides loans to qualifying nonprofit organizations in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying nonprofit organizations to keep their workforce employed during the Coronavirus crisis. PPP loans are uncollateralized and guaranteed by the SBA. Advances from the PPP are forgivable after a "covered period" (of eight to 24 weeks) as long as the borrower maintains its payroll levels and uses the proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries and wages more than 25% during the covered period.

The Conservancy initially recorded the funds as a refundable advance and will record the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right of return of the PPP loan, or when such conditions are explicitly waived. Any unforgiven portion is payable over five years at an interest rate of 1% with payments deferred until the SBA remits the organization's loan forgiveness amount to the lender, or, if the organization does not apply for forgiveness, ten months after the end of the covered period. PPP loan terms provide for customary events of default, including payment defaults, breaches of representations and warranties, and insolvency events and may be accelerated upon the occurrence of one or more of these events of default. Additionally, PPP loan terms do not include prepayment penalties.

Through December 31, 2021, the Conservancy expended \$347,952 of the PPP Advance Round 2 funds received on qualified expenses and believes that it met all of the conditions attached to the PPP, and therefore, applied for forgiveness. Legal release was received during October of 2021, therefore, the Conservancy recorded revenue of \$347,952 within its statement of activities and changes in net assets for the year ended December 31, 2021.

## The Garden Conservancy, Inc.

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Notes to Financial Statements  
December 31, 2022 and 2021

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act (as amended by the EAA), the Corporation is required to maintain its PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request. The Conservancy does not believe the results of any audits or reviews by the SBA would have a material impact on the financial statements.

### Endowment Spending

The Conservancy has established an endowment spending policy allowing it to spend, in addition to investment management fees, up to 4% for 2022 and 2021, of the fair value of its endowment funds.

### Allocation of Costs and Expenses

Costs and expenses that are incurred for or attributable to a specific program or supporting service are charged directly to that category. Costs and expenses that apply to more than one category are allocated, i.e. the cost of printed material is allocated on the basis of its use and distribution.

### Income Taxes

The Conservancy is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. No provision for federal or state income taxes or for taxes on unrelated business income has been recorded.

### Recent Accounting Pronouncement

Effective January 1, 2022, the Conservancy adopted the FASB Accounting Standards Update (ASU) No. 2016-02, *Leases (as amended) (Topic 842)*. Topic 842 was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. Under the provisions of Topic 842, a lessee is required to recognize a right-of-use asset and lease liability, initially measured at the present value of the remaining lease payments, in the statement of financial position. In addition, lessees are required to provide qualitative and quantitative disclosures that enable users to understand more about the nature of the Conservancy's leasing activities. The adoption did not have a material impact to the financial statements.

## 3. Fair Value Measurements

The Conservancy follows the provisions of authoritative guidance relating to fair value measurements. This guidance defines fair value, establishes a framework for measuring fair value under accounting principles generally accepted in the United States of America and enhances disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework that this guidance establishes for measuring fair value includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs used in determining valuations into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement.

## The Garden Conservancy, Inc.

Notes to Financial Statements  
December 31, 2022 and 2021

The levels of the fair value hierarchy are as follows:

Level 1 - Fair value is based on unadjusted quoted prices in active markets that are accessible to the Conservancy for identical assets. These generally provide the most reliable evidence and are used to measure fair value whenever available.

Level 2 - Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the full term of the asset through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets or liabilities, quoted market prices in markets that are not active for identical or similar assets or liabilities and other observable inputs.

