

The Garden Conservancy, Inc.

Financial Statements and
Supplementary Information

December 31, 2019 and 2018

The Garden Conservancy, Inc.

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of The Garden Conservancy, Inc., which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and changes in net assets, and cash flows for the years ended December 31, 2019 and 2018, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Garden Conservancy, Inc. as of December 31, 2019 and 2018, and the results of activities, changes in its net assets, and its cash flows for the years ended December 31, 2019 and 2018 in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and 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 information has been subjected to the auditing procedures applied in the audit 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Baker Tilly Virchow Krause, LLP

Iselin, New Jersey
March 12, 2020

The Garden Conservancy, Inc.

Statements of Financial Position

December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,853,956	\$ 1,085,709
Pledges receivable, current portion	3,516	9,492
Prepaid expenses	205,365	150,494
	<hr/>	<hr/>
Total current assets	2,062,837	1,245,695
Noncurrent Assets		
Pledges receivable, less current portion	1,859	4,240
Investments	24,177,816	20,277,923
Property and equipment, net	57,875	75,330
Other assets	6,292	6,195
	<hr/>	<hr/>
Total assets	<u>\$ 26,306,679</u>	<u>\$ 21,609,383</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 202,861	\$ 221,733
Deferred revenue	44,870	126,095
	<hr/>	<hr/>
Total current liabilities	247,731	347,828
Net Assets		
Without donor restrictions, designated by board of directors	1,432,904	1,316,431
Without donor restrictions, undesignated	13,005,284	8,627,206
With donor restrictions	11,620,760	11,317,918
	<hr/>	<hr/>
Total net assets	26,058,948	21,261,555
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 26,306,679</u>	<u>\$ 21,609,383</u>

See notes to financial statements

The Garden Conservancy, Inc.

Statements of Activities and Changes in Net Assets
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Changes in Net Assets Without Donor Restrictions		
Public support and revenues:		
Contributions	\$ 1,438,376	\$ 1,340,866
Special events and programs	507,466	733,495
Net assets released from restrictions	227,144	296,087
Open Days program	288,954	329,716
Membership	327,365	314,111
Donated investments	33,330	26,481
Supporting organization fees	32,500	27,500
Other	16,537	636
	<u>2,871,672</u>	<u>3,068,892</u>
Total public support and revenues		
Expenses:		
Program services	2,772,712	3,168,083
Management and general	623,289	610,274
Fund-raising	394,030	209,905
	<u>3,790,031</u>	<u>3,988,262</u>
Total expenses		
Excess of expenses over public support and revenues	<u>(918,359)</u>	<u>(919,370)</u>
Other income (loss), net:		
Investment gain, operating and endowment fund	4,846,689	3,993,213
Unrealized gain (loss), endowment fund	449,748	(4,115,814)
	<u>5,296,437</u>	<u>(122,601)</u>
Total other income (loss), net		
Increase (decrease) in net assets without donor restrictions	<u>4,378,078</u>	<u>(1,041,971)</u>
Changes in Net Assets Without Donor Restriction, Board Designated		
Contributions	218,797	223,786
Transfer to undesignated	(102,324)	(164,390)
	<u>116,473</u>	<u>59,396</u>
Increase in net assets without donor restriction, board designated		
Increase (decrease) in net assets without donor restriction	<u>4,494,551</u>	<u>(982,575)</u>
Changes in Net Assets With Donor Restriction (Temporary)		
Contributions	393,532	62,341
Donated investments	30,372	-
Other	3,440	208
Net assets released from restrictions for operations	(124,820)	(131,697)
	<u>302,524</u>	<u>(69,148)</u>
Increase (decrease) in net assets with donor restriction (temporary)		
Changes in Net Assets With Restriction (Permanent)		
Public support and revenues,		
Contributions	318	43,433
	<u>318</u>	<u>43,433</u>
Increase in net assets with donor restriction (permanent)		
Increase (decrease) in net assets	4,797,393	(1,008,290)
Net Assets, Beginning	<u>21,261,555</u>	<u>22,269,845</u>
Net Assets, Ending	<u>\$ 26,058,948</u>	<u>\$ 21,261,555</u>

See notes to financial statements

The Garden Conservancy, Inc.

