

**BROOKLYN BOTANIC GARDEN  
CORPORATION**

**Financial Statements  
for year ended  
December 31,2020  
(with summarized comparative  
information for 2019)**

## **Independent Auditor's Report**

To the Board of Trustees  
Brooklyn Botanic Garden Corporation

We have audited the accompanying financial statements of Brooklyn Botanic Garden Corporation (the "Garden") which comprise the statement of financial position as of December 31, 2020 and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

*Opinion*

In our opinion, the financial statements referred to in the first paragraph on the previous page present fairly, in all material respects, the financial position of Brooklyn Botanic Garden Corporation as of December 31, 2020 and the results of its activities and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Report on Summarized Comparative Information*

We have previously audited the Garden's 2019 financial statement, and our report dated April 7, 2020, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Condon O'Meara McDuff & Donnelly LLP

## BROOKLYN BOTANIC GARDEN CORPORATION

### Statement of Financial Position

#### Assets

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Cash and cash equivalents	\$ 5,841,476	\$ 4,493,954
Investments, at fair value	79,266,398	71,812,358
Accounts receivable	1,389,673	2,732,040
Pledges and grants receivable, net	3,380,826	2,800,315
Inventory	14,453	28,717
Prepaid expenses	189,803	222,493
Property and equipment, net	27,830,597	28,417,754
Trusts held by third parties – with donor restrictions in perpetuity	3,417,683	3,074,364
<b>Total assets</b>	<b>\$ 121,330,909</b>	<b>\$ 113,581,995</b>

#### Liabilities and Net Assets

##### Liabilities

Accounts payable and accrued expenses	\$ 3,131,729	\$ 2,965,508
Contracts payable	847,812	2,293,379
Postretirement benefits	14,823,480	12,959,866
Bond payable	742,890	719,393
Term loan, net	2,609,644	3,576,575
Deferred revenue	3,742	108,431
Loan payable	2,300,000	-
Total liabilities	24,459,297	22,623,152

##### Net assets

Without donor restrictions	74,884,424	70,643,534
With donor restrictions	21,987,188	20,315,309
<b>Total net assets</b>	96,871,612	90,958,843
<b>Total liabilities and net assets</b>	<b>\$ 121,330,909</b>	<b>\$ 113,581,995</b>

See notes to financial statements.

BROOKLYN BOTANIC GARDEN CORPORATION

Statement of Activities  
For the Year Ended December 31, 2020  
(with Summarized Comparative Information for the Year Ended December 31, 2019)

	Without Donor Restrictions					With Donor Restrictions					Total Net Assets With Donor Restrictions	2020 Total	2019 Total		
	General	Board- Designated Endowment	Building	Operating Reserve Capital Fund Opportunity Fund	Capital Campaign	Total Net Assets Without Donor Restrictions	General	Building	Capital Campaign	Total Net Assets with Temporary Donor Restrictions				With Perpetual Donor Restrictions	
<b>Revenue and support</b>															
Appropriations by the City of New York	\$ 4,634,557	\$ -	\$ -	\$ -	\$ -	\$ 4,634,557	\$ 403,301	\$ 20,000	\$ -	\$ -	\$ 1,257,752	\$ 2,695,156	\$ 4,634,557	\$ 4,886,172	
Contributions	4,249,138	4,377,063	-	25,000	-	8,651,201	315,618	-	1,437,404	-	1,257,752	2,695,156	11,346,337	6,227,280	
Grants	1,641,368	-	-	-	-	1,641,368	-	-	315,618	-	-	315,618	1,956,986	2,677,771	
Special events, net of direct costs of \$38,219	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
in 2020 and \$531,643 in 2019	400,021	-	-	-	-	400,021	-	-	-	-	-	-	400,021	641,198	
Interest and dividends	146,841	5,263	-	-	-	152,104	301	-	354	-	-	354	152,458	1,165,787	
Plants and gardens publications	64,297	-	-	-	-	64,297	-	-	-	-	-	-	64,297	58,750	
Membership dues	1,281,946	-	-	-	-	1,281,946	-	-	-	-	-	-	1,281,946	1,882,393	
Sale of plants and other items	44,080	-	-	-	-	44,080	-	-	-	-	-	-	44,080	207,859	
Educational programs	98,647	-	-	-	-	98,647	-	-	-	-	-	-	98,647	660,022	
Special fees	324,123	-	-	-	-	324,123	-	-	-	-	-	-	324,123	1,784,490	
Admissions	842,105	-	-	-	-	842,105	-	-	-	-	-	-	842,105	3,547,459	
Investment return allocation	4,715,152	(4,715,152)	-	-	-	-	-	-	-	-	-	-	-	-	
Net assets released from restrictions	985,414	301	562,972	-	134,108	1,682,795	(985,715)	(697,080)	(1,682,795)	-	-	(1,682,795)	-	-	
Total revenue and support	19,427,689	(332,525)	562,972	25,000	134,108	19,817,244	(266,495)	317,076	70,581	1,257,752	1,328,333	21,145,577	23,739,181		
<b>Expenses</b>															
Program services															
Horticulture	3,615,158	-	529,454	-	-	4,144,612	-	-	-	-	-	-	4,144,612	5,021,018	
Maintenance	3,685,948	-	630,771	-	-	4,316,719	-	-	-	-	-	-	4,316,719	4,422,167	
Education	2,955,268	-	69,196	-	-	3,024,464	-	-	-	-	-	-	3,024,464	4,106,596	
Security	2,631,669	-	23,142	-	-	2,654,811	-	-	-	-	-	-	2,654,811	2,921,969	
Publications	521,325	-	3,429	-	-	524,754	-	-	-	-	-	-	524,754	497,537	
Program enhancement	1,363,638	-	2,189	33,283	-	1,399,110	-	-	-	-	-	-	1,399,110	1,736,297	
Admissions	415,028	-	2,927	-	-	417,955	-	-	-	-	-	-	417,955	546,178	
Membership	571,136	-	-	-	-	571,136	-	-	-	-	-	-	571,136	862,446	
Capital campaign	-	-	-	-	120,985	120,985	-	-	-	-	-	-	120,985	32,850	
Total program services	15,759,170	-	1,261,108	33,283	120,985	17,174,546	-	-	-	-	-	-	17,174,546	20,147,058	
Supporting activities															
Administration	2,209,653	-	129,052	-	-	2,338,705	-	-	-	-	-	-	2,338,705	2,387,912	
Fundraising-Development	1,394,572	-	-	-	-	1,394,572	-	-	-	-	-	-	1,394,572	1,398,505	
Fundraising-Capital Campaign	-	-	-	-	13,123	13,123	-	-	-	-	-	-	13,123	36,570	
Total supporting activities	3,604,225	-	129,052	-	13,123	3,746,400	-	-	-	-	-	-	3,746,400	3,822,787	
Total expenses	19,363,395	-	1,390,160	33,283	134,108	20,920,946	-	-	-	-	-	-	20,920,946	23,969,845	
Increase (decrease) in net assets, before other additions (deductions)	64,294	(332,525)	(827,188)	(8,283)	-	(1,103,702)	(266,495)	317,076	70,581	1,257,752	1,328,333	224,631	(230,664)		
Effect of post-retirement adjustment	(1,602,823)	-	-	-	-	(1,602,823)	-	-	-	-	-	-	(1,602,823)	(1,532,752)	
Realized and unrealized gain, net	-	6,947,415	-	-	-	6,947,415	-	227	227	-	227	6,947,642	12,680,104		
Third party trusts unrealized gain, net	-	-	-	-	-	-	-	-	-	343,319	343,319	343,319	475,865		
Increase (decrease) in net assets	(1,538,529)	6,614,890	(827,188)	(8,283)	-	4,240,890	(266,495)	317,303	70,808	1,601,071	1,671,879	5,912,769	11,392,553		
Net assets, beginning of year	4,746,257	53,679,826	11,050,026	1,167,425	-	70,643,534	396,494	13,597,712	14,320,121	5,995,188	20,315,309	90,958,843	79,566,290		
Net assets, end of year	\$ 3,207,728	\$ 60,294,716	\$ 10,222,838	\$ 1,159,142	\$ -	\$ 74,884,424	\$ 129,999	\$ 13,915,015	\$ 14,390,929	\$ 7,596,259	\$ 21,987,188	\$ 96,871,612	\$ 90,958,843		