Level 3 - Fair value would be based on significant unobservable inputs that are not Level 1 or Level 2. Examples of valuation methodologies that would result in Level 3 classification include option pricing models, discounted cash flows and other similar techniques.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Conservancy believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth, by level within the fair value hierarchy, the Conservancy's investments at fair value as of December 31, 2022 and 2021:

	<b>Investments at Fair Value as of December 31, 2022</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual funds:				
U.S. equity	\$ 10,183,050	\$ -	\$ -	\$ 10,183,050
International equity	2,869,734	-	-	2,869,734
Common stock	6,950,384	-	-	6,950,384
Fixed income	-	9,265,593	-	9,265,593
Other	-	139,093	-	139,093
Total investments at fair value	<u>\$ 20,003,168</u>	<u>\$ 9,404,686</u>	<u>\$ -</u>	<u>\$ 29,407,854</u>
	<b>Investments at Fair Value as of December 31, 2021</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual funds:				
U.S. equity	\$ 12,256,743	\$ -	\$ -	\$ 12,256,743
International equity	3,546,543	-	-	3,546,543
Common stock	8,475,203	-	-	8,475,203
Fixed income	-	10,215,672	-	10,215,672
Total investments at fair value	<u>\$ 24,278,489</u>	<u>\$ 10,215,672</u>	<u>\$ -</u>	<u>\$ 34,494,161</u>

## The Garden Conservancy, Inc.

Notes to Financial Statements  
December 31, 2022 and 2021

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies as of December 31, 2022 and 2021.

Mutual funds and common stock are valued at fair value, which are the amounts reported on the statements of financial position, based on quoted market prices.

Fixed income are valued based on quoted market prices, if available, or estimated using quoted market prices of similar securities.

Other investments are valued at the fair value of the underlying investments.

At December 31, 2022 and 2021, the Conservancy did not have any assets whose fair value was measured using Level 3 inputs.

#### 4. Liquidity and Availability of Resources

As of December 31, 2022 and 2021, the Conservancy has financial assets available for general expenditures within one year of the statements of financial position date, consist of the following:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,538,132	\$ 296,140
Investments	<u>280,887</u>	<u>2,862,185</u>
Total	<u>\$ 1,819,019</u>	<u>\$ 3,158,325</u>

The Conservancy has investments which are available for general expenditures within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above. The Conservancy has other investments for donor-restricted purposes. Additionally, certain other Board-designated assets are designed for long-term purposes and an operating reserve. These investments are not available for general expenditures within the next year and are not reflected in the amounts above. However, the Board-designated amounts could be made available, if necessary.

As part of the Conservancy's liquidity management plan, cash in excess of current requirements are invested in various investments in accordance with the Conservancy's investment policy as overseen by the Audit, Finance and Investment Committee of the Board of Directors.

#### 5. Property and Equipment, Net

Property and equipment, net is comprised of the following:

	<u>December 31, 2022</u>		
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Building improvements	\$ 69,989	\$ (67,401)	\$ 2,588
Office, computer equipment	<u>158,280</u>	<u>(155,435)</u>	<u>2,845</u>
Total	<u>\$ 228,269</u>	<u>\$ (222,836)</u>	<u>\$ 5,433</u>

## The Garden Conservancy, Inc.

Notes to Financial Statements

December 31, 2022 and 2021

	December 31, 2021		
	Cost	Accumulated Depreciation	Net Book Value
Building improvements	\$ 69,989	\$ (53,404)	\$ 16,585
Office, computer equipment	156,923	(152,067)	4,856
Total	<u>\$ 226,912</u>	<u>\$ (205,471)</u>	<u>\$ 21,441</u>

Depreciation expense was \$17,365 and \$17,951 for the years ended December 31, 2022 and 2021, respectively.

### 6. Net Assets

Net assets with donor restrictions are available for the following purposes:

	2022	2021
Education	\$ 1,556	\$ 61,556
Easement Stewardship	134,390	138,819
Preservation	-	25,000
Garden Documentation	419,113	490,337
Endowment	14,535,691	14,489,858
Total	<u>\$ 15,090,750</u>	<u>\$ 15,205,570</u>

Net assets were released from donor restrictions by incurring costs satisfying the restricted purpose or by occurrence of other events specified by donors. The income distributions from net assets held in perpetuity are available to fund mission driven programs and other donor-restricted purposes.

