

The Garden Conservancy, Inc.

Financial Statements and
Supplementary Information

December 31, 2023 and 2022

The Garden Conservancy, Inc.

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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, 2023 and 2022, 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, 2023 and 2022, 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, 2023 and 2022 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 11, 2024

The Garden Conservancy, Inc.

Statements of Financial Position

December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,203,037	\$ 1,718,626
Pledges receivable, current portion	504,600	1,038
Prepaid expenses	219,656	158,409
	<u>3,927,293</u>	<u>1,878,073</u>
Noncurrent Assets		
Pledges receivable, less current portion	1,770	1,885
Investments	33,109,256	29,407,854
Property and equipment, net	20,674	5,433
Other assets	242,619	77,633
	<u>37,301,612</u>	<u>31,370,878</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 342,405	\$ 287,334
Deferred revenue	84,525	4,000
Other liabilities	240,469	74,474
	<u>667,399</u>	<u>365,808</u>
Net Assets		
Without donor restrictions, undesignated	17,427,338	13,186,910
Without donor restrictions, Board-designated	2,727,266	2,727,410
With donor restrictions	16,479,609	15,090,750
	<u>36,634,213</u>	<u>31,005,070</u>
Total liabilities and net assets	<u>\$ 37,301,612</u>	<u>\$ 31,370,878</u>

See notes to financial statements

The Garden Conservancy, Inc.Statements of Activities and Changes in Net Assets
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Changes in Net Assets Without Donor Restrictions		
Public support and revenues:		
Contributions	\$ 1,979,666	\$ 1,844,982
Special events and programs	719,483	906,878
Net assets released from restriction	385,393	303,216
Open Days program	254,581	215,856
Membership	445,744	435,745
Donated investments	27,749	44,556
Supporting organization fees	12,500	22,500
Other	567	512
	<u>3,825,683</u>	<u>3,774,245</u>
Total public support and revenues		
Expenses:		
Program services	3,656,727	3,016,543
Management and general	690,511	752,889
Fundraising	654,598	548,585
	<u>5,001,836</u>	<u>4,318,017</u>
Total expenses		
Excess of expenses over public support and revenues	<u>(1,176,153)</u>	<u>(543,772)</u>
Other income (loss), net:		
Investment gain, operating and endowment fund	1,431,830	391,586
Realized and unrealized gain (loss), endowment fund	3,984,751	(5,679,105)
	<u>5,416,581</u>	<u>(5,287,519)</u>
Total other income (loss), net		
Increase (decrease) in net assets without donor restrictions	<u>4,240,428</u>	<u>(5,831,291)</u>
Changes in Net Assets Without Donor Restrictions, Board-Designated		
Contributions	5,000	150,354
Transfer to undesignated	(5,144)	(17,453)
	<u>(144)</u>	<u>132,901</u>
(Decrease) increase in net assets without donor restrictions, Board-designated		
Increase (decrease) in net assets without donor restrictions	<u>4,240,284</u>	<u>(5,698,390)</u>
Changes in Net Assets With Donor Restrictions (Temporary)		
Contributions	868,619	125,110
Net assets released from restriction	(380,249)	(285,763)
	<u>488,370</u>	<u>(160,653)</u>
Increase (decrease) in net assets with donor restrictions (temporary)		
Changes in Net Assets With Restrictions (Permanent)		
Contributions	900,489	45,833
	<u>900,489</u>	<u>45,833</u>
Increase in net assets with donor restrictions (permanent)		
Increase (decrease) in net assets	5,629,143	(5,813,210)
Net Assets, Beginning	<u>31,005,070</u>	<u>36,818,280</u>
Net Assets, Ending	<u>\$ 36,634,213</u>	<u>\$ 31,005,070</u>

See notes to financial statements

The Garden Conservancy, Inc.

