

**MISSOURI BOTANICAL GARDEN**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**AND**  
**SUPPLEMENTARY INFORMATION**  
**Years Ended September 30, 2021 and 2020**

# MISSOURI BOTANICAL GARDEN

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees  
Missouri Botanical Garden

We have audited the accompanying consolidated financial statements of the Missouri Botanical Garden, a perpetual not-for-profit trust established in 1889 by Henry Shaw and authorized by the General Assembly of the State of Missouri, and subsidiary, which comprise the consolidated balance sheets as of September 30, 2021 and 2020, the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Missouri Botanical Garden and subsidiary as of September 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental schedules on pages 28 through 30 are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2022, on our consideration of the Missouri Botanical Garden's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Missouri Botanical Garden's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Missouri Botanical Garden's internal control over financial reporting and compliance.

The logo for UHY LLP, featuring the letters 'UHY' in a large, stylized, cursive font, followed by 'LLP' in a smaller, simpler font.

St. Louis, Missouri  
January 26, 2022

**MISSOURI BOTANICAL GARDEN  
CONSOLIDATED BALANCE SHEETS**

	<b>September 30,</b>	
	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,153,044	\$ 5,903,285
Grants receivable	621,006	449,751
Contract assets	57,775	232,817
Contributions receivable, net	21,491,816	28,310,960
Other receivables, net	6,240,637	4,013,521
Inventories, prepayments and other assets	2,479,878	1,697,786
Investments	230,612,257	199,432,985
Property and equipment, net of accumulated depreciation	<u>109,161,728</u>	<u>86,043,077</u>
Total assets	<u>\$ 374,818,141</u>	<u>\$ 326,084,182</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 11,025,203	\$ 8,147,553
Contract liabilities	494,601	634,028
Deferred revenue	22,801	59,959
Refundable advance - paycheck protection program	-	4,547,400
Liability for gift annuity payments	<u>1,262,513</u>	<u>1,363,707</u>
Total liabilities	<u>12,805,118</u>	<u>14,752,647</u>
 <b>NET ASSETS</b>		
Without donor restrictions		
General operating - undesignated	<u>673,642</u>	<u>673,642</u>
Board-designated -		
Operating	3,544,719	(2,399,977)
Capital projects	89,994,547	73,104,812
Endowment funds	<u>15,326,052</u>	<u>14,096,021</u>
Total board-designated	<u>108,865,318</u>	<u>84,800,856</u>
Total without donor restrictions	<u>109,538,960</u>	<u>85,474,498</u>
With donor restrictions	<u>252,474,063</u>	<u>225,857,037</u>
Total net assets	<u>362,013,023</u>	<u>311,331,535</u>
Total liabilities and net assets	<u>\$ 374,818,141</u>	<u>\$ 326,084,182</u>

*See notes to consolidated financial statements.*

**MISSOURI BOTANICAL GARDEN**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
Year Ended September 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUES</b>			
Botanical Garden Subdistrict	\$ 10,512,666	\$ -	\$ 10,512,666
Contributions	5,138,207	11,403,171	16,541,378
Memberships	4,178,701	-	4,178,701
Bequests	1,129,299	14,780	1,144,079
Admissions	4,068,079	-	4,068,079
Grants and contracts	1,970,182	15,837,317	17,807,499
Education	131,025	-	131,025
Retail shops	1,192,776	-	1,192,776
Property rentals	218,947	-	218,947
Net investment return	56,956	37,986,999	38,043,955
Other	679,272	3,624	682,896
Net assets released from restrictions	<u>39,025,192</u>	<u>(39,025,192)</u>	<u>-</u>
Total public support and revenues	<u>68,301,302</u>	<u>26,220,699</u>	<u>94,522,001</u>
<b>EXPENSES</b>			
Program services			
Science and conservation	11,969,303	-	11,969,303
Horticulture	12,295,678	-	12,295,678
Education and sustainability	4,239,606	-	4,239,606
Other	<u>6,167,415</u>	<u>-</u>	<u>6,167,415</u>
Total program services	<u>34,672,002</u>	<u>-</u>	<u>34,672,002</u>
Supporting services			
Management and general	7,465,066	-	7,465,066
Fundraising	<u>1,738,279</u>	<u>-</u>	<u>1,738,279</u>
Total supporting services	<u>9,203,345</u>	<u>-</u>	<u>9,203,345</u>
Total expenses	<u>43,875,347</u>	<u>-</u>	<u>43,875,347</u>
<b>CHANGES IN NET ASSETS FROM OPERATIONS</b>	<u>24,425,955</u>	<u>26,220,699</u>	<u>50,646,654</u>
<b>NON OPERATING ACTIVITIES</b>			
Transfer of funds	(334,835)	334,835	-
Change in value of annuity agreements	-	61,492	61,492
Minimum pension liability adjustment	<u>(26,658)</u>	<u>-</u>	<u>(26,658)</u>
Changes in net assets from non operating activities	<u>(361,493)</u>	<u>396,327</u>	<u>34,834</u>
<b>CHANGES IN NET ASSETS</b>	<u>24,064,462</u>	<u>26,617,026</u>	<u>50,681,488</u>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>85,474,498</u>	<u>225,857,037</u>	<u>311,331,535</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 109,538,960</u>	<u>\$ 252,474,063</u>	<u>\$ 362,013,023</u>