See notes to financial statements.

**BROOKLYN BOTANIC GARDEN CORPORATION**

**Statement of Functional Expenses  
For the Year Ended December 31, 2020  
(with Summarized Comparative Information for the Year Ended December 31, 2019)**

	Program Services										Capital Campaign	Total
	Horticulture	Maintenance	Education	Security	Publications	Enhancement	Admissions	Membership				
Salaries	\$ 2,081,446	\$ 1,341,713	\$ 1,642,944	\$ 1,462,905	\$ 310,814	\$ 668,657	\$ 294,118	\$ 250,693	\$ -	\$ -	\$ 8,053,290	
Fringe benefits	1,175,983	881,400	869,704	849,202	99,597	348,875	88,277	106,747	-	-	4,419,785	
Total salaries and benefits	3,257,429	2,223,113	2,512,648	2,312,107	410,411	1,017,532	382,395	357,440	-	-	12,473,075	
Supplies and materials	81,821	168,242	50,066	30,710	385	1,662	16,288	1,222	-	-	350,396	
Equipment	58,046	17,989	41,439	3,617	3,922	5,386	852	442	-	-	131,693	
Outside services	20,547	291,127	96,142	126,103	22,741	81,996	6,811	73,521	60	60	719,048	
IT allocation	116,205	102,120	116,205	95,077	17,607	35,214	-	14,085	-	-	496,513	
Printing	20	-	13,174	-	28,465	3,158	-	86,574	37	-	131,428	
Repairs	9,872	192,319	450	6,540	-	-	-	-	-	-	209,181	
Accounting and legal	-	-	-	-	-	-	-	-	-	-	-	
Professional services	-	12,600	15,610	-	7,600	54,783	-	-	-	94,702	185,295	
Postage	446	20	9,269	127	(199)	168	8	15,713	-	15,521	41,073	
Telephone and utilities	14,230	628,108	13,767	9,945	1,721	3,698	-	1,377	926	-	673,772	
Insurance	54,349	49,773	54,163	37,863	8,055	23,420	8,674	11,883	-	-	248,180	
Travel	924	537	7,316	1,405	92	3,006	-	379	-	-	13,659	
Promotion	1,149	-	800	375	20,493	165,099	-	8,500	-	-	196,416	
Books and periodicals	120	-	24,219	-	32	1,799	-	-	-	-	26,170	
Depreciation	529,454	630,771	69,196	23,142	3,429	2,189	2,927	-	-	-	1,261,108	
Other	-	-	-	7,800	-	-	-	-	-	9,739	17,539	
<b>Totals</b>	<b>\$ 4,144,612</b>	<b>\$ 4,316,719</b>	<b>\$ 3,024,464</b>	<b>\$ 2,654,811</b>	<b>\$ 524,754</b>	<b>\$ 1,399,110</b>	<b>\$ 417,955</b>	<b>\$ 571,136</b>	<b>\$ 120,985</b>	<b>\$ 17,174,546</b>		

**Supporting Activities**

	Fundraising		Total	Total 2020 Expenses	Total 2019 Expenses
	Administration	Development			
Salaries	\$ 1,174,562	\$ 851,277	\$ -	\$ 10,079,129	\$ 11,527,033
Fringe benefits	597,791	337,384	-	5,354,960	5,383,269
Total salaries and benefits	1,772,353	1,188,661	-	15,434,089	16,910,302
Supplies and materials	9,339	1,679	-	361,414	628,989
Equipment	47,490	718	-	179,901	396,653
Outside services	140,833	55,743	-	915,624	1,178,097
IT allocation	(535,248)	38,735	-	-	-
Printing	7,337	10,263	-	149,028	294,117
Repairs	656	-	-	209,837	135,249
Accounting and legal	146,731	48,635	5,000	200,366	197,422
Professional services	477,110	-	-	662,405	453,721
Postage	5,624	2,805	-	49,502	97,003
Telephone and utilities	13,175	4,708	-	691,655	705,028
Insurance	49,042	26,513	-	323,735	317,449
Travel	12,149	2,175	-	27,983	250,814
Promotion	26,422	420	-	223,258	229,485
Books and periodicals	-	31	-	26,201	33,821
Depreciation	129,052	-	-	1,390,160	2,036,771
Other	36,640	13,486	8,123	75,788	104,924
<b>Totals</b>	<b>\$ 2,338,705</b>	<b>\$ 1,394,572</b>	<b>\$ 13,123</b>	<b>\$ 20,920,946</b>	<b>\$ 23,969,845</b>

See notes to financial statements.