Statements of Cash Flows

Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ 5,629,143	\$ (5,813,210)
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Depreciation	7,171	17,365
Realized gain on investments	(1,431,830)	(391,586)
Unrealized (gain) loss on investments	(3,984,751)	5,679,105
Changes in assets and liabilities:		
Pledges receivable	(503,447)	61
Prepaid expenses	(61,247)	164,134
Accounts payable and accrued expenses	55,071	62,795
Other assets	(164,986)	(67,407)
Deferred revenue	80,525	(699,127)
Other liability	165,995	74,474
	<u>(208,356)</u>	<u>(973,396)</u>
Net cash used in operating activities		
Cash Flows From Investing Activities		
Purchase of property and equipment	(22,412)	(1,357)
Net purchases of investments	1,715,179	(201,212)
	<u>1,692,767</u>	<u>(202,569)</u>
Net cash provided by (used in) investing activities		
Net increase (decrease) in cash and cash equivalents	1,484,411	(1,175,965)
Cash and Cash Equivalents, Beginning	<u>1,718,626</u>	<u>2,894,591</u>
Cash and Cash Equivalents, Ending	<u>\$ 3,203,037</u>	<u>\$ 1,718,626</u>

See notes to financial statements

The Garden Conservancy, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

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 11, 2024, 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.

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. The Board-designated and undesignated endowment represent the Conservancy's endowment investment portfolio that is not restricted based on donor-imposed restrictions. 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 permanent 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.

The Garden Conservancy, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

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. Alternative investments are reported at net asset value determined through fair value of the underlying assets, net of any liabilities.

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

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 five years for office, garden and computer equipment and seven years for leasehold 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.

The Garden Conservancy, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

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, 2023 and 2022, the Conservancy's leases of \$236,237 and \$71,091, respectively, are included in other assets and the corresponding liabilities of \$240,469 and \$74,224, respectively, 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.

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.

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.

Deferred Revenue

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

The Garden Conservancy, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

Endowment Spending

The Conservancy has established an endowment spending policy allowing it to spend, in addition to investment management fees, up to 4% for 2023 and 2022, 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

During June 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-13, *Measurement of Credit Losses on Financial Instruments*. ASU No. 2016-13 (as amended) requires financial assets measured at amortized cost to be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. The Conservancy adopted ASU No. 2016-13 on January 1, 2023 with no impact on its financial reporting.

3. Liquidity and Availability of Resources

As of December 31, 2023 and 2022, the Conservancy has financial assets available for general expenditures within one year of the statements of financial position date, consist of the following:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 2,218,159	\$ 1,538,132
Investments	-	280,887
Total	<u>\$ 2,218,159</u>	<u>\$ 1,819,019</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.

The Garden Conservancy, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

4. 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 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, 2023 and 2022:

	Investments at Fair Value as of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
U.S. equity	\$ 10,907,469	\$ -	\$ -	\$ 10,907,469
International equity	3,020,417	-	-	3,020,417
Common stock	8,494,106	-	-	8,494,106
Fixed income	-	10,006,726	-	10,006,726
Total investments at fair value	<u>\$ 22,421,992</u>	<u>\$ 10,006,726</u>	<u>\$ -</u>	<u>32,428,718</u>
Investments reported at net asset value				<u>680,538</u>
Total investments				<u>\$ 33,109,256</u>

The Garden Conservancy, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

	Investments at Fair Value as of December 31, 2022			
	Level 1	Level 2	Level 3	Total
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
Total investments at fair value	<u>\$ 20,003,168</u>	<u>\$ 9,265,593</u>	<u>\$ -</u>	29,268,761
Investments reported at net asset value				<u>139,093</u>
Total investments				<u>\$ 29,407,854</u>

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, 2023 and 2022.

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 using quoted market prices of similar securities.

Other investments are valued using quoted market prices of similar securities or by fair value determination of the underlying assets in the pooled fund.

At December 31, 2023 and 2022, the Conservancy did not have any assets whose fair value was measured using Level 3 inputs.

Assets valued at net asset value includes funds held in private pooled investment funds. The Conservancy has an ownership share interest in the private pooled investment funds, which is valued on a quarterly basis based on the net asset value per share. These investments valued using net asset value per share as a practical expedient are not classified in the fair value hierarchy. The Conservancy has a \$1,816,729 funding commitment to be paid over two years. The investment is illiquid and to be repaid through its maturity in nine years. The investment strategy of the private pooled investment fund is to be able to distribute over 5% of return on the investment over the life of the investment.