### 7. Endowment Funds

Endowment fund net assets are supported by gifts, contributions of cash and investments and may be restricted by donors to be maintained in perpetuity. The Conservancy adopted a policy that records bequests made without restrictions of \$5,000 or more as an addition to the Conservancy Board-designated endowment fund. In classifying such funds for financial statement purposes as either with donor restrictions, without donor restrictions, Board-designated or without donor restrictions, undesignated, the Board of Directors (the Board) looks to the explicit directions of the donor where applicable and the provisions of the laws of the State of New York, Prudent Management of Institutional Funds Act (NYPMIFA). The Board has determined that, absent donor stipulations to the contrary, the provisions of State law do not impose either a permanent or temporary restriction on the income or capital appreciation derived from the original gift and/or additional gifts. The Conservancy manages its investments to ensure the achievement of a rate of return that adequately supports the Conservancy's mission while minimizing risk to the greatest extent possible. The Conservancy seeks to minimize downside volatility and other risks while maximizing returns. The objective is to achieve total return that exceeds benchmarks.

The income earned on endowment is available for use by the Conservancy.

## The Garden Conservancy, Inc.

Notes to Financial Statements  
December 31, 2022 and 2021

The composition of endowment net assets and changes in endowment net assets as of and for the year ended December 31, 2022 is as follows:

	Without Donor Restrictions	Without Donor Restrictions, Board- Designated	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 18,501,283	\$ 952,214	\$ 14,489,858	\$ 33,943,355
Investment income:				
Investment income	585,372	-	-	585,372
Realized loss	(224,519)	-	-	(224,519)
Unrealized loss	(5,645,926)	-	-	(5,645,926)
Total investment gain	(5,285,073)	-	-	(5,285,073)
Contributions	-	100,354	45,833	146,187
Appropriation of endowment for expenditures	(519,847)	-	-	(519,847)
Transfers	(26,371)	-	-	(26,371)
Endowment net assets, end of year	<u>\$ 12,669,992</u>	<u>\$ 1,052,568</u>	<u>\$ 14,535,691</u>	<u>\$ 28,258,251</u>

The appropriation of endowment assets for expenditures includes investment management fees of \$157,922.

The composition of endowment net assets and changes in endowment net assets as of and for the year ended December 31, 2021 is as follows:

	Without Donor Restrictions	Without Donor Restrictions, Board- Designated	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 14,978,345	\$ 828,077	\$ 13,712,605	\$ 29,519,027
Investment income:				
Investment income	681,112	-	-	681,112
Realized gain	706,578	-	-	706,578
Unrealized gain	3,112,469	-	-	3,112,469
Total investment gain	4,500,159	-	-	4,500,159
Contributions	-	124,137	777,253	901,390
Appropriation of endowment assets for expenditures	(977,221)	-	-	(977,221)
Endowment net assets, end of year	<u>\$ 18,501,283</u>	<u>\$ 952,214</u>	<u>\$ 14,489,858</u>	<u>\$ 33,943,355</u>

The appropriation of endowment assets for expenditures includes investment management fees of \$157,723.



# The Garden Conservancy, Inc.

Notes to Financial Statements

December 31, 2022 and 2021

## 8. Conservation Easements

The Conservancy has been granted conservation easements for the following properties: Keil Cove in Marin County, California, Bancroft Garden in Walnut Creek, California, Green Gables in Woodside, California, Thomas Eby (Telegraph Hill) in San Francisco, California, Elizabeth Lawrence Garden in Charlotte, North Carolina, John Fairey Garden in Hempstead, Texas, Chase Garden in Orting, Washington and Palmdale Gardens in Fremont, California. Each easement has been valued at \$100 in the accompanying financial statements and is subject to certain annual compliance and monitoring by the Conservancy. It is possible that the Conservancy could be responsible for future costs related to enforcing the terms of the easements, although the financial impact of this is not presently determinable.