See notes to consolidated financial statements.

**MISSOURI BOTANICAL GARDEN**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
Year Ended September 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUES</b>			
Botanical Garden Subdistrict	\$ 12,840,000	\$ -	\$ 12,840,000
Contributions	6,795,240	14,657,553	21,452,793
Memberships	3,340,287	-	3,340,287
Bequests	1,454,670	-	1,454,670
Admissions	3,005,230	-	3,005,230
Grants and contracts	-	5,966,642	5,966,642
Education	219,243	-	219,243
Retail shops	1,096,317	-	1,096,317
Property rentals	249,981	-	249,981
Net investment return	633,539	9,773,836	10,407,375
Other	(114,382)	1,476	(112,906)
Net assets released from restrictions	<u>12,598,839</u>	<u>(12,598,839)</u>	<u>-</u>
Total public support and revenues	<u>42,118,964</u>	<u>17,800,668</u>	<u>59,919,632</u>
<b>EXPENSES</b>			
Program services			
Science and conservation	13,510,555	-	13,510,555
Horticulture	12,706,292	-	12,706,292
Education and sustainability	4,931,244	-	4,931,244
Other	<u>6,105,613</u>	<u>-</u>	<u>6,105,613</u>
Total program services	<u>37,253,704</u>	<u>-</u>	<u>37,253,704</u>
Supporting services			
Management and general	7,481,820	-	7,481,820
Fundraising	<u>1,820,024</u>	<u>-</u>	<u>1,820,024</u>
Total supporting services	<u>9,301,844</u>	<u>-</u>	<u>9,301,844</u>
Total expenses	<u>46,555,548</u>	<u>-</u>	<u>46,555,548</u>
CHANGES IN NET ASSETS FROM OPERATIONS	<u>(4,436,584)</u>	<u>17,800,668</u>	<u>13,364,084</u>
<b>NON OPERATING ACTIVITIES</b>			
Transfers of funds	1,470,494	(1,470,494)	-
Change in value of annuity agreements	-	1,471,094	1,471,094
Minimum pension liability adjustment	<u>(1,691,050)</u>	<u>-</u>	<u>(1,691,050)</u>
Changes in net assets from non operating activities	<u>(220,556)</u>	<u>600</u>	<u>(219,956)</u>
CHANGES IN NET ASSETS	(4,657,140)	17,801,268	13,144,128
NET ASSETS - BEGINNING OF YEAR	<u>90,131,638</u>	<u>208,055,769</u>	<u>298,187,407</u>
NET ASSETS - END OF YEAR	<u>\$ 85,474,498</u>	<u>\$ 225,857,037</u>	<u>\$ 311,331,535</u>

See notes to consolidated financial statements.