5. Property and Equipment, Net

Property and equipment, net is comprised of the following:

	December 31, 2023		
	Cost	Accumulated Depreciation	Net Book Value
Leasehold improvements	\$ 92,401	\$ (73,351)	\$ 19,050
Office, computer equipment	158,280	(156,656)	1,624
Total	<u>\$ 250,681</u>	<u>\$ (230,007)</u>	<u>\$ 20,674</u>

The Garden Conservancy, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

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

Depreciation expense was \$7,171 and \$17,365 for the years ended December 31, 2023 and 2022, respectively.

6. Net Assets

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

	2023	2022
Education	\$ 1,556	\$ 1,556
Easement Stewardship	125,551	134,390
Garden Documentation	916,322	419,113
Endowment	15,436,180	14,535,691
Total	<u>\$ 16,479,609</u>	<u>\$ 15,090,750</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 income earned on endowment is available for use by the Conservancy.

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 Garden Conservancy, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

The composition of endowment net assets and changes in endowment net assets as of and for the year ended December 31, 2023 is as follows:

	Without Donor Restrictions	Without Donor Restrictions, Board- Designated	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 12,669,992	\$ 1,052,568	\$ 14,535,691	\$ 28,258,251
Investment income:				
Investment income	652,621	-	-	652,621
Realized gain	663,351	-	-	663,351
Unrealized gain	3,984,751	-	-	3,984,751
Total investment gain	5,300,723	-	-	5,300,723
Contributions	-	5,000	900,489	905,489
Appropriation of endowment for expenditures	(1,064,778)	-	-	(1,064,778)
Transfers	-	-	-	-
Endowment net assets, end of year	<u>\$ 16,905,937</u>	<u>\$ 1,057,568</u>	<u>\$ 15,436,180</u>	<u>\$ 33,399,685</u>

The appropriation of endowment assets for expenditures includes investment management fees of \$155,756.

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 loss	(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 Garden Conservancy, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

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, 2023 and 2022 was \$61,878 and \$59,696, respectively.

10. Supporting Organizations

The Stonecrop Gardens, Inc., is affiliated with the Conservancy as a supporting organization. The Stonecrop Gardens, Inc. is a series of display gardens located in the town of Philipstown, New York, which is open to the public. This organization 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, 2026. 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, 2023 are summarized as follows:

2024	\$	114,199
2025		103,877
2026		50,976
2027		1,158
		<hr/>
Total	\$	<u>270,210</u>

Lease related expenses were \$111,505 and \$105,173 for the years ended December 31, 2023 and 2022, respectively.

The Garden Conservancy, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

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, 2023 and 2022, 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. Functional expenses by natural classification as of 2023 and 2022 are approximately as follows:

	2023			
	Program	Management and General	Fundraising	Total
Salaries, wages and benefits	\$ 1,463,870	\$ 317,149	\$ 286,814	\$ 2,067,833
Professional services	959,260	107,309	132,613	1,199,182
Occupancy	157,372	20,085	26,651	204,108
Office	174,815	28,373	8,062	211,250
Printing	154,727	198	16,421	171,346
Benefits, events and travel	467,430	53,283	155,920	676,633
Advertising, promotion and marketing	23,349	1,435	5,224	30,008
Investment and banking fees	31,648	162,679	22,855	217,182
Other	224,256	-	38	224,294
Total	<u>\$ 3,656,727</u>	<u>\$ 690,511</u>	<u>\$ 654,598</u>	<u>\$ 5,001,836</u>
	2022			
	Program	Management and General	Fundraising	Total
Salaries, wages and benefits	\$ 1,352,393	\$ 316,094	\$ 331,369	\$ 1,999,856
Professional services	466,484	129,984	34,479	630,947
Occupancy	145,297	20,193	23,481	188,971
Office	147,775	24,825	12,872	185,472
Printing	139,948	-	-	139,948
Benefits, events and travel	521,128	97,264	7,148	625,540
Advertising, promotion and marketing	13,180	2,436	118,049	133,665
Investment and banking fees	40,163	162,093	2,900	205,156
Other	190,175	-	18,287	208,462
Total	<u>\$ 3,016,543</u>	<u>\$ 752,889</u>	<u>\$ 548,585</u>	<u>\$ 4,318,017</u>

The Garden Conservancy, Inc.