**BROOKLYN BOTANIC GARDEN CORPORATION**

**Statement of Functional Expenses  
For the Year Ended December 31, 2019**

	Program Services										Capital Campaign	Total
	Horticulture	Maintenance	Education	Security	Publications	Program Enhancement	Admissions	Membership				
Salaries	\$ 2,337,426	\$ 1,444,322	\$ 2,246,106	\$ 1,760,033	\$ 267,240	\$ 687,034	\$ 398,382	\$ 309,901	\$ -	\$ -	\$ 9,450,444	
Fringe benefits	1,178,228	927,419	935,752	786,868	121,214	285,352	79,819	114,273	-	-	4,428,925	
Total salaries and benefits	3,515,654	2,371,741	3,181,858	2,546,901	388,454	972,386	478,201	424,174	-	-	13,879,369	
Supplies and materials	175,069	192,229	167,778	34,031	539	12,521	3,783	1,939	52	-	587,941	
Equipment	72,728	38,186	63,139	45,244	713	81,526	4,648	7,320	20,912	-	334,416	
Outside services	49,697	245,487	158,554	110,719	19,513	236,274	44,061	94,715	563	-	959,583	
IT allocation	123,123	108,199	123,123	100,737	18,655	37,310	-	14,925	-	-	526,072	
Printing	47	-	80,110	507	25,556	34,930	1,894	127,382	56	-	270,482	
Repairs	8,373	113,881	7,894	1,264	-	-	2,826	-	-	-	134,238	
Accounting and legal	10,118	-	-	-	-	-	-	-	-	-	10,118	
Professional services	-	3,370	33,205	-	8,488	118,556	-	73,500	-	-	237,119	
Postage	420	282	12,267	102	1,672	1,183	21	65,250	34	-	81,231	
Telephone and utilities	16,271	648,109	12,086	8,367	1,452	3,548	-	1,133	826	-	691,792	
Insurance	55,268	49,588	54,603	36,137	9,297	19,984	7,817	13,015	-	-	245,709	
Travel	17,378	5,947	52,524	6,599	1,691	48,096	-	19,076	113	-	151,424	
Promotion	1,444	-	1,812	324	18,078	163,177	-	18,329	555	-	203,719	
Books and periodicals	768	-	26,443	-	-	4,617	-	-	-	-	31,828	
Depreciation	974,660	645,148	131,200	26,337	3,429	2,189	2,927	1,688	-	-	1,787,578	
Other	-	-	-	4,700	-	-	-	-	-	9,739	14,439	
<b>Totals</b>	<b>\$ 5,021,018</b>	<b>\$ 4,422,167</b>	<b>\$ 4,106,596</b>	<b>\$ 2,921,969</b>	<b>\$ 497,537</b>	<b>\$ 1,736,297</b>	<b>\$ 546,178</b>	<b>\$ 862,446</b>	<b>\$ 32,850</b>	<b>\$ 20,147,058</b>		

**Supporting Activities**

	Fundraising		Total	Total 2019 Expenses
	Development	Capital Campaign		
Salaries	\$ 1,272,238	\$ 804,351	\$ 2,076,589	\$ 11,527,033
Fringe benefits	631,975	322,369	954,344	5,383,269
Total salaries and benefits	1,904,213	1,126,720	3,030,933	16,910,302
Supplies and materials	34,071	6,824	41,048	628,989
Equipment	62,237	-	62,237	396,653
Outside services	162,309	56,199	218,514	1,178,097
IT allocation	(567,113)	41,041	(526,072)	-
Printing	5,629	18,006	23,635	294,117
Repairs	1,011	-	1,011	135,249
Accounting and legal	159,960	22,344	187,304	197,422
Professional services	215,177	1,050	216,602	453,721
Postage	7,070	8,702	15,772	97,003
Telephone and utilities	9,433	3,803	13,236	705,028
Insurance	45,034	26,706	71,740	317,449
Travel	50,035	49,355	99,390	250,814
Promotion	25,031	735	25,766	229,485
Books and periodicals	1,993	-	1,993	33,821
Depreciation	249,193	-	249,193	2,036,771
Other	22,629	36,820	90,485	104,924
<b>Totals</b>	<b>\$ 2,387,912</b>	<b>\$ 1,398,305</b>	<b>\$ 3,822,787</b>	<b>\$ 23,969,845</b>

See notes to financial statements.

## BROOKLYN BOTANIC GARDEN CORPORATION

## Statement of Cash Flows

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 5,912,769	\$ 11,392,553
Adjustments to reconcile increase in net assets to net cash (used in) operating activities		
Depreciation	1,390,160	2,036,771
Amortization of deferred loan costs	9,739	9,739
Fair value of donated securities	(1,552,080)	(180,066)
Proceeds from sales of donated securities	1,664,071	180,066
Contributions designated and restricted for the long-term endowment	(5,634,815)	(739,636)
Realized and unrealized (gain)	(6,947,642)	(12,680,104)
Third party trusts unrealized (gain)	(343,319)	(475,865)
Accretion of bond payable discount	23,497	22,754
Change in assets and liabilities		
Decrease in accounts receivable	1,342,367	831,344
(Increase) in pledges and grants receivable, net	(580,511)	(2,084,991)
Decrease in inventory	14,264	12,641
Decrease in prepaid expenses	32,690	25,351
Increase (decrease) in accounts payable and accrued expenses	166,221	(60,226)
Increase in post-retirement benefits	1,863,614	1,640,171
(Decrease) in deferred revenue	(104,689)	(15,122)
Net cash (used in) operating activities	<u>(2,743,664)</u>	<u>(84,620)</u>
<b>Cash flows from investing activities</b>		
Purchases of investments	(14,902,773)	(6,269,251)
Proceeds from sale of investments	14,284,384	8,439,768
Purchases of property and equipment	(803,003)	(6,796,055)
Contracts payable	(1,445,567)	(33,901)
Net cash (used in) investing activities	<u>(2,866,959)</u>	<u>(4,659,439)</u>
<b>Cash flows from financing activities</b>		
Repayments on term loan payable	(976,670)	(935,955)
Proceeds from PPP Loan	2,300,000	-
Contributions designated and restricted for the long-term endowment	5,634,815	739,636
Net cash provided by (used in) financing activities	<u>6,958,145</u>	<u>(196,319)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,347,522</b>	<b>(4,940,378)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b><u>4,493,954</u></b>	<b><u>9,434,332</u></b>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 5,841,476</u></b>	<b><u>\$ 4,493,954</u></b>
<b>Supplemental disclosure of cash flows information:</b>		
Cash paid for interest (capitalized in 2020 and 2019)	<u>\$ 136,830</u>	<u>\$ 177,546</u>

See notes to financial statements.