Statements of Cash Flows

Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ 4,797,393	\$ (1,008,290)
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Depreciation	18,460	15,614
Realized gain on investments	(4,846,689)	(3,547,944)
Unrealized (gain) loss on investments	(449,748)	4,115,814
Loss on disposal of assets	-	57,438
Fair value of donated investments	(28,513)	(26,481)
Changes in assets and liabilities:		
Pledges receivable	8,357	(3,449)
Prepaid expenses	(54,871)	41,729
Accounts payable and accrued expenses	(18,872)	14,318
Other assets	(97)	1,198
Deferred revenue	(81,225)	(148,090)
Net cash used in operating activities	<u>(655,805)</u>	<u>(488,143)</u>
Cash Flows From Investing Activities		
Purchase of property and equipment	(1,005)	(70,067)
Proceeds on sale of property and equipment	-	300,000
Net sales (purchases) of investments	<u>1,425,057</u>	<u>(418,451)</u>
Net cash provided by (used in) investing activities	<u>1,424,052</u>	<u>(188,518)</u>
Net increase (decrease) in cash and cash equivalents	768,247	(676,661)
Cash and Cash Equivalents, Beginning	<u>1,085,709</u>	<u>1,762,370</u>
Cash and Cash Equivalents, Ending	<u>\$ 1,853,956</u>	<u>\$ 1,085,709</u>

See notes to financial statements

The Garden Conservancy, Inc.

Notes to Financial Statements

December 31, 2019 and 2018

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 12, 2020, 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.

The Garden Conservancy, Inc.

Notes to Financial Statements

December 31, 2019 and 2018

Realized and unrealized gains and losses on investments are included in the other 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 Conservancy's investments are comprised of equity securities, mutual funds and commingled 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 is stated at cost. Depreciation is calculated on the straight-line basis over an estimated useful life of five years for office, garden, and computer equipment and forty 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 life 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, 2019 and 2018.

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.

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 twelve 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.

The Conservancy has been named as a beneficiary of the bequests made by two Directors in their wills. The Conservancy will recognize the contribution upon death and subsequent completion of probate of the estate of each donor.

The Garden Conservancy, Inc.

Notes to Financial Statements

December 31, 2019 and 2018

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 recorded 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.

The Garden Conservancy, Inc.

Notes to Financial Statements

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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.

Endowment Spending

The Conservancy has established an endowment spending policy allowing it to spend, in addition to investment management fees, up to 4 percent for 2019 and 2018, 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.

The Conservancy adopted the provisions of the FASB authoritative guidance which prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of uncertain tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences would impact the income tax expense based on the unrelated business income, if applicable, in the period in which such determination is made. Interest and penalties, if any, related to accrued liabilities for potential tax assessments are included in income tax expense. As of December 31, 2019 and 2018, the Conservancy did not have any uncertain tax positions.

The Conservancy's federal exempt organization income tax returns are no longer subject to examination by the Internal Revenue Service for years prior to 2015.

Recent Accounting Pronouncement

In 2019, the Conservancy adopted the FASB Account Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* using the modified retrospective approach. ASU No. 2014-09 supersedes the revenue recognition requirements in Topic 605, *Revenue Recognition*, and most industry specific guidance. The core principle under ASU No. 2014-09 is that revenues are recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration at which the entity expects to be entitled in exchange for those goods or services. Additionally, ASU No. 2014-09 requires enhanced disclosures of revenue arrangements. The Conservancy has determined that there was no impact on net assets as of January 1, 2018 and December 31, 2018 for the adoption of ASC 606.

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*. ASU No. 2016-02 was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statements of financial position and disclosing key information about leasing arrangements. Under the provisions of ASU No. 2016-02, a lessee is required to recognize a right-to-use asset and lease liability, initially measured at the present value of the lease payments, on the statements 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 Conservancy will be required to retrospectively adopt the guidance in ASU No. 2016-02 for its fiscal year ending December 31, 2021. The Conservancy has not yet determined the impact of adoption of ASU No. 2016-02 on its 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 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 Garden Conservancy, Inc.