**MISSOURI BOTANICAL GARDEN**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended September 30, 2021**

	Program Services				Supporting Services				Total
	Science and Conservation	Horticulture	Education and Sustainability	Other	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries and Wages	\$ 5,433,252	\$ 5,141,152	\$ 2,606,269	\$ 2,537,108	\$ 15,717,781	\$ 3,539,538	\$ 1,090,873	\$ 4,630,411	\$ 20,348,192
Employee Benefits and Taxes	1,342,462	1,371,813	671,816	625,440	4,011,531	751,710	186,590	938,300	4,949,831
Total Compensation	6,775,714	6,512,965	3,278,085	3,162,548	19,729,312	4,291,248	1,277,463	5,568,711	25,298,023
Professional Services and Fees	2,002,191	559,698	243,498	893,928	3,699,315	1,000,785	143,910	1,144,695	4,844,010
Advertising and Promotion	-	142	1,631	5,390	7,163	238,087	13,328	251,415	258,578
Office Expenses	769,267	993,823	194,557	322,829	2,280,476	628,716	124,332	753,048	3,033,524
Utilities and Occupancy Costs	316,140	524,549	51,658	194,179	1,086,526	101,428	15,927	117,355	1,203,881
Travel, Conferences and Meetings	318,960	5,789	26,039	9,322	360,110	548	956	1,504	361,614
Depreciation	903,131	2,691,596	240,446	355,886	4,191,059	248,988	45,245	294,233	4,485,292
Insurance	101,178	106,768	30,830	33,548	272,324	403,163	11,251	414,414	686,738
Cost of Goods Sold	453	2,762	20	555,483	558,718	25,567	-	25,567	584,285
Other Expenses	782,269	897,586	172,842	634,302	2,486,999	526,536	105,867	632,403	3,119,402
<b>TOTAL EXPENSES</b>	<b>\$ 11,969,303</b>	<b>\$ 12,295,678</b>	<b>\$ 4,239,606</b>	<b>\$ 6,167,415</b>	<b>\$ 34,672,002</b>	<b>\$ 7,465,066</b>	<b>\$ 1,738,279</b>	<b>\$ 9,203,345</b>	<b>\$ 43,875,347</b>



**MISSOURI BOTANICAL GARDEN**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended September 30, 2020**

	Program Services				Total Program Services	Supporting Services			Total
	Science and Conservation	Horticulture	Education and Sustainability	Other		Management and General	Fundraising	Total Supporting Services	
Salaries and Wages	\$ 5,906,036	\$ 5,212,203	\$ 2,789,484	\$ 2,606,088	\$ 16,513,811	\$ 3,442,418	\$ 967,531	\$ 4,409,949	\$ 20,923,760
Employee Benefits and Taxes	1,386,014	1,323,933	681,280	581,074	3,972,301	675,665	161,960	837,625	4,809,926
Total Compensation	7,292,050	6,536,136	3,470,764	3,187,162	20,486,112	4,118,083	1,129,491	5,247,574	25,733,686
Professional Services and Fees	2,130,681	503,340	279,791	813,140	3,726,952	916,870	202,584	1,119,454	4,846,406
Advertising and Promotion	-	132	391	1,022	1,545	303,141	14,286	317,427	318,972
Office Expenses	762,760	755,488	251,332	257,245	2,026,825	545,342	143,770	689,112	2,715,937
Utilities and Occupancy Costs	347,449	505,499	88,810	177,231	1,118,989	122,708	17,382	140,090	1,259,079
Travel, Conferences and Meetings	423,306	21,734	59,999	643	505,682	16,772	-	16,772	522,454
Depreciation	1,767,592	3,516,027	549,963	595,535	6,429,117	468,816	88,492	557,308	6,986,425
Insurance	97,295	78,694	34,132	30,464	240,585	358,267	9,276	367,543	608,128
Cost of Goods Sold	-	6,181	-	550,284	556,465	260,182	-	260,182	816,647
Other Expenses	689,422	783,061	196,062	492,887	2,161,432	371,639	214,743	586,382	2,747,814
<b>TOTAL EXPENSES</b>	<b>\$ 13,510,555</b>	<b>\$ 12,706,292</b>	<b>\$ 4,931,244</b>	<b>\$ 6,105,613</b>	<b>\$ 37,253,704</b>	<b>\$ 7,481,820</b>	<b>\$ 1,820,024</b>	<b>\$ 9,301,844</b>	<b>\$ 46,555,548</b>

