

# **The Garden Conservancy, Inc.**

Financial Statements and  
Supplementary Information

December 31, 2021 and 2020

# **The Garden Conservancy, Inc.**

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## Table of Contents

December 31, 2021 and 2020

	<u>Page</u>
<b>Independent Auditors' Report</b>	1
<b>Financial Statements</b>	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Cash Flows	5
Notes to Financial Statements	6
<b>Supplementary Information</b>	
Combining Schedules of Financial Position	17
Combining Schedules of Activities and Changes in Net Assets	19

## **Independent Auditors' Report**

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

### **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, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020 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 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 US, LLP*

New York, New York  
March 30, 2022

**The Garden Conservancy, Inc.**

## Statements of Financial Position

December 31, 2021 and 2020

	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 2,894,591	\$ 3,410,399
Pledges receivable, current portion	1,038	1,000
Prepaid expenses	322,543	254,208
Total current assets	3,218,172	3,665,607
<b>Noncurrent Assets</b>		
Pledges receivable, less current portion	1,946	1,962
Investments	34,494,161	28,645,073
Property and equipment, net	21,441	39,392
Other assets	10,226	17,384
Total assets	<u>\$ 37,745,946</u>	<u>\$ 32,369,418</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 224,539	\$ 232,728
Deferred revenue	703,127	429,575
Total current liabilities	927,666	662,303
<b>Net Assets</b>		
Without donor restrictions, Board designated	2,594,509	1,752,264
Without donor restrictions, undesignated	19,018,201	15,495,263
With donor restrictions	15,205,570	14,459,588
Total net assets	36,818,280	31,707,115
Total liabilities and net assets	<u>\$ 37,745,946</u>	<u>\$ 32,369,418</u>

See notes to financial statements

**The Garden Conservancy, Inc.**

## Statements of Activities and Changes in Net Assets

Years Ended December 31, 2021 and 2020

	2021	2020
<b>Changes in Net Assets Without Donor Restrictions</b>		
Public support and revenues:		
Contributions	\$ 813,993	\$ 1,058,619
Special events and programs	223,417	81,599
Net assets released from restrictions	241,475	306,656
Open days program	209,195	25,593
Paycheck Protection Program	347,952	343,112
Membership	414,647	306,004
Donated investments	32,547	42,198
Supporting organization fees	22,500	32,500
Other	972	3,967
Total public support and revenues	2,306,698	2,200,248
Expenses:		
Program services	2,200,175	2,310,547
Management and general	616,237	530,519
Fund-raising	463,537	287,137
Total expenses	3,279,949	3,128,203
Excess of expenses over public support and revenues	(973,251)	(927,955)
Other income, net:		
Investment gain, operating and endowment fund	1,386,467	1,555,325
Unrealized gain, endowment fund	3,109,722	1,862,609
Total other income, net	4,496,189	3,417,934
Increase in net assets without donor restrictions	3,522,938	2,489,979
<b>Changes in Net Assets Without Donor Restriction, Board Designated</b>		
Contributions	842,245	319,360
Increase in net assets without donor restriction, Board designated	842,245	319,360
Increase in net assets without donor restriction	4,365,183	2,809,339
<b>Changes in Net Assets With Donor Restriction (Temporary)</b>		
Contributions	179,641	352,300
Donated investments	29,629	104,877
Other	934	1,027
Net assets released from restrictions for operations	(241,475)	(306,656)
(Decrease) increase in net assets with donor restriction (temporary)	(31,271)	151,548
<b>Changes in Net Assets With Restriction (Permanent)</b>		
Contributions	751,034	2,687,280
Donated investments	26,219	-
Increase in net assets with donor restriction (permanent)	777,253	2,687,280
Increase in net assets	5,111,165	5,648,167
<b>Net Assets, Beginning</b>	31,707,115	26,058,948
<b>Net Assets, Ending</b>	\$ 36,818,280	\$ 31,707,115

See notes to financial statements

**The Garden Conservancy, Inc.**

## Statements of Cash Flows

Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$ 5,111,165	\$ 5,648,167
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	17,951	18,483
Realized gain on investments	(1,386,467)	(1,555,325)
Unrealized gain on investments	(3,109,722)	(1,862,609)
Loss on disposal of assets	-	-
Fair value of donated investments	(55,848)	(104,877)
Changes in assets and liabilities:		
Pledges receivable	(22)	2,413
Prepaid expenses	(68,335)	(48,843)
Accounts payable and accrued expenses	(8,189)	29,867
Other assets	7,158	(11,092)
Deferred revenue	273,552	384,705
	<u>781,243</u>	<u>2,500,889</u>
Net cash provided by operating activities		
	<u>781,243</u>	<u>2,500,889</u>
<b>Cash Flows From Investing Activities</b>		
Net purchases of investments	<u>(1,297,051)</u>	<u>(944,446)</u>
Net cash used in investing activities	<u>(1,297,051)</u>	<u>(944,446)</u>
Net (decrease) increase in cash and cash equivalents	(515,808)	1,556,443
<b>Cash and Cash Equivalents, Beginning</b>	<u>3,410,399</u>	<u>1,853,956</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 2,894,591</u>	<u>\$ 3,410,399</u>

See notes to financial statements

# **The Garden Conservancy, Inc.**

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## **Notes to Financial Statements**

December 31, 2021 and 2020

### **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 30, 2022, the date the financial statements were available to be issued.