Notes to Financial Statements

December 31, 2019 and 2018

The following table sets forth, by level within the fair value hierarchy, the Conservancy's investments at fair value as of December 31, 2019 and 2018:

	Investments at Fair Value as of December 31, 2019			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
U.S equity	\$ 6,549,634	\$ -	\$ -	\$ 6,549,634
International equity	2,878,084	-	-	2,878,084
Common stock	6,675,066	-	-	6,675,066
Fixed income	-	8,075,032	-	8,075,032
	<u>\$ 16,102,784</u>	<u>\$ 8,075,032</u>	<u>\$ -</u>	<u>\$ 24,177,816</u>
	Investments at Fair Value as of December 31, 2018			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Index	\$ 5,166,247	\$ -	\$ -	\$ 5,166,247
Fixed income	1,253,724	-	-	1,253,724
Common stock	9,628,868	-	-	9,628,868
	<u>\$ 16,048,839</u>	<u>\$ -</u>	<u>\$ -</u>	<u>16,048,839</u>
Investments measured at net asset value (a)				<u>4,229,084</u>
Total investments at fair value				<u>\$ 20,277,923</u>

(a) In accordance with 820-10, certain 2018 investments that were measured at net asset value per share have not been classified in the fair value hierarchy. The fair value is presented to reconcile to total investments. These investments were sold during 2019.

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, 2019 and 2018.

Commingled Funds are valued based on the current market values of the underlying assets reported by the investment advisor using audited financial statements of the funds at year-end using net asset value (NAV) of shares held.

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 based on quoted market prices, if available, or estimated using quoted market prices of similar securities.

At December 31, 2019 and 2018, the Conservancy did not have any assets whose fair value was measured using Level 3 inputs.

The Garden Conservancy, Inc.

Notes to Financial Statements

December 31, 2019 and 2018

The following information related to the commingled pooled investments discusses the nature and risk of the investments and whether they have redemption restrictions.

	December 31, 2018 Fair Value	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Commonfund Multi-Strategy Bond Fund	\$ 4,229,084	Monthly	5 days

This fund's strategy is to offer an actively managed, multi-manager investment program that will provide broad exposure to global debt markets. The fund seeks to add value above the return of the broad U.S. bond market, as measured by the Barclay's Capital U.S. Aggregate Bond Index, net of fees and to provide competitive returns relative to the Russell U.S. Core Plus Fixed Income Universe. The fund's risk characteristics will vary from those of the Index due to its diversified exposures to sectors outside of the Index, including below investment grade debt and international bond and currency markets.

4. Liquidity and Availability of Resources

As of December 31, 2019 and 2018, the Conservancy has financial assets available for general expenditure within one year of the statements of financial position date, consist of the following:

	2019	2018
Cash and cash equivalents	\$ 869,599	\$ 306,176
Investments	1,543,974	2,061,470
Total	<u>\$ 2,413,573</u>	<u>\$ 2,367,646</u>

The Conservancy has investments which are available for general expenditure 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 expenditure 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 Finance Committee of the Board of Directors.

5. Property and Equipment, Net

Property and equipment, net is comprised of the following:

	December 31, 2019		
	Cost	Accumulated Depreciation	Net Book Value
Building improvements	\$ 69,989	\$ (25,408)	\$ 44,581
Office, computer equipment	156,923	(143,629)	13,294
Total	<u>\$ 226,912</u>	<u>\$ (169,037)</u>	<u>\$ 57,875</u>

The Garden Conservancy, Inc.

Notes to Financial Statements

December 31, 2019 and 2018

	December 31, 2018		
	Cost	Accumulated Depreciation	Net Book Value
Building improvements	\$ 69,989	\$ (11,410)	\$ 58,579
Office, computer equipment	155,918	(139,167)	16,751
Total	<u>\$ 225,907</u>	<u>\$ (150,577)</u>	<u>\$ 75,330</u>

Depreciation expense was \$18,460 and \$15,614 for the years ended December 31, 2019 and 2018, respectively.

The Conservancy was the recipient of the Chase Garden (Chase) property, including the land and building. The Conservancy maintained Chase to preserve the artistic vision of Emmott and Lone Chase for public enjoyment and education. During 2018, the Conservancy sold Chase and recognized a loss of approximately \$57,000.