**BROOKLYN BOTANIC GARDEN CORPORATION****Notes to Financial Statements  
December 31, 2020****Note 1 – Nature of organization**

Brooklyn Botanic Garden Corporation (the “Garden”) was originally created in 1910 through private enterprise and individual generosity on grounds belonging to New York City. The Garden was incorporated in 1977 as a separate entity apart from the Brooklyn Institute of Arts and Sciences. The Garden’s mission is:

Brooklyn Botanic Garden is an urban botanic garden that connects people to the world of plants, fostering delight and curiosity while inspiring an appreciation and sense of stewardship of the environment.

In the Garden, in its community, and well beyond, the Garden inspires people of all ages through the conservation, display, and enjoyment of plants; with educational programs that emphasize learning by doing; and with research focused on understanding and conserving regional plants and plant communities.

**Note 2 – Summary of significant accounting policies****Basis of presentation**

The financial statements of the Garden have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The following comprise the significant accounting policies of the Garden.

Under accounting principles generally accepted in the United States of America, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Garden are classified and reported as follows:

Net assets without donor restrictions represent resources that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary objectives of the Garden. These include general, board-designated endowment, building, operating reserve, capital fund and opportunity fund and capital campaign net assets.

Net assets with temporary donor restrictions represent resources that are subject to donor-imposed stipulations that may or will be met either by actions of the Garden and/or the passage of time. As the restrictions are satisfied, net assets with temporary restrictions are reclassified to net assets without restrictions and reported in the accompanying statement of activities as net assets released from restrictions.

Net assets with perpetual donor restrictions represent resources that are subject to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or removed by actions of the Garden.

**Cash and cash equivalents**

Cash and cash equivalents consist of cash held in banks and money market funds, with the exception of money market funds included in investments, as it is management’s intent to reinvest these funds for long term investment purposes (Note 5).

**BROOKLYN BOTANIC GARDEN CORPORATION****Notes to Financial Statements (continued)  
December 31, 2020****Note 2 – Summary of significant accounting policies (continued)**Investments

The Garden's investments in equity securities with readily determinable fair values and all debt securities are reported at fair value with gains and losses (unrealized and realized) included in the accompanying statement of activities. Securities transactions are recorded on a trade-date basis.

Fair value measurements

Fair value refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value hierarchy gives the highest priority to quoted market prices and the lowest priority to unobservable data. Fair value measurements are required to be separately disclosed by level within the fair value hierarchy. The three levels of inputs used to measure fair value are as follows:

Level 1 – Quoted prices in active markets for identical assets.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices of similar assets; quoted prices in markets with insufficient volume or infrequent transactions (less active markets).

Level 3 – Unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of assets.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at December 31, 2020 and December 31, 2019:

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

Investment return allocation

The Board of the Garden adopted a policy whereby interest, dividends and net realized and unrealized gains and losses are all considered part of the Garden's total investment return. The Garden's long-term spending rate, designated by the Board, permits the Garden to use up to 5.5% of the rolling twelve-quarter average of the total investment portfolio's market value to support its operations annually. The Garden compares the rolling twelve-quarter average to the twenty-quarter average to ensure compliance with the New York Prudent Management of Institutional Funds Act (NYPMIFA).

Allowance for doubtful accounts

The Garden has provided for an allowance for doubtful accounts of \$102,408 and \$86,971 for pledges and grants receivable that may not be collectible as of December 31, 2020 and December 31, 2019, respectively. Such estimate, which is equal to approximately 3% of pledges and grants receivable at December 31, 2020 and December 31, 2019, is based on management's experience, the aging of the receivables, subsequent receipts and current economic conditions.

**BROOKLYN BOTANIC GARDEN CORPORATION****Notes to Financial Statements (continued)  
December 31, 2020****Note 2 – Summary of significant accounting policies (continued)**Property and equipment

The Garden capitalizes machinery, equipment, Garden-owned buildings and leasehold improvements to City-owned buildings in excess of \$5,000. These items are depreciated or amortized on the straight-line basis over their estimated useful lives, which range from 5 to 32 years.

Land and building

During July 2009, the Garden entered into a license agreement (the “license”) with the City of New York (the “City”) for the exclusive use of the premises located at 1000 Washington Avenue, Brooklyn, New York. The license is for a period of twenty-five years with a one-time option to extend the license for an additional twenty-five years and requires that the Garden pay an annual license fee of \$1.

Inventory

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

Collections

The Garden’s collections, which consist of rare books and artwork, are not capitalized in the statement of financial position. Purchases of items are expensed in the year in which the items are acquired. Contributed collection items are not reflected in the financial statements.

Trusts held by third parties

The Garden is the beneficiary of the revenue from certain trusts that are administered by independent third party trustees. Distributions are made to the Garden in accordance with the trust agreement for each trust. These trusts are invested in cash and cash equivalents, fixed income funds, mutual funds, convertible securities, equities and alternative investments. The Garden records its interest in these trusts at fair value. Interest and dividends earned on these trusts for the year ended December 31, 2020 and December 31, 2019 were \$146,841 and \$126,228, respectively, and are classified as support without donor restriction in the accompanying statement of activities. Unrealized gains (losses) on these trusts are classified as net assets with perpetual donor restrictions in the accompanying statement of activities. These trusts exist in perpetuity and they have been accounted for at fair value.

Annuities

The Garden accepts charitable gift annuities from donors, which obligate the Garden to pay beneficiaries an annuity for life.