## 9. Pension Plan

The Conservancy sponsors a defined contribution pension plan. This is a mandatory plan and eligible employees are required to participate after one year of service. This plan equally matches employee contributions with a maximum contribution by the Conservancy of 5%. Pension expense, classified with payroll taxes and employee benefits, for the years ended December 31, 2022 and 2021 was \$59,696 and \$62,320, respectively.

## 10. Supporting Organizations

The Stonecrop Gardens, Inc., Greenwood Gardens and Hollister House Garden are affiliated with the Conservancy as supporting organizations. The Stonecrop Gardens, Inc. is a series of display gardens located in the town of Philipstown, New York, which is open to the public. Greenwood Garden is of Italianate design and surrounded by a naturalist landscape of allees, wildflower meadows, ponds and cultivated woodlands. It is located in Short Hills, New Jersey and is open to the public May through October. Hollister House Garden is a romantic country garden in Washington, Connecticut, open to the public May through September. These organizations are not controlled by the Conservancy and are not combined in the accompanying financial statements.

## 11. Commitments

### Operating Lease

The Conservancy leases space in Winter Hill, New York under a three year noncancelable lease, expiring on June 30, 2023. The office space lease is at a fixed monthly payment. The Conservancy also leases various equipment through 2027.

Future minimum lease obligations for the noncancelable leases for years ending subsequent to December 31, 2022 are summarized as follows:

2023	\$	66,644
2024		21,823
2025		8,729
2026		2,700
2027		1,158
		<hr/>
Total	\$	<u>101,054</u>

Lease related expenses were \$105,173 and \$106,004 for the years ended December 31, 2022 and 2021, respectively.

## The Garden Conservancy, Inc.

Notes to Financial Statements  
December 31, 2022 and 2021

### 12. Concentrations of Credit Risk

Financial instruments that potentially subject the Conservancy to concentrations of credit risk consist principally of cash and cash equivalents, pledges receivable and investments. The Conservancy's cash and cash equivalents are on deposit in two financial institutions. It is the Conservancy's policy to monitor the financial strength of the institutions on a regular basis. During the years ended December 31, 2022 and 2021, the Conservancy's cash balances exceeded the Federal Deposit Insurance Corporation (FDIC) insurance limit of \$250,000 per financial institution. However, the Conservancy's financial institutions participate in the FDIC's Transaction Account Guarantee Program in which all noninterest bearing transaction accounts are fully guaranteed by the FDIC.

The Conservancy has not experienced any losses in such accounts, and it believes it is not subject to any significant credit risk on cash and cash equivalents.

The Conservancy's investments, excluding cash, are 100% covered by the Securities Investor Protection Corporation (SIPC). The SIPC insurance limit is regularly \$500,000 per financial institution.

### 13. Functional Expenses

The Conservancy's financial statements report certain expense categories that are attributable to more than one program service or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, are allocated to a function based on a square footage basis. Expenses relating to providing these services as of 2022 and 2021 are approximately as follows:

	2022			
	Management and General	Fundraising	Program	Total
Salaries, wages and benefits	\$ 316,094	\$ 331,369	\$ 1,352,393	\$ 1,999,856
Professional services	129,984	34,479	466,484	630,947
Occupancy	20,193	23,481	145,297	188,971
Office	24,825	12,872	147,775	185,472
Printing	-	-	139,948	139,948
Benefits, events and travel	97,264	7,148	521,128	625,540
Advertising, promotion and marketing	2,436	118,049	13,180	133,665
Investment and banking fees	162,093	2,900	40,163	205,156
Other	-	18,287	190,175	208,462
Total	\$ 752,889	\$ 548,585	\$ 3,016,543	\$ 4,318,017

  