6. Net Assets

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

	2019	2018
Gardens of Alcatraz	\$ 12,221	\$ 12,221
George W. Rowe Fund for Education	-	6,015
Green Gables	74,913	76,781
Elizabeth Lawrence House and Garden	48,059	49,844
Rocky Hills	1,557	3,895
Rocky Hills Documentation Fund	-	5,330
Frederic Rheinsein Fund for Documentation	8,278	80,645
Keil Cove	7,813	9,680
Thomas Eby Property	10,310	10,667
Blithewood Garden	5,567	35,125
Children's Programming	35,000	-
Suzanne and Frederic Rheinsein Fund for Garden Documentation	338,614	-
Education Programs	25,000	-
Oakland Project	25,290	-
Peckerwood	2,812	2,708
Endowment	11,025,326	11,025,007
Total	<u>\$ 11,620,760</u>	<u>\$ 11,317,918</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 financial assistance to residents and other donor restricted purposes.

The Garden Conservancy, Inc.

Notes to Financial Statements

December 31, 2019 and 2018

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, designated by board of directors, 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 composition of endowment net assets and changes in endowment net assets as of and for the years ended December 31, 2019 is as follows:

	<u>Without Donor Restrictions</u>	<u>Without Donor Restrictions - Board Designated</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 8,110,287	\$ 733,077	\$ 11,025,007	\$ 19,868,371
Investment income:				
Investment income	4,832,493	-	-	4,832,493
Unrealized gain	449,748	-	-	449,748
Total investment gain	5,282,241	-	-	5,282,241
Contributions	-	30,000	319	30,319
Appropriation of endowment assets for expenditures	(904,162)	-	-	(904,162)
Endowment net assets, end of year	<u>\$ 12,488,366</u>	<u>\$ 763,077</u>	<u>\$ 11,025,326</u>	<u>\$ 24,276,767</u>

The appropriation of endowment assets for expenditures includes the following:

Endowment investment management fees	\$ 103,137
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The Garden Conservancy, Inc.

Notes to Financial Statements

December 31, 2019 and 2018

The composition of endowment net assets and changes in endowment net assets as of and for the years ended December 31, 2018 is as follows:

	<u>Without Donor Restrictions</u>	<u>Without Donor Restrictions - Board Designated</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 9,152,259	\$ 723,077	\$ 11,011,937	\$ 20,887,273
Investment loss:				
Investment income	3,983,958	-	-	3,983,958
Unrealized loss	(4,115,814)	-	-	(4,115,814)
Total investment loss	(131,856)	-	-	(131,856)
Contributions	-	10,000	43,433	53,433
Appropriation of endowment assets for expenditures	(910,116)	-	(30,363)	(940,479)
Endowment net assets, end of year	<u>\$ 8,110,287</u>	<u>\$ 733,077</u>	<u>\$ 11,025,007</u>	<u>\$ 19,868,371</u>

The appropriation of endowment assets for expenditures includes the following:

Endowment investment management fees	\$ 101,906
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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, Peckerwood in Hempstead, Texas 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 percent. Pension expense, classified with payroll taxes and employee benefits, for the years ended December 31, 2019 and 2018 was \$62,294 and \$51,556, respectively.

The Garden Conservancy, Inc.

Notes to Financial Statements

December 31, 2019 and 2018

10. Supporting Organizations

The Stonecrop Gardens, Inc., Quatre Vents Foundation, 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. The Quatre Vents Foundation, Inc. provides financial support to foreign and domestic not-for-profit organizations interested in preserving the cultural heritage of a community. 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 four 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, NY under a three year noncancelable lease, expiring on June 30, 2020. Office space rentals are at a fixed monthly rent. The Conservancy also rents various equipment through 2023.

Future minimum lease obligations for the noncancelable leases for years ending subsequent to December 31, 2019 are summarized as follows:

2020	\$	61,592
2021		15,436
2022		3,553
2023		643
		<hr/>
Total	\$	<u>81,224</u>

Lease expenses were \$103,897 and \$103,242 for the years ended December 31, 2019 and 2018, respectively.

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, 2019 and 2018, the Conservancy's cash balances exceeded the Federal Deposit Insurance Corporation (FDI) 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 percent covered by the Securities Investor Protection Corporation (SIPC). The SIPC insurance limit is regularly \$500,000 per financial institution.