Charitable gift annuities are irrevocable gifts without donor restrictions under which the Garden agrees in turn to pay a life annuity to the donor, or designated beneficiary. The contributed funds and related liabilities are reflected in the accompanying statement of financial position in accounts payable and accrued expenses.

**BROOKLYN BOTANIC GARDEN CORPORATION****Notes to Financial Statements (continued)  
December 31, 2020****Note 2 – Summary of significant accounting policies (continued)**Revenue recognition

The Garden reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with temporary donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Unconditional promises to give are recognized as revenue when the promise is received.

Bequests are recorded as revenue when a legally binding obligation is received and when a fair value can reasonably be determined.

Concentration of support

The Garden receives a substantial amount of its operating support from state and local governments. Any significant reduction in the level of this support could have an adverse effect on the Garden's programs.

Functional allocation of expenses

The costs of providing the various programs and supporting activities have been summarized on a functional basis in the statement of activities and are presented in the statement of functional expenses by both their natural and functional classifications. Accordingly, certain costs have been allocated among the programs and supporting activities benefited. Costs that are not directly associated with specific services or activities have been allocated based upon the head count of the respective program services or supporting activities benefited.

Deferred loan costs

Deferred loan costs are being amortized over the life of the term loan (see note 12).

Comparative financial information

The financial statements include certain prior-year summarized comparative financial information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Garden's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

**BROOKLYN BOTANIC GARDEN CORPORATION****Notes to Financial Statements (continued)****December 31, 2020****Note 2 – Summary of significant accounting policies (continued)**New accounting pronouncement

During the year ended December 31, 2020, the Garden adopted Financial Accounting Standards Update No. 2017-07 – Compensation – Retirement Benefits (Topic 715) (the “Update”). The Update requires that an employer report the service cost component as an employee benefit arising from services rendered by the employees during the period. In connection therewith, the Garden reclassified the 2019 information for comparative purposes only. This reclassification did not result in a change in total net assets.

Concentrations of credit risk

The Garden’s financial assets that are potentially exposed to concentrations of credit risk consist of cash, cash equivalents, investments and receivables. The Garden places its cash and cash equivalents with what it believes to be quality financial institutions and invests primarily in mutual stock and bond funds. At times, cash balances exceeded the FDIC insurance limit. The Garden has not experienced any losses in these accounts to date. Investments are exposed to various risks such as interest rate, market volatility, liquidity, and credit. Due to the level of uncertainty related to changes in the foregoing, it is reasonably possible that changes in these risks could materially affect the fair value of the investments reported in the statement of financial position as of December 31, 2020. The Garden routinely assesses the financial strength of its cash, cash equivalents and investment portfolio. The Garden’s management monitors the collectability of the pledges, grants and accounts receivable. As a consequence, concentrations of credit risk are limited.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from these estimates.

Risks and uncertainties

On March 13, 2020, a national emergency was declared due to extraordinary circumstances resulting from the novel coronavirus 2019 (COVID-19) pandemic. As a direct result of this executive order and in response to previously and subsequently issued State and Local Government guidelines, the Garden’s programming activities, facilities and operations were limited and subject to restrictions set forth by State and Local Government. Management believes that the COVID-19 pandemic may have an impact on its financial condition, results of operations and outlook for year ending December 31, 2021. The extent to which the COVID-19 pandemic may impact business activity and the Garden’s operations will depend on future developments, which are uncertain and cannot be predicted. Management will continue to closely monitor developments to minimize the impact, if any, on the Garden.

**BROOKLYN BOTANIC GARDEN CORPORATION**

**Notes to Financial Statements (continued)**

**December 31, 2020**

**Note 2 – Summary of significant accounting policies (continued)**

Subsequent events

The Garden has evaluated events and transactions for potential recognition or disclosure through April 13, 2021, which is the date the financial statements were available to be issued.

**Note 3 – Liquidity and availability of financial assets**

The following is a summary of the Garden's financial assets as of December 31, 2020 and December 31, 2019 that are available for general expenditures that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 5,841,476	\$ 4,493,954
Investments, at fair value	79,266,398	71,812,358
Accounts receivable	1,389,673	2,732,040
Pledges and grants receivable, net	<u>3,380,826</u>	<u>2,800,315</u>
Total financial assets	89,878,373	81,838,667
Less: Net assets designated by the board for endowment	(60,294,716)	(53,679,826)
Net assets designated by the board as operating reserve, capital fund and opportunity fund	(1,159,142)	(1,167,425)
Net assets with perpetual donor restrictions	(4,178,576)	(2,920,823)
Add: Investment return appropriated for 2021 and 2020 operations, respectively	<u>3,670,062</u>	<u>3,535,152</u>
Total	<u>\$ 27,916,001</u>	<u>\$ 27,605,745</u>

The Garden's endowment funds consist of donor restricted endowments and a board-designated endowment. As described in note 2, the Garden's endowment has an annual spending rate of 5.5% of the rolling twelve-quarter average fair value of the investment portfolio. An appropriation of \$3,670,062 and \$3,535,152 from the endowment funds will be available within the next twelve months as of December 31, 2020 and December 31, 2019, respectively.

As part of the Garden's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Garden invests cash in excess of daily requirements in short-term investments. The Garden's board-designated endowment assets total \$60,294,716 and \$53,679,826 and the board-designated operating reserve, capital fund and opportunity fund totaled \$1,159,142 and \$1,167,425 at December 31, 2020 and December 31, 2019, respectively. Although the Garden does not normally spend from its board-designated endowment or operating reserve, capital fund and opportunity fund other than amounts appropriated for general expenditures as part of its annual budget approval and appropriation process, amounts from its board-designated funds could be made available, when deemed necessary. In March 2020, the board approved a Stabilization fund of up to \$6,000,000 to be released from Board Designated funds, if needed to offset the material impacts of the Pandemic on the Garden's finances. The Garden used \$1,180,000 of the Stabilization Fund to offset 2020 losses and has budgeted for \$4,500,000 to be used in 2021.