Combining Schedule of Financial Position

December 31, 2023

	<u>Operating Fund</u>	<u>Endowment Fund</u>	<u>Combined Totals</u>
Assets			
Current Assets			
Cash and cash equivalents	\$ 2,651,961	\$ 551,076	\$ 3,203,037
Pledges receivable, current portion	253,600	251,000	504,600
Prepaid expenses	219,656	-	219,656
Due from (to) fund	513,417	(513,417)	-
	<u>3,638,634</u>	<u>288,659</u>	<u>3,927,293</u>
Property and Equipment			
Office, garden and computer equipment	158,280	-	158,280
Leasehold improvements	92,401	-	92,401
	250,681	-	250,681
Less accumulated depreciation	<u>(230,007)</u>	<u>-</u>	<u>(230,007)</u>
Total property and equipment, net	<u>20,674</u>	<u>-</u>	<u>20,674</u>
Other Assets			
Investments	-	33,109,256	33,109,256
Pledges receivable, less current portion	-	1,770	1,770
Other assets	242,619	-	242,619
	<u>242,619</u>	<u>33,111,026</u>	<u>33,353,645</u>
Total other assets	<u>242,619</u>	<u>33,111,026</u>	<u>33,353,645</u>
Total assets	<u>\$ 3,901,927</u>	<u>\$ 33,399,685</u>	<u>\$ 37,301,612</u>
Liabilities and Net Assets			
Current Liabilities			
Accounts payable and accrued expenses	\$ 342,405	\$ -	\$ 342,405
Deferred revenue	84,525	-	84,525
Other liabilities	240,469	-	240,469
	<u>667,399</u>	<u>-</u>	<u>667,399</u>
Total current liabilities	<u>667,399</u>	<u>-</u>	<u>667,399</u>
Net Assets			
Without donor restrictions, undesignated	521,401	16,905,937	17,427,338
Without donor restrictions, Board-designated	1,669,698	1,057,568	2,727,266
With donor restrictions	1,043,429	15,436,180	16,479,609
	<u>3,234,528</u>	<u>33,399,685</u>	<u>36,634,213</u>
Total net assets	<u>3,234,528</u>	<u>33,399,685</u>	<u>36,634,213</u>
Total liabilities and net assets	<u>\$ 3,901,927</u>	<u>\$ 33,399,685</u>	<u>\$ 37,301,612</u>

The Garden Conservancy, Inc.

Combining Schedule of Financial Position

December 31, 2022

	<u>Operating Fund</u>	<u>Endowment Fund</u>	<u>Combined Totals</u>
Assets			
Current Assets			
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>
Property and Equipment			
Office, garden and computer equipment	158,280	-	158,280
Leasehold improvements	69,989	-	69,989
	228,269	-	228,269
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>
Other Assets			
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>
Liabilities and Net Assets			
Current Liabilities			
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>
Net Assets			
Without donor restrictions, undesignated	516,918	12,669,992	13,186,910
Without donor restrictions, Board-designated	1,674,842	1,052,568	2,727,410
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 Activities and Changes in Net Assets