The Garden Conservancy, Inc.

Notes to Financial Statements

December 31, 2019 and 2018

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 2019 and 2018 are approximately as follows:

	2019			
	Management and General	Fundraising	Program	Total
Salaries, wages and benefits	\$ 256,649	\$ 235,829	\$ 1,532,152	\$ 2,024,630
Professional services	141,300	6,784	481,727	629,811
Occupancy	26,216	16,825	143,207	186,248
Office	38,340	6,476	144,997	189,813
Printing	1,079	7,917	103,667	112,663
Benefits, events and travel	57,116	94,392	323,965	475,473
Advertising, promotion and marketing	923	8,245	14,584	23,752
Investment and banking fees	103,386	17,082	14,786	135,254
Other	(1,720)	480	13,627	12,387
Total	\$ 623,289	\$ 394,030	\$ 2,772,712	\$ 3,790,031

	2018			
	Management and General	Fundraising	Program	Total
Salaries, wages and benefits	\$ 245,870	\$ 114,024	\$ 1,485,624	\$ 1,845,518
Professional services	127,768	8,670	707,342	843,780
Occupancy	28,071	12,986	218,257	259,314
Office	37,003	2,678	158,708	198,389
Printing	3,337	8,436	123,533	135,306
Benefits, events and travel	66,074	48,012	372,784	486,870
Advertising, promotion and marketing	331	-	26,052	26,383
Investment and banking fees	102,435	15,099	20,532	138,066
Other	(615)	-	55,251	54,636
Total	\$ 610,274	\$ 209,905	\$ 3,168,083	\$ 3,988,262

The Garden Conservancy, Inc.Combining Schedule of Financial Position
December 31, 2019

	<u>Operating Fund</u>	<u>Endowment Fund</u>	<u>Eliminating Entries</u>	<u>Combined Totals</u>
Assets				
Current Assets				
Cash and cash equivalents	\$ 1,760,365	\$ 93,591	\$ -	\$ 1,853,956
Pledges receivable, current portion	14	3,502	-	3,516
Prepaid expenses	205,365	-	-	205,365
Total current assets	<u>1,965,744</u>	<u>97,093</u>	<u>-</u>	<u>2,062,837</u>
Property and Equipment				
Office and computer equipment	156,923	-	-	156,923
Leasehold Improvements	69,989	-	-	69,989
	226,912	-	-	226,912
Less accumulated depreciation	<u>(169,037)</u>	<u>-</u>	<u>-</u>	<u>(169,037)</u>
Total property and equipment, net	<u>57,875</u>	<u>-</u>	<u>-</u>	<u>57,875</u>
Other Assets				
Investments	-	24,177,816	-	24,177,816
Pledges receivable, less current portion	-	1,859	-	1,859
Other assets	6,292	-	-	6,292
Total other assets	<u>6,292</u>	<u>24,179,675</u>	<u>-</u>	<u>24,185,967</u>
Total assets	<u>\$ 2,029,911</u>	<u>\$ 24,276,768</u>	<u>\$ -</u>	<u>\$ 26,306,679</u>
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued expenses	\$ 202,861	\$ -	\$ -	\$ 202,861
Deferred revenue	44,870	-	-	44,870
Total current liabilities	<u>247,731</u>	<u>-</u>	<u>-</u>	<u>247,731</u>
Net Assets				
Without restrictions, designated by board of directors	669,827	763,077	-	1,432,904
Without restrictions, undesignated	516,918	12,488,366	-	13,005,284
With restrictions	595,435	11,025,325	-	11,620,760
Total net assets	<u>1,782,180</u>	<u>24,276,768</u>	<u>-</u>	<u>26,058,948</u>
Total liabilities and net assets	<u>\$ 2,029,911</u>	<u>\$ 24,276,768</u>	<u>\$ -</u>	<u>\$ 26,306,679</u>

The Garden Conservancy, Inc.