	2021			
	Management and General	Fundraising	Program	Total
Salaries, wages and benefits	\$ 242,725	\$ 316,119	\$ 1,284,303	\$ 1,843,147
Professional services	125,783	2,795	282,399	410,977
Occupancy	23,771	30,720	154,689	209,180
Office	30,869	14,230	118,640	163,739
Printing	395	16,120	115,396	131,911
Benefits, events and travel	32,741	66,307	141,087	240,135
Advertising, promotion and marketing	1,525	-	7,862	9,387
Investment and banking fees	157,953	17,171	11,773	186,897
Other	475	75	84,026	84,576
Total	\$ 616,237	\$ 463,537	\$ 2,200,175	\$ 3,279,949

**The Garden Conservancy, Inc.**

Combining Schedule of Financial Position

December 31, 2022

	<u>Operating Fund</u>	<u>Endowment Fund</u>	<u>Combined Totals</u>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 1,538,632	\$ 179,994	\$ 1,718,626
Pledges receivable, current portion	38	1,000	1,038
Prepaid expenses	158,409	-	158,409
Due from (to) fund	361,925	(361,925)	-
Total current assets	<u>2,059,004</u>	<u>(180,931)</u>	<u>1,878,073</u>
<b>Property and Equipment</b>			
Office, garden and computer equipment	158,280	-	158,280
Leasehold improvements	69,989	-	69,989
	<u>228,269</u>	<u>-</u>	<u>228,269</u>
Less accumulated depreciation	<u>(222,836)</u>	<u>-</u>	<u>(222,836)</u>
Total property and equipment, net	<u>5,433</u>	<u>-</u>	<u>5,433</u>
<b>Other Assets</b>			
Investments	970,807	28,437,047	29,407,854
Pledges receivable, less current portion	-	1,885	1,885
Other assets	77,383	250	77,633
Total other assets	<u>1,048,190</u>	<u>28,439,182</u>	<u>29,487,372</u>
Total assets	<u>\$ 3,112,627</u>	<u>\$ 28,258,251</u>	<u>\$ 31,370,878</u>
<b>Liabilities and Net Assets</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued expenses	\$ 287,334	\$ -	\$ 287,334
Deferred revenue	4,000	-	4,000
Other liabilities	74,474	-	74,474
Total current liabilities	<u>365,808</u>	<u>-</u>	<u>365,808</u>
<b>Net Assets</b>			
Without donor restrictions, Board-designated	1,674,842	1,052,568	2,727,410
Without donor restrictions, undesignated	516,918	12,669,992	13,186,910
With donor restrictions	555,059	14,535,691	15,090,750
Total net assets	<u>2,746,819</u>	<u>28,258,251</u>	<u>31,005,070</u>
Total liabilities and net assets	<u>\$ 3,112,627</u>	<u>\$ 28,258,251</u>	<u>\$ 31,370,878</u>

**The Garden Conservancy, Inc.**Combining Schedule of Financial Position  
December 31, 2021

	<u>Operating Fund</u>	<u>Endowment Fund</u>	<u>Combined Totals</u>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 2,654,649	\$ 239,942	\$ 2,894,591
Pledges receivable, current portion	38	1,000	1,038
Prepaid expenses	322,543	-	322,543
Due from (to) fund	(203,559)	203,559	-
Total current assets	<u>2,773,671</u>	<u>444,501</u>	<u>3,218,172</u>
<b>Property and Equipment</b>			
Office, garden and computer equipment	156,923	-	156,923
Leasehold improvements	69,989	-	69,989
	<u>226,912</u>	<u>-</u>	<u>226,912</u>
Less accumulated depreciation	(205,471)	-	(205,471)
Total property and equipment, net	<u>21,441</u>	<u>-</u>	<u>21,441</u>
<b>Other Assets</b>			
Investments	997,253	33,496,908	34,494,161
Pledges receivable, less current portion	-	1,946	1,946
Other assets	10,226	-	10,226
Total other assets	<u>1,007,479</u>	<u>33,498,854</u>	<u>34,506,333</u>
Total assets	<u>\$ 3,802,591</u>	<u>\$ 33,943,355</u>	<u>\$ 37,745,946</u>
<b>Liabilities and Net Assets</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued expenses	\$ 224,539	\$ -	\$ 224,539
Deferred revenue	703,127	-	703,127
Total current liabilities	<u>927,666</u>	<u>-</u>	<u>927,666</u>
<b>Net Assets</b>			
Without donor restrictions, Board-designated	1,642,295	952,214	2,594,509
Without donor restrictions, undesigned	516,918	18,501,283	19,018,201
With donor restrictions	715,712	14,489,858	15,205,570
Total net assets	<u>2,874,925</u>	<u>33,943,355</u>	<u>36,818,280</u>
Total liabilities and net assets	<u>\$ 3,802,591</u>	<u>\$ 33,943,355</u>	<u>\$ 37,745,946</u>