### **2. Summary of Significant Accounting Policies**

#### **Financial Statement Presentation**

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

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **Cash and Cash Equivalents**

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

#### **Pledges Receivable**

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

#### **Investments and Investment Risk**

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

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



# **The Garden Conservancy, Inc.**

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## **Notes to Financial Statements**

December 31, 2021 and 2020

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, 2021 and 2020.

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.

### **Deferred Revenue**

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

# The Garden Conservancy, Inc.

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## Notes to Financial Statements

December 31, 2021 and 2020

### 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.

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

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

### **Paycheck Protection Program Revenue**

In April 2020, the Conservancy received proceeds in the amount of \$343,112 under the Paycheck Protection Program (PPP) (PPP Advance Round 1) which was established as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act (as amended by the Economic Aid Act (EAA) on December 27, 2020) and is administered through the Small Business Administration (SBA). In March 2021, the Conservancy also received a second draw PPP loan in the amount of \$347,952 (PPP Advance Round 2).

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

The Conservancy initially recorded the funds as a refundable advance and will record the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right of return of the PPP loan, or when such conditions are explicitly waived. Any unforgiven portion is payable over 5 years at an interest rate of 1 percent with payments deferred until the SBA remits the organization's loan forgiveness amount to the lender, or, if the organization does not apply for forgiveness, ten months after the end of the covered period. PPP loan terms provide for customary events of default, including payment defaults, breaches of representations and warranties, and insolvency events and may be accelerated upon the occurrence of one or more of these events of default. Additionally, PPP loan terms do not include prepayment penalties.

Through December 31, 2020, the Conservancy expended \$343,112 of the PPP Advance Round 1 funds received on qualified expenses and believes that it met all of the conditions attached to the PPP, and therefore, applied for forgiveness. Legal release was received during December of 2020, therefore, the Conservancy recorded revenue of \$343,112 within its statement of activities and changes in net assets for the year-end December 31, 2020.

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

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

### **Endowment Spending**

The Conservancy has established an endowment spending policy allowing it to spend, in addition to investment management fees, up to 4 percent for 2021 and 2020, 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**

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, 2022. 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 Garden Conservancy, Inc.

### Notes to Financial Statements

December 31, 2021 and 2020

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, 2021 and 2020:

<b>Investments at Fair Value as of December 31, 2021</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual funds:				
U.S. equity	\$ 12,256,743	\$ -	\$ -	\$ 12,256,743
International equity	3,546,543	-	-	3,546,543
Common stock	8,475,203	-	-	8,475,203
Fixed income	-	10,215,672	-	10,215,672
Total investments at fair value	<u>\$ 24,278,489</u>	<u>\$ 10,215,672</u>	<u>\$ -</u>	<u>\$ 34,494,161</u>
<b>Investments at Fair Value as of December 31, 2020</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual funds:				
U.S. equity	\$ 9,720,273	\$ -	\$ -	\$ 9,720,273
International equity	3,336,711	-	-	3,336,711
Common stock	7,095,029	-	-	7,095,029
Fixed income	-	8,493,060	-	8,493,060
Total investments at fair value	<u>\$ 20,152,013</u>	<u>\$ 8,493,060</u>	<u>\$ -</u>	<u>\$ 28,645,073</u>

## The Garden Conservancy, Inc.

### Notes to Financial Statements

December 31, 2021 and 2020

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, 2021 and 2020.

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

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

At December 31, 2021 and 2020, the Conservancy did not have any assets whose fair value was measured using Level 3 inputs.

#### 4. Liquidity and Availability of Resources

As of December 31, 2021 and 2020, the Conservancy has financial assets available for general expenditure within one year of the statements of financial position date, consist of the following:

	2021	2020
Cash and cash equivalents	\$ 296,140	\$ 752,877
Investments	2,862,185	1,687,177
Total	<u>\$ 3,158,325</u>	<u>\$ 2,440,054</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 Audit, Finance and Investment Committee of the Board of Directors.