 Combining Schedule of Financial Position
 December 31, 2018

	Operating Fund	Endowment Fund	Eliminating Entries	Combined Totals
Assets				
Current Assets				
Cash and cash equivalents	\$ 694,794	\$ 390,915	\$ -	\$ 1,085,709
Pledges receivable, current portion	5,992	3,500	-	9,492
Due from endowment fund	808,210	-	(808,210)	-
Prepaid expenses	150,494	-	-	150,494
Total current assets	<u>1,659,490</u>	<u>394,415</u>	<u>(808,210)</u>	<u>1,245,695</u>
Property and Equipment				
Office, garden and computer equipment	155,918	-	-	155,918
Building	-	-	-	-
Building improvements	-	-	-	-
Land	-	-	-	-
Leasehold Improvements	69,989	-	-	69,989
	<u>225,907</u>	<u>-</u>	<u>-</u>	<u>225,907</u>
Less accumulated depreciation	<u>(150,577)</u>	<u>-</u>	<u>-</u>	<u>(150,577)</u>
Total property and equipment, net	<u>75,330</u>	<u>-</u>	<u>-</u>	<u>75,330</u>
Other Assets				
Pledges receivable, less current portion	-	4,240	-	4,240
Investments	-	20,277,923	-	20,277,923
Other assets	6,192	3	-	6,195
Total other assets	<u>6,192</u>	<u>20,282,166</u>	<u>-</u>	<u>20,288,358</u>
Total assets	<u>\$ 1,741,012</u>	<u>\$ 20,676,581</u>	<u>\$ (808,210)</u>	<u>\$ 21,609,383</u>
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued expenses	\$ 221,733	\$ -	\$ -	\$ 221,733
Due to operating fund	-	808,210	(808,210)	-
Deferred revenue	126,095	-	-	126,095
Total current liabilities	<u>347,828</u>	<u>808,210</u>	<u>(808,210)</u>	<u>347,828</u>
Net Assets				
Without donor restriction, board designated	583,354	733,077	-	1,316,431
Without donor restriction	516,919	8,110,287	-	8,627,206
With donor restriction	292,911	11,025,007	-	11,317,918
Total net assets	<u>1,393,184</u>	<u>19,868,371</u>	<u>-</u>	<u>21,261,555</u>
Total liabilities and net assets	<u>\$ 1,741,012</u>	<u>\$ 20,676,581</u>	<u>\$ (808,210)</u>	<u>\$ 21,609,383</u>

The Garden Conservancy, Inc.

 Combining Schedule of Activities and Changes in Net Assets
 Year Ended December 31, 2019

	Without Restrictions Undesignated			Without Restrictions Designated by Board		With Restrictions - Temporary	With Restrictions Permanent	Elimination	Combined Totals
	Operating Fund	Endowment Fund	Undesignated Combined	Operating Fund	Endowment Fund	Operating Fund	GC Endowment Fund		
Public Support and Revenues									
Contributions	\$ 1,438,376	\$ -	\$ 1,438,376	\$ 188,797	\$ 30,000	\$ 393,532	\$ 318	\$ -	\$ 2,051,023
Special events and programs	507,466	-	507,466	-	-	-	-	-	507,466
Net assets released from restriction	227,144	-	227,144	(102,324)	-	(124,820)	-	-	-
Open Days program	288,954	-	288,954	-	-	-	-	-	288,954
Grants from endowment fund	801,025	-	801,025	-	-	-	-	(801,025)	-
Membership	327,365	-	327,365	-	-	-	-	-	327,365
Donated investments	33,330	-	33,330	-	-	30,372	-	-	63,702
Supporting organization fees	32,500	-	32,500	-	-	-	-	-	32,500
Other	16,537	-	16,537	-	-	3,440	-	-	19,977
Total public support and revenues	3,672,697	-	3,672,697	86,473	30,000	302,524	318	(801,025)	3,290,987
Expenses									
Program services	2,772,712	-	2,772,712	-	-	-	-	-	2,772,712
Management and general	520,152	103,137	623,289	-	-	-	-	-	623,289
Fund raising	394,030	-	394,030	-	-	-	-	-	394,030
Grants to endowment fund	-	801,025	801,025	-	-	-	-	(801,025)	-
Total expenses	3,686,894	904,162	4,591,056	-	-	-	-	(801,025)	3,790,031
Excess of expenses under (over) public support and revenues	(14,197)	(904,162)	(918,359)	86,473	30,000	302,524	318	-	(499,044)
Other Income, Net									
Investment income	14,196	4,832,493	4,846,689	-	-	-	-	-	4,846,689
Unrealized gain	-	449,748	449,748	-	-	-	-	-	449,748
Total other income	14,196	5,282,241	5,296,437	-	-	-	-	-	5,296,437
Increase (decrease) in net assets	(1)	4,378,079	4,378,078	86,473	30,000	302,524	318	-	4,797,393
Net Assets, Beginning	516,919	8,110,287	8,627,206	583,354	733,077	292,911	11,025,007	-	21,261,555
Net Assets, Ending	\$ 516,918	\$ 12,488,366	\$ 13,005,284	\$ 669,827	\$ 763,077	\$ 595,435	\$ 11,025,325	\$ -	\$ 26,058,948