Year Ended December 31, 2023

	Without Restrictions Undesignated		Without Restrictions Board-Designated		With Restrictions - Temporary	With Restrictions Permanent	Elimination	Combined Totals
	Operating Fund	Endowment Fund	Operating Fund	Endowment Fund	Operating Fund	GC Endowment Fund		
Public Support and Revenues								
Contributions	\$ 1,979,666	\$ -	\$ -	\$ 5,000	\$ 868,619	\$ 900,489	\$ -	\$ 3,753,774
Special events and programs	719,483	-	-	-	-	-	-	719,483
Net assets released from restriction	385,393	-	(5,144)	-	(380,249)	-	-	-
Open Days program	254,581	-	-	-	-	-	-	254,581
Grants from endowment fund	909,022	-	-	-	-	-	(909,022)	-
Membership	445,744	-	-	-	-	-	-	445,744
Donated investments	27,749	-	-	-	-	-	-	27,749
Supporting organization fees	12,500	-	-	-	-	-	-	12,500
Other	567	-	-	-	-	-	-	567
Total public support and revenues	4,734,705	-	(5,144)	5,000	488,370	900,489	(909,022)	5,214,398
Expenses								
Program services	3,656,727	-	-	-	-	-	-	3,656,727
Management and general	534,755	155,756	-	-	-	-	-	690,511
Fundraising	654,598	-	-	-	-	-	-	654,598
Grants to operating fund	-	909,022	-	-	-	-	(909,022)	-
Total expenses	4,846,080	1,064,778	-	-	-	-	(909,022)	5,001,836
Revenue and public support in excess of (less than) expenses	(111,375)	(1,064,778)	(5,144)	5,000	488,370	900,489	-	212,562
Other Income, Net								
Investment gain	115,858	1,315,972	-	-	-	-	-	1,431,830
Realized and unrealized gain	-	3,984,751	-	-	-	-	-	3,984,751
Total other income	115,858	5,300,723	-	-	-	-	-	5,416,581
Increase (decrease) in net assets	4,483	4,235,945	(5,144)	5,000	488,370	900,489	-	5,629,143
Net Assets, Beginning	516,918	12,669,992	1,674,842	1,052,568	555,059	14,535,691	-	31,005,070
Net Assets, Ending	\$ 521,401	\$ 16,905,937	\$ 1,669,698	\$ 1,057,568	\$ 1,043,429	\$ 15,436,180	\$ -	\$ 36,634,213

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	Operating Fund	Endowment Fund	Operating Fund	GC Endowment Fund		
Public Support and Revenues								
Contributions	\$ 1,844,982	\$ -	\$ 50,000	\$ 100,354	\$ 125,110	\$ 45,833	\$ -	\$ 2,166,279
Special events and programs	906,878	-	-	-	-	-	-	906,878
Net assets released from restriction	303,216	-	(17,453)	-	(285,763)	-	-	-
Open Days program	215,856	-	-	-	-	-	-	215,856
Grants from endowment fund	361,925	-	-	-	-	-	(361,925)	-
Membership	435,745	-	-	-	-	-	-	435,745
Donated investments	44,556	-	-	-	-	-	-	44,556
Supporting organization fees	22,500	-	-	-	-	-	-	22,500
Other	512	-	-	-	-	-	-	512
Total public support and revenues	4,136,170	-	32,547	100,354	(160,653)	45,833	(361,925)	3,792,326
Expenses								
Program services	3,016,543	-	-	-	-	-	-	3,016,543
Management and general	594,967	157,922	-	-	-	-	-	752,889
Fundraising	548,585	-	-	-	-	-	-	548,585
Grants to operating fund	-	361,925	-	-	-	-	(361,925)	-
Total expenses	4,160,095	519,847	-	-	-	-	(361,925)	4,318,017
Revenue and public support (less than) in excess of expenses	(23,925)	(519,847)	32,547	100,354	(160,653)	45,833	-	(525,691)
Other (Loss) Income, Net								
Transfers	26,371	(26,371)	-	-	-	-	-	-
Investment gain	30,733	360,853	-	-	-	-	-	391,586
Realized and unrealized loss	(33,179)	(5,645,926)	-	-	-	-	-	(5,679,105)
Total other (loss) income	23,925	(5,311,444)	-	-	-	-	-	(5,287,519)
(Decrease) increase in net assets	-	(5,831,291)	32,547	100,354	(160,653)	45,833	-	(5,813,210)
Net Assets, Beginning	516,918	18,501,283	1,642,295	952,214	715,712	14,489,858	-	36,818,280
Net Assets, Ending	\$ 516,918	\$ 12,669,992	\$ 1,674,842	\$ 1,052,568	\$ 555,059	\$ 14,535,691	\$ -	\$ 31,005,070