#### 5. Property and Equipment, Net

Property and equipment, net is comprised of the following:

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

## The Garden Conservancy, Inc.

### Notes to Financial Statements

December 31, 2021 and 2020

	December 31, 2020		
	Cost	Accumulated Depreciation	Net Book Value
Building improvements	\$ 69,989	\$ (39,406)	\$ 30,583
Office, computer equipment	156,923	(148,114)	8,809
Total	<u>\$ 226,912</u>	<u>\$ (187,520)</u>	<u>\$ 39,392</u>

Depreciation expense was \$17,951 and \$18,483 for the years ended December 31, 2021 and 2020, respectively.

## 6. Net Assets

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

	2021	2019
Education	\$ 61,556	\$ 36,558
Easement Stewardship	138,819	166,242
Preservation	25,000	27,829
Garden Documentation	490,337	516,354
Endowment	14,489,858	13,712,605
Total	<u>\$ 15,205,570</u>	<u>\$ 14,459,588</u>

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

## 7. Endowment Funds

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

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

**The Garden Conservancy, Inc.**

## Notes to Financial Statements

December 31, 2021 and 2020

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

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

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

The composition of endowment net assets and changes in endowment net assets as of and for the years ended December 31, 2020 is as follows:

	Without Donor Restrictions	Without Donor Restrictions, Board Designated	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 12,488,366	\$ 763,077	\$ 11,025,325	\$ 24,276,768
Investment income:				
Investment income	1,550,029	-	-	1,550,029
Unrealized gain	1,862,609	-	-	1,862,609
Total investment gain	3,412,638	-	-	3,412,638
Contributions	-	65,000	2,687,280	2,752,280
Appropriation of endowment assets for expenditures	(922,659)	-	-	(922,659)
Endowment net assets, end of year	\$ 14,978,345	\$ 828,077	\$ 13,712,605	\$ 29,519,027

The appropriation of endowment assets for expenditures includes investment management fees of \$116,972.



## The Garden Conservancy, Inc.

### Notes to Financial Statements

December 31, 2021 and 2020

#### 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 Freemont, 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, 2021 and 2020 was \$62,320 and \$71,599, respectively.

#### 10. Supporting Organizations

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

#### 11. Commitments

##### Operating Lease

The Conservancy leases space in Winter Hill, NY under a three year noncancelable lease, expiring on June 30, 2023. Office space rentals are at a fixed monthly rent. The Conservancy also rents various equipment through 2026.

Future minimum lease obligations for the noncancelable leases for years ending subsequent to December 31, 2021 are summarized as follows:

2022	\$	96,613
2023		50,809
2024		5,988
2025		1,907
2026		384
		<hr/>
Total	\$	<u>155,701</u>

Lease expenses were \$106,004 and \$106,028 for the years ended December 31, 2021 and 2020, respectively.

## The Garden Conservancy, Inc.

### Notes to Financial Statements

December 31, 2021 and 2020

## 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, 2021 and 2020, 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 percent covered by the Securities Investor Protection Corporation (SIPC). The SIPC insurance limit is regularly \$500,000 per financial institution.

## 13. Functional Expenses

The Conservancy's financial statements report certain expense categories that are attributable to more than one program service or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, are allocated to a function based on a square footage basis. Expenses relating to providing these services as of 2021 and 2020 are approximately as follows:

2021				
	Management and General	Fundraising	Program	Total
Salaries, wages and benefits	\$ 242,725	\$ 316,119	\$ 1,284,303	\$ 1,843,147
Professional services	125,783	2,795	282,399	410,977
Occupancy	23,771	30,720	154,689	209,180
Office	30,869	14,230	118,640	163,739
Printing	395	16,120	115,396	131,911
Benefits, events and travel	32,741	66,307	141,087	240,135
Advertising, promotion and marketing	1,525	-	7,862	9,387
Investment and banking fees	157,953	17,171	11,773	186,897
Other	475	75	84,026	84,576
Total	<u>\$ 616,237</u>	<u>\$ 463,537</u>	<u>\$ 2,200,175</u>	<u>\$ 3,279,949</u>
2020				
	Management and General	Fundraising	Program	Total
Salaries, wages and benefits	\$ 280,705	\$ 223,188	\$ 1,564,759	\$ 2,068,652
Professional services	71,112	3,897	265,012	340,021
Occupancy	17,818	15,748	162,165	195,731
Office	19,842	6,561	106,384	132,787
Printing	327	1,999	125,650	127,976
Benefits, events and travel	23,040	24,622	51,889	99,551
Advertising, promotion and marketing	95	-	8,020	8,115
Investment and banking fees	117,334	10,975	4,951	133,260
Other	246	147	21,717	22,110
Total	<u>\$ 530,519</u>	<u>\$ 287,137</u>	<u>\$ 2,310,547</u>	<u>\$ 3,128,203</u>