**BROOKLYN BOTANIC GARDEN CORPORATION**

**Notes to Financial Statements (continued)**  
**December 31, 2020**

**Note 4 – Composition of net assets**

Net assets without donor restrictions as of December 31, 2020 and December 31, 2019 have been designated by the Board of Trustees for use as follows:

	<u>2020</u>	<u>2019</u>
General	\$ 3,207,728	\$ 4,746,257
Board-designated endowment	60,294,716	53,679,826
Building	10,222,838	11,050,026
Operating reserve, capital fund and opportunity fund	<u>1,159,142</u>	<u>1,167,425</u>
Total	<u>\$ 74,884,424</u>	<u>\$ 70,643,534</u>

The Garden follows NYPMIFA provisions which apply to endowment funds existing on or established after the date it was enacted. The Garden's endowment consists of several funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and a fund designated by the Board of Trustees to function as an endowment. The Garden is required to act prudently when making decisions to spend or accumulate donor restricted endowment assets and in doing so to consider a number of factors including the duration and preservation of its donor restricted endowment funds. The Garden classifies as net assets with perpetual donor restrictions the original value of gifts donated to the permanent endowment. The portion of the donor-restricted endowment fund that is not classified as net assets with perpetual donor restrictions are classified as net assets without donor restrictions or net assets with temporary donor restrictions based on donor stipulations.

**BROOKLYN BOTANIC GARDEN CORPORATION**

**Notes to Financial Statements (continued)**  
**December 31, 2020**

**Note 4 – Composition of net assets (continued)**

The following is a summary of the activity of the board-designated and net assets with temporary donor restrictions for the year ended December 31, 2020:

	Balance at December 31, 2019	Support and Other	Investment Return	Released from Designations and Restrictions	Balance at December 31, 2020
Board-designated endowment	\$ 53,679,826	\$ 4,377,063	\$ 6,952,678	\$ (4,714,851)	\$ 60,294,716
Operating reserve, capital fund and opportunity fund	1,167,425	25,000	-	(33,283)	1,159,142
With temporary donor restrictions					
Purpose restrictions:					
General operating support	191,700	-	-	(121,702)	69,998
Garden apprentice program	29,627	115,000	-	(144,627)	-
Brooklyn Academy of Science and the Environment	15,166	75,000	-	(90,166)	-
Children's education	58,477	320,619	-	(370,619)	8,477
Horticulture	50,000	80,647	-	(80,647)	50,000
Other programs	51,524	127,653	-	(177,653)	1,524
Sub-total	396,494	718,919	-	(985,414)	129,999
Building	325,915	20,000	-	-	345,915
Capital campaign	13,597,712	1,014,103	280	(697,080)	13,915,015
Endowment fund investment return	-	-	301	(301)	-
Total net assets with temporary donor restrictions	14,320,121	1,753,022	581	(1,682,795)	14,390,929
Total endowment and temporary donor restricted funds	\$ 69,167,372	\$ 6,155,085	\$ 6,953,259	\$ (6,430,929)	\$ 75,844,787

Net assets with perpetual donor restrictions are restricted as follows as of December 31, 2020 and December 31, 2019:

	2020	2019
Investments in perpetuity, revenue to support general operations	\$ 4,178,576	\$ 2,920,824
Third party trusts	3,417,683	3,074,364
Total	\$ 7,596,259	\$ 5,995,188



**BROOKLYN BOTANIC GARDEN CORPORATION**

**Notes to Financial Statements (continued)**  
**December 31, 2020**

**Note 5 – Investments**

The following is a summary of the fair values of the investments held by the Garden as of December 31, 2020 and December 31, 2019:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 3,998,019	\$ 1,021,537
Mutual fund – equity	3,620,625	781,982
Multi-strategy equity	50,374,481	49,054,860
Multi-strategy bond	<u>21,273,273</u>	<u>20,953,979</u>
Total	<u>\$79,266,398</u>	<u>\$ 71,812,358</u>

The following table presents the Garden’s financial assets that are measured at fair value on a recurring basis at December 31, 2020:

<u>Description</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual fund – equity	\$ 3,620,625	\$ 3,620,625	\$ -	\$ -
Multi-strategy equity fund	50,374,481	-	50,374,481	-
Multi-strategy bond fund	21,273,273	-	21,273,273	-
Trusts held by third parties	<u>3,417,683</u>	<u>3,386,316</u>	-	<u>31,367</u>
Sub-total	78,686,062	<u>\$ 7,006,941</u>	<u>\$71,647,754</u>	<u>\$ 31,367</u>
Cash and cash equivalents	<u>3,998,019</u>			
Total assets at fair value	<u>\$82,684,081</u>			
<u>Description</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual fund – equity	\$ 781,982	\$ 781,982	\$ -	\$ -
Multi-strategy equity fund	49,054,860	-	49,054,860	-
Multi-strategy bond fund	20,953,979	-	20,953,979	-
Trusts held by third parties	<u>3,074,364</u>	<u>3,045,263</u>	-	<u>29,101</u>
Sub-total	73,865,185	<u>\$ 3,827,245</u>	<u>\$70,008,839</u>	<u>\$ 29,101</u>
Cash and cash equivalents	<u>1,021,537</u>			
Total assets at fair value	<u>\$74,886,722</u>			

**BROOKLYN BOTANIC GARDEN CORPORATION**

**Notes to Financial Statements (continued)**  
**December 31, 2020**

**Note 5 – Investments (continued)**

The following is a summary of changes in the fair value of the Garden's Level 3 investments for the years ended December 31, 2019 and December 31, 2020:

	<u>Trusts Held by Third Parties</u>
Balance, December 31, 2018	\$ 26,641
Capital contributions	8,724
Distributions	(7,597)
Net unrealized (loss)	(109)
Net realized gain	<u>1,442</u>
Balance, December 31, 2019	29,101
Capital contributions	12,248
Distributions	(9,918)
Net unrealized (loss)	(465)
Net realized gain	<u>401</u>
Balance, December 31, 2020	<u>\$ 31,367</u>

**Note 6 – Property and equipment**

Property and equipment consisted of the following as of December 31, 2020 and December 31, 2019:

	<u>2020</u>	<u>2019</u>
Machinery and equipment	\$ 3,873,567	\$ 3,808,317
Leasehold improvements	44,052,755	43,761,711
Improvements in progress	<u>10,429,634</u>	<u>9,982,925</u>
Total	58,355,956	57,552,953
Less: accumulated depreciation and amortization	<u>30,525,359</u>	<u>29,135,199</u>
Net property and equipment	<u>\$ 27,830,597</u>	<u>\$ 28,417,754</u>

During 2019, the Garden disposed of fully depreciated machinery and equipment no longer in use with an original cost basis of \$556,812.