**The Garden Conservancy, Inc.**

Combining Schedule of Activities and Changes in Net Assets

Year Ended December 31, 2022

	Without Restrictions Undesignated			Without Restrictions Board Designated		With Restrictions - Temporary	With Restrictions Permanent	Elimination	Combined Totals
	Operating Fund	Endowment Fund	Undesignated Combined	Operating Fund	Endowment Fund	Operating Fund	GC Endowment Fund		
<b>Public Support and Revenues</b>									
Contributions	\$ 1,844,982	\$ -	\$ 1,844,982	\$ 50,000	\$ 100,354	\$ 125,110	\$ 45,833	\$ -	\$ 2,166,279
Special events and programs	906,878	-	906,878	-	-	-	-	-	906,878
Net assets released and transferred from restrictions	303,216	-	303,216	(17,453)	-	(285,763)	-	-	-
Open Days program	215,856	-	215,856	-	-	-	-	-	215,856
Grants from endowment fund	361,925	-	361,925	-	-	-	-	(361,925)	-
Membership	435,745	-	435,745	-	-	-	-	-	435,745
Donated investments	44,556	-	44,556	-	-	-	-	-	44,556
Supporting organization fees	22,500	-	22,500	-	-	-	-	-	22,500
Other	512	-	512	-	-	-	-	-	512
<b>Total public support and revenues</b>	<b>4,136,170</b>	<b>-</b>	<b>4,136,170</b>	<b>32,547</b>	<b>100,354</b>	<b>(160,653)</b>	<b>45,833</b>	<b>(361,925)</b>	<b>3,792,326</b>
<b>Expenses</b>									
Program services	3,016,543	-	3,016,543	-	-	-	-	-	3,016,543
Management and general	594,967	157,922	752,889	-	-	-	-	-	752,889
Fundraising	548,585	-	548,585	-	-	-	-	-	548,585
Grants to endowment fund	-	361,925	361,925	-	-	-	-	(361,925)	-
<b>Total expenses</b>	<b>4,160,095</b>	<b>519,847</b>	<b>4,679,942</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(361,925)</b>	<b>4,318,017</b>
Revenue and public support (less than) in excess of expenses	(23,925)	(519,847)	(543,772)	32,547	100,354	(160,653)	45,833	-	(525,691)
<b>Other (Loss) Income, Net</b>									
Transfers	26,371	(26,371)	-	-	-	-	-	-	-
Investment gain	30,733	360,853	391,586	-	-	-	-	-	391,586
Unrealized loss	(33,179)	(5,645,926)	(5,679,105)	-	-	-	-	-	(5,679,105)
<b>Total other (loss) income</b>	<b>23,925</b>	<b>(5,311,444)</b>	<b>(5,287,519)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,287,519)</b>
(Decrease) increase in net assets	-	(5,831,291)	(5,831,291)	32,547	100,354	(160,653)	45,833	-	(5,813,210)
<b>Net Assets, Beginning</b>	<b>516,918</b>	<b>18,501,283</b>	<b>19,018,201</b>	<b>1,642,295</b>	<b>952,214</b>	<b>715,712</b>	<b>14,489,858</b>	<b>-</b>	<b>36,818,280</b>
<b>Net Assets, Ending</b>	<b>\$ 516,918</b>	<b>\$ 12,669,992</b>	<b>\$ 13,186,910</b>	<b>\$ 1,674,842</b>	<b>\$ 1,052,568</b>	<b>\$ 555,059</b>	<b>\$ 14,535,691</b>	<b>\$ -</b>	<b>\$ 31,005,070</b>