The Garden Conservancy, Inc.

Combining Schedule of Activities and Changes in Net Assets
Year Ended December 31, 2018

	Without Restrictions Undesignated			Without Restrictions Designated by Board		With Restrictions - Temporary			With Restrictions Permanent	Elimination	Combined Totals
	Operating Fund	Endowment Fund	Undesignated Combined	Operating Fund	Endowment Fund	Operating Fund	RH Documentation Fund-Endowment	RH Endowment Fund	GC Endowment Fund		
Public Support and Revenues											
Contributions	\$ 1,340,866	\$ -	\$ 1,340,866	\$ 213,786	\$ 10,000	\$ 62,341	\$ -	\$ -	\$ 43,433	\$ -	\$ 1,670,426
Special events and programs	733,495	-	733,495	-	-	-	-	-	-	-	733,495
Net assets released from restriction	296,087	-	296,087	(164,390)	-	(131,697)	-	-	-	-	-
Open Days program	329,716	-	329,716	-	-	-	-	-	-	-	329,716
Grants from endowment fund	808,210	-	808,210	-	-	-	-	-	-	(808,210)	-
Membership	314,111	-	314,111	-	-	-	-	-	-	-	314,111
Donated investments	26,481	-	26,481	-	-	-	-	-	-	-	26,481
Supporting organization fees	27,500	-	27,500	-	-	-	-	-	-	-	27,500
Other	636	-	636	-	-	208	-	-	-	-	844
											-
Total public support and revenues	3,877,102	-	3,877,102	49,396	10,000	(69,148)	-	-	43,433	(808,210)	3,102,573
Expenses											
Program services	3,168,083	-	3,168,083	-	-	-	-	-	-	-	3,168,083
Management and general	508,368	101,906	610,274	-	-	-	-	-	-	-	610,274
Fund raising	209,905	-	209,905	-	-	-	-	-	-	-	209,905
Grants to endowment fund	-	808,210	808,210	-	-	-	-	-	-	(808,210)	-
Total expenses	3,886,356	910,116	4,796,472	-	-	-	-	-	-	(808,210)	3,988,262
Excess of expenses under (over) public support and revenues	(9,254)	(910,116)	(919,370)	49,396	10,000	(69,148)	-	-	43,433	-	(885,689)
Other Income (Loss), Net											
Transfers	-	-	-	-	-	30,364	(12,663)	(17,701)	-	-	-
Investment income	9,255	3,983,958	3,993,213	-	-	-	-	-	-	-	3,993,213
Unrealized loss	-	(4,115,814)	(4,115,814)	-	-	-	-	-	-	-	(4,115,814)
Total other income (loss)	9,255	(131,856)	(122,601)	-	-	30,364	(12,663)	(17,701)	-	-	(122,601)
Increase (decrease) in net assets	1	(1,041,972)	(1,041,971)	49,396	10,000	(38,784)	(12,663)	(17,701)	43,433	-	(1,008,290)
Net Assets, Beginning	516,918	9,152,259	9,669,177	533,958	723,077	331,695	12,663	17,701	10,981,574	-	22,269,845
Net Assets, Ending	\$ 516,919	\$ 8,110,287	\$ 8,627,206	\$ 583,354	\$ 733,077	\$ 292,911	\$ -	\$ -	\$ 11,025,007	\$ -	\$ 21,261,555