Estimated capital expenditures to the Garden's facilities, in the amounts of \$2,474,315 and \$5,736,862 were made by the City of New York during the years ended December 31, 2020 and December 31, 2019, respectively. The City of New York has spent \$61,211,492 on capital expenditures from the 2002 fiscal year through December 31, 2020. The City has entered into contracts for a capital expansion of the Garden. In accordance with a directive from the City of New York, all capital expenditures paid for by the City belong to the City of New York and are not included in these financial statements.

**BROOKLYN BOTANIC GARDEN CORPORATION**

**Notes to Financial Statements (continued)**  
**December 31, 2020**

**Note 7 – Pledges and grants receivable**

Pledges and grants receivable are unconditional promises from external organizations to donate cash to the Garden. For the years ended December 31, 2020 and December 31, 2019, the Garden used a discount rate of 3.0% to reduce the contributions receivable to their present value. The contributions receivable at December 31, 2020 and December 31, 2019 is as follows:

	2020	2019
Due within one year	\$ 3,356,792	\$ 2,754,079
Due within one to five years	129,733	144,717
Sub-total	3,486,525	2,898,796
Less: amount to reduce the pledges receivable to their present value	(3,291)	(11,510)
Less: allowance for doubtful accounts	(102,408)	(86,971)
Total	\$ 3,380,826	\$ 2,800,315

**Note 8 – Pension and retirement plans**

Multiemployer defined benefit pension plan

The Garden participates in a defined benefit pension plan, under the terms of a collective bargaining agreement which covers all eligible employees. Employees who satisfy certain age and length-of-service requirements participate in the plan. Contributions are made to the Cultural Institutions Retirement System (CIRS), an aggregation of New York City not-for-profit organizations. The risks of participating in a multiemployer plan are different from a single-employer plan in the following respects:

- Assets contributed to a multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If the Garden chooses to stop participating in the multiemployer plan, the Garden may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Garden's participation in the plan for the years ended December 31, 2020 and December 31, 2019, is outlined in the table on the following page. The "EIN/Pension Plan Number" column provides the Employer Identification Number ("EIN") and the three-digit plan number. The next column lists the expiration date of the collective-bargaining agreement to which the plan is subject. The most recent Pension Protection Act zone status available in 2020 and 2019 is for the plan's 2019 and 2018 fiscal year-ends. The zone status is based on information that the Garden received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are between 65 percent and 80 percent funded, and plans in the green zone are at least 80 percent funded.

**BROOKLYN BOTANIC GARDEN CORPORATION**

**Notes to Financial Statements (continued)**  
**December 31, 2020**

**Note 8 – Pension and retirement plans (continued)**

Multiemployer defined benefit pension plan (continued)

<u>Pension Fund</u>	<u>EIN/Pension Plan Number</u>	<u>Expiration Date of Collective Bargaining Agreement</u>	<u>Pension Protection Act Zone Status</u>		<u>Contributions to the Plans</u>	
			<u>2019</u>	<u>2018</u>	<u>2020</u>	<u>2019</u>
The Cultural Institutions Pension Plan	11-2001170 001	6/30/2020	Green	Green	\$1,001,236	\$1,045,158

401(k) savings plan

The CIRS also has a 401(k) savings plan whereby the Garden matches an employee's contributions up to a maximum of 3% of an employee's compensation. In accordance with the Collective Bargaining Agreement, the employer match for the 401(k) savings plan has been suspended indefinitely.

The Garden's expense in connection with the aforementioned plans and certain other benefits totaled \$1,152,987 and \$1,209,466 for the years ended December 31, 2020 and December 31, 2019, of which \$440,537 and \$449,156, respectively, was donated by the City and is included in the financial statements as appropriations by the City.

403(b) Tax-Deferred Annuity Plan

The Garden also maintains a defined contribution retirement plan under Section 403(b) of the Internal Revenue Code (the "Code"). Employees may elect to defer a portion of eligible compensation to the 403(b) Plan, subject to the limits established in the Code. The Garden does not make contributions to the 403(b) Plan.

**Note 9 – Postretirement benefits**

In addition to providing pension benefits, the Garden provides certain postretirement health and supplemental benefits for retired employees. Certain Garden employees may become eligible for those benefits if they reach retirement age while working for the Garden. The Garden funds its postretirement benefit cost on a pay-as-you-go basis.

The Garden follows the accounting standards for defined benefit pension and other postretirement plans. These standards require organizations to recognize the underfunded status of a postretirement benefit plan as a liability in its statement of financial position.

The service cost, which represents the estimated value of benefits earned by employees from services rendered during the period, for the years ended December 31, 2020 and 2019 totaled \$609,477 and \$448,027, respectively, has been allocated to various program services and supporting activities. The remaining components of the postretirement benefits cost of \$1,602,823 and \$1,532,752, respectively, have been reflected as an other deduction in the statement of activities.

**BROOKLYN BOTANIC GARDEN CORPORATION**

**Notes to Financial Statements (continued)**  
**December 31, 2020**

**Note 9 – Postretirement benefits (continued)**

The benefit obligation, plan assets, contributions, payments, and funded status for the post-retirement benefit plan as of and for the year ended December 31, 2020 and December 31, 2019 are summarized as follows:

	<u>2020</u>	<u>2019</u>
Benefit obligation	\$ 14,823,480	\$ 12,959,866
Fair value of plan assets	<u>-</u>	<u>-</u>
Funded status	<u>\$ 14,823,480</u>	<u>\$ 12,959,866</u>
Items not yet recognized as a component of net periodic benefit cost		
Net loss	<u>\$ 2,645,752</u>	<u>\$ 1,329,503</u>

Accounting standards for postretirement benefits require that actuarial net losses be recognized in the financial statements over a period of time, thereby smoothing the effect of such items on the financial statements. The net loss on the previous page represents a component of the plan liability that has not yet been recognized as an expense in the Garden's financial statements. There is \$110,227 of the estimated net loss that will be amortized into net periodic benefit cost and recognized as an expense during the year ending December 31, 2021.