**The Garden Conservancy, Inc.**

Combining Schedule of Financial Position

December 31, 2021

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

**The Garden Conservancy, Inc.**

Combining Schedule of Financial Position

December 31, 2020

	<b>Operating Fund</b>	<b>Endowment Fund</b>	<b>Combined Totals</b>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 2,424,550	\$ 985,849	\$ 3,410,399
Pledges receivable, current portion	-	1,000	1,000
Prepaid expenses	254,208	-	254,208
Total current assets	2,678,758	986,849	3,665,607
<b>Property and Equipment</b>			
Office, garden and computer equipment	156,923	-	156,923
Leasehold improvements	69,989	-	69,989
	226,912	-	226,912
Less accumulated depreciation	(187,520)	-	(187,520)
Total property and equipment, net	39,392	-	39,392
<b>Other Assets</b>			
Investments	114,857	28,530,216	28,645,073
Pledges receivable, less current portion	-	1,962	1,962
Other assets	17,384	-	17,384
Total other assets	132,241	28,532,178	28,664,419
Total assets	<u>\$ 2,850,391</u>	<u>\$ 29,519,027</u>	<u>\$ 32,369,418</u>
<b>Liabilities and Net Assets</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued expenses	\$ 232,728	\$ -	\$ 232,728
Deferred revenue	429,575	-	429,575
Total current liabilities	662,303	-	662,303
<b>Net Assets</b>			
Without donor restriction, Board designated	924,187	828,077	1,752,264
Without donor restriction	516,918	14,978,345	15,495,263
With donor restriction	746,983	13,712,605	14,459,588
Total net assets	2,188,088	29,519,027	31,707,115
Total liabilities and net assets	<u>\$ 2,850,391</u>	<u>\$ 29,519,027</u>	<u>\$ 32,369,418</u>

**The Garden Conservancy, Inc.**

Combining Schedule of Activities and Changes in Net Assets

Year Ended December 31, 2021

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

**The Garden Conservancy, Inc.**

Combining Schedule of Activities and Changes in Net Assets

Year Ended December 31, 2020

	Without Restrictions Undesignated			Without Restrictions Board Designated		With Restrictions - Temporary	With Restrictions Permanent		
	Operating Fund	Endowment Fund	Undesignated Combined	Operating Fund	Endowment Fund	Operating Fund	GC Endowment Fund	Elimination	Combined Totals
<b>Public Support and Revenues</b>									
Contributions	\$ 1,058,619	\$ -	\$ 1,058,619	\$ 254,360	\$ 65,000	\$ 352,300	\$ 2,687,280	\$ -	\$ 4,417,559
Special events and programs	81,599	-	81,599	-	-	-	-	-	81,599
Net assets released from restriction	306,656	-	306,656	-	-	(306,656)	-	-	-
Open Days program	25,593	-	25,593	-	-	-	-	-	25,593
Paycheck Protection Program	343,112	-	343,112	-	-	-	-	-	343,112
Grants from endowment fund	805,687	-	805,687	-	-	-	-	(805,687)	-
Membership	306,004	-	306,004	-	-	-	-	-	306,004
Donated investments	42,198	-	42,198	-	-	104,877	-	-	147,075
Supporting organization fees	32,500	-	32,500	-	-	-	-	-	32,500
Other	3,967	-	3,967	-	-	1,027	-	-	4,994
Total public support and revenues	3,005,935	-	3,005,935	254,360	65,000	151,548	2,687,280	(805,687)	5,358,436
<b>Expenses</b>									
Program services	2,310,547	-	2,310,547	-	-	-	-	-	2,310,547
Management and general	413,547	116,972	530,519	-	-	-	-	-	530,519
Fund raising	287,137	-	287,137	-	-	-	-	-	287,137
Grants to endowment fund	-	805,687	805,687	-	-	-	-	(805,687)	-
Total expenses	3,011,231	922,659	3,933,890	-	-	-	-	(805,687)	3,128,203
Revenue and public support in excess of (less than) expenses	(5,296)	(922,659)	(927,955)	254,360	65,000	151,548	2,687,280	-	2,230,233
<b>Other Income (Loss), Net</b>									
Investment gain	5,296	1,550,029	1,555,325	-	-	-	-	-	1,555,325
Unrealized loss	-	1,862,609	1,862,609	-	-	-	-	-	1,862,609
Total other income	5,296	3,412,638	3,417,934	-	-	-	-	-	3,417,934
Increase in net assets	-	2,489,979	2,489,979	254,360	65,000	151,548	2,687,280	-	5,648,167
<b>Net Assets, Beginning</b>	516,918	12,488,366	13,005,284	669,827	763,077	595,435	11,025,325	-	26,058,948
<b>Net Assets, Ending</b>	\$ 516,918	\$ 14,978,345	\$ 15,495,263	\$ 924,187	\$ 828,077	\$ 746,983	\$ 13,712,605	\$ -	\$ 31,707,115