**The Garden Conservancy, Inc.**

Combining Schedule of Activities and Changes in Net Assets

Year Ended December 31, 2021

	Without Restrictions Undesignated			Without Restrictions Board Designated		With Restrictions - Temporary	With Restrictions Permanent	Elimination	Combined Totals
	Operating Fund	Endowment Fund	Undesignated Combined	Operating Fund	Endowment Fund	Operating Fund	GC Endowment Fund		
<b>Public Support and Revenues</b>									
Contributions	\$ 813,993	\$ -	\$ 813,993	\$ 718,108	\$ 124,137	\$ 179,641	\$ 751,034	\$ -	\$ 2,586,913
Special events and programs	223,417	-	223,417	-	-	-	-	-	223,417
Net assets released and transferred from restrictions	241,475	-	241,475	-	-	(241,475)	-	-	-
Open Days program	209,195	-	209,195	-	-	-	-	-	209,195
Paycheck Protection Program	347,952	-	347,952	-	-	-	-	-	347,952
Grants from endowment fund	819,498	-	819,498	-	-	-	-	(819,498)	-
Membership	414,647	-	414,647	-	-	-	-	-	414,647
Donated investments	32,547	-	32,547	-	-	29,629	26,219	-	88,395
Supporting organization fees	22,500	-	22,500	-	-	-	-	-	22,500
Other	972	-	972	-	-	934	-	-	1,906
<b>Total public support and revenues</b>	<b>3,126,196</b>	<b>-</b>	<b>3,126,196</b>	<b>718,108</b>	<b>124,137</b>	<b>(31,271)</b>	<b>777,253</b>	<b>(819,498)</b>	<b>3,894,925</b>
<b>Expenses</b>									
Program services	2,200,175	-	2,200,175	-	-	-	-	-	2,200,175
Management and general	458,514	157,723	616,237	-	-	-	-	-	616,237
Fundraising	463,537	-	463,537	-	-	-	-	-	463,537
Grants to endowment fund	-	819,498	819,498	-	-	-	-	(819,498)	-
<b>Total expenses</b>	<b>3,122,226</b>	<b>977,221</b>	<b>4,099,447</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(819,498)</b>	<b>3,279,949</b>
Revenue and public support in excess of (less than) expenses	3,970	(977,221)	(973,251)	718,108	124,137	(31,271)	777,253	-	614,976
<b>Other (Loss) Income, Net</b>									
Transfers	-	-	-	-	-	-	-	-	-
Investment (loss) gain	(1,223)	1,387,690	1,386,467	-	-	-	-	-	1,386,467
Unrealized (loss) gain	(2,747)	3,112,469	3,109,722	-	-	-	-	-	3,109,722
<b>Total other (loss) income</b>	<b>(3,970)</b>	<b>4,500,159</b>	<b>4,496,189</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,496,189</b>
Increase (decrease) in net assets	-	3,522,938	3,522,938	718,108	124,137	(31,271)	777,253	-	5,111,165
<b>Net Assets, Beginning</b>	<b>516,918</b>	<b>14,978,345</b>	<b>15,495,263</b>	<b>924,187</b>	<b>828,077</b>	<b>746,983</b>	<b>13,712,605</b>	<b>-</b>	<b>31,707,115</b>
<b>Net Assets, Ending</b>	<b>\$ 516,918</b>	<b>\$ 18,501,283</b>	<b>\$ 19,018,201</b>	<b>\$ 1,642,295</b>	<b>\$ 952,214</b>	<b>\$ 715,712</b>	<b>\$ 14,489,858</b>	<b>\$ -</b>	<b>\$ 36,818,280</b>