	<u>2020</u>	<u>2019</u>
Employer contributions	\$ 348,686	\$ 340,608
Benefits paid	\$ 348,686	\$ 340,608
Weighted average assumption to determine benefit obligations and benefit costs for years ended December 31:		
Discount rate (benefit obligation)	2.40%	3.15%
Discount rate (benefit costs)	3.15%	4.15%

The decrease in the discount rate from 3.15% to 2.40% increased the benefit obligation by approximately \$1,700,000.

The healthcare cost trend rate was assumed to be 5.8% for the year ended December 31, 2020. This trend rate is assumed to initially increase then decrease gradually to 4.9% by the year ended December 31, 2025.

The Garden calculates benefit costs for a given fiscal year based on assumptions developed at the end of the previous fiscal year. The Garden measures benefit obligations as of December 31. Expected employer contributions to the post-retirement benefit plan for the year ending December 31, 2021 are \$433,942.

**BROOKLYN BOTANIC GARDEN CORPORATION**

**Notes to Financial Statements (continued)**  
**December 31, 2020**

**Note 9 – Postretirement benefits (continued)**

The estimated future benefit payments are shown as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 433,942
2022	481,421
2023	488,710
2024	516,380
2025	632,429
2026 – 2030	3,110,533

**Note 10 – Commitments**

Catering and concession services

The Garden has an agreement with an independent contractor to provide food catering and concession services. The catering and concession operations undertaken by the independent contractor for the food and beverage sales and related expenses are reflected separately in the books and records of the independent contractor and are not reflected in the accounts and records of the Garden. The agreement, which commenced October 1, 2014 and expires October 31, 2022, provides for certain financial conditions and fees payable to the Garden, as defined in the agreement. In addition, all related taxes incurred with the catering and concession operations are paid by the independent contractor.

Grant and pledge agreements

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

In July 2016, the Garden and the Trust entered into a new Grant and Pledge Agreement for a maximum amount of \$7,000,000 to support the design and construction of the reimagined Overlook. At the time of the execution of the agreement, the Garden received a \$250,000 payment. The remaining portion of the grant will be paid in quarterly installments of \$250,000. During each of the years ended December 31, 2020 and December 31, 2019, the Garden received \$1,000,000 in connection with this grant.

**BROOKLYN BOTANIC GARDEN CORPORATION**

**Notes to Financial Statements (continued)**  
**December 31, 2020**

**Note 10 – Commitments (continued)**

Grant and pledge agreements (continued)

In September 2020, the Garden and the Trust entered into a new Grant and Pledge Agreement. The purpose of the Grant is to provide funding to the Garden due to an unprecedented drop in revenue as a result of the COVID-19 pandemic. The maximum amount of the Grant will be \$1,000,000. The payment of the maximum amount of the Grant is conditioned on BBG receiving at least \$3,000,000 of matching contributions from private donors. As of December 31, 2020, BBG had requested payments of \$540,548 from the Trust in connection with the Grant.

Capital projects

The Garden has entered into contracts for the construction of the South Garden and Overlook projects totaling approximately \$21,492,000 including change orders, as of December 31, 2020. In connection with these contracts, the Garden has recorded contracts payable totaling \$847,812 for work completed through December 31, 2020.

**Note 11 – Bond payable**

In May 2014, the Garden obtained a zero coupon bond payable with a face value of \$1,141,100, issued at a discounted price of \$600,000. Accretion of the discount will be calculated at a rate of 3.24% compounded on a semi-annual basis with maturity in May 2034. The bond payable does not require any payments of interest or principal until maturity. As of December 31, 2020, the total balance of the bond payable was \$742,890, including accretion of interest totaling \$142,890.

**Note 12 – Term loan**

During June 2018, the Garden borrowed \$5,000,000 under a term loan. The proceeds from the loan will be used to finance expenditures related to the Overlook Project until such time as the Garden receives grant funds intended for this project. The loan requires equal monthly payments of \$92,792 consisting of principal and interest at a fixed rate of 4.25% per annum through maturity in June 2023. The Garden may make prepayments on the loan without penalty. The loan is collateralized by all business assets of the Garden and contains certain financial and borrowing covenants as outlined in the agreement.

The following is a summary of the required annual principal payments under the term loan as of December 31, 2020:

Year	Amount
2021	\$ 1,020,018
2022	1,064,849
2023	549,124
Total	2,633,991
Less: deferred loan costs	(24,347)
Term loan, net	\$ 2,609,644

**BROOKLYN BOTANIC GARDEN CORPORATION****Notes to Financial Statements (continued)  
December 31, 2020****Note 13 – PPP Loan**

On April 5, 2020, the Garden applied for and received a \$2,300,000 term note under the Paycheck Protection Program (the “PPP Loan”), which is a small business loan program established under the Coronavirus Aid, Relief, and Economic Security Act. The Garden has elected to record the proceeds as a liability until the loan is, in part or wholly, forgiven and the Garden is legally released. As disclosed in the PPP Loan documents, principal and interest payments are deferred for the first six months. During the deferral period, interest on the outstanding principal will accrue at a fixed rate of .98% per annum. The PPP Loan matures on April 5, 2022, when all outstanding principal plus accrued interest will be due and payable. The Garden is eligible for forgiveness of up to 100% of the PPP Loan, upon meeting certain requirements as disclosed in the PPP Loan documents. The Garden will record the forgiveness in the statement of activities once the SBA notifies that the forgiveness amount has been authorized. The Garden believes it has expended all of the proceeds in accordance with the PPP Loan program and expects to have the loan forgiven during 2021.

During January, 2021 the Garden applied for a second draw PPP Loan in an amount of \$2,000,000 and is currently waiting for a response.

**Note 14 – Litigation**

The Garden is currently involved in a legal proceeding arising in the ordinary course of business. The Garden believes it has defenses for this proceeding and is vigorously defending this action. In the opinion of management, after consultation with outside legal counsel, the final disposition of this matter will not have a material effect on the Garden’s financial statements.

**Note 15 – Tax status**

The Garden is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the “Code”). In addition, the Garden has been determined by the Internal Revenue Service to be a publicly supported organization, and not a private foundation, within the meaning of Sections 170(b)(1)(A)(vi) and 509(a)(1) of the Code. Donors are eligible to receive the maximum charitable tax deduction available for public charities under the Code.