**MISSOURI BOTANICAL GARDEN**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Years Ended September,	
	2021	2020
<b>CASH FLOWS FROM OPERATIONS</b>		
Changes in net assets	\$ 50,681,488	\$ 13,144,128
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities		
Depreciation	4,485,292	6,986,425
Loss (gain) on sale of property and equipment	21,950	(14,195)
Net realized and unrealized gains on investments	(35,612,089)	(7,796,318)
Gain on forgiveness of refundable advance - paycheck protection program	(4,547,400)	-
Contributions restricted for capital projects and endowments	(10,754,125)	(12,504,420)
Change in operating assets and liabilities-		
Receivables	(2,169,998)	(2,048,998)
Contract assets	175,042	(117,944)
Inventories, prepayments and other assets	(782,092)	(27,252)
Accounts payable and accrued liabilities	303,634	(3,280,633)
Contract liabilities	(139,427)	(231,696)
Deferred revenue	(37,158)	(40,345)
Refundable advance - paycheck protection program	-	4,547,400
Liability for gift annuity payments	(101,194)	(850,909)
Net cash (used) provided by operating activities	<u>1,523,923</u>	<u>(2,234,757)</u>
<b>INVESTING ACTIVITIES</b>		
Proceeds from sales of investments	18,394,817	49,348,580
Purchases of investments	(13,962,000)	(80,648,587)
Proceeds from sale of property and equipment	5,000	17,400
Purchases of property and equipment	(25,056,877)	(9,285,069)
Net cash used by investing activities	<u>(20,619,060)</u>	<u>(40,567,676)</u>
<b>FINANCING ACTIVITIES</b>		
Collection of contributions restricted for capital projects and endowments	17,344,896	10,807,888
Net cash provided by financing activities	<u>17,344,896</u>	<u>10,807,888</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,750,241)</b>	<b>(31,994,545)</b>
<b>CASH AND CASH EQUIVALENTS, Beginning</b>	<b><u>5,903,285</u></b>	<b><u>37,897,830</u></b>
<b>CASH AND CASH EQUIVALENTS, Ending</b>	<b><u>\$ 4,153,044</u></b>	<b><u>\$ 5,903,285</u></b>
<b>NON-CASH OPERATING AND FINANCING ACTIVITIES</b>		
Capital items acquired through a capital lease	\$ -	\$ 50,097
Capital items acquired through accounts payable and accrued expenses	\$ 2,574,016	\$ 1,962,817
Changes in restricted contributions receivable for		
Capital projects	\$ (4,269,651)	\$ 3,447,645
Endowments	\$ (2,386,431)	\$ (1,751,113)
Forgiveness of refundable advance - paycheck protection program	\$ 4,547,500	\$ -

See notes to consolidated financial statements.

**MISSOURI BOTANICAL GARDEN**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2021 and 2020**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Garden Operations**

The Missouri Botanical Garden (the Garden) was founded by Henry Shaw in 1859 and is operated as a Missouri charitable trust formed in 1889, pursuant to his will, serving as a center for research, education and horticultural display. Its mission is to discover and share knowledge about plants and their environment in order to preserve and enrich life. The Garden is funded through public contributions, local and federal grants, investment income, membership and admission fees, retail shop revenue and revenue from botanical services provided to the public and funded by the Botanical Garden Subdistrict of the Metropolitan Zoological Park and Museum District of the City of St. Louis and St. Louis County (the Botanical Garden Subdistrict). The Garden is a tax exempt 501(c)(3) organization under the Internal Revenue Code.

**Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of the Garden and its wholly-owned subsidiary, MBG Properties, Inc. All significant inter-organization transactions and balances have been eliminated in consolidation.

**COVID-19 Pandemic Impact**

As a result of COVID-19, Garden events and operations were curtailed from March 2020 to the present, which resulted in a reduction of revenues and other support. The Garden received a Paycheck Protection Program (PPP) loan in April 2020 (see note 8) as well as Employee Retention Credits and payroll tax credits throughout the year ended September 30, 2021 (see note 8). In an effort to support the members and public interest, the Garden created various online programming, including virtual tours and online classes. Attendance capacities were also reduced to comply with local health mandates and to ensure safe social distancing.

**Basis of Presentation**

The financial statements of the Garden have been prepared on the accrual basis and in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which require the Garden to report information regarding its financial position and activities according to the following net asset classifications:

***Net Assets Without Donor Restrictions:*** - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Garden's management and Board of Trustees (Board). From time to time, the Board designates a portion of net assets without donor restrictions for specified purposes which make them unavailable for use at management's discretion including:

- Operating - endowment spending appropriation for specific projects
- Capital Projects - net property and equipment less uncapitalized fundraising costs
- Endowment Funds - investment fair value of board designated endowments

**MISSOURI BOTANICAL GARDEN**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2021 and 2020**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Presentation (Continued)**

**Net Assets Without Donor Restrictions:** (Continued) - Negative Board designated funds as of September 30, 2020 reflect the anticipated recognition of revenue for the PPP Refundable Advance.

**Net Assets With Donor Restrictions:** - Net assets that are subject to donor and grantor-imposed restrictions. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Garden or by the passage of time. Other donor restrictions will never lapse, thus requiring that the funds be retained permanently.

**Fair Value Measurements**

The fair value of financial instruments including cash and cash equivalents, grants, contributions and other receivables, contract assets, inventories, prepayments and other assets, accounts payable and accrued liabilities, contract liabilities, and deferred revenue approximate carrying value due to the short-term nature of these accounts.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Garden determines the fair values of its financial instruments based on the fair value hierarchy established which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

- Level 1: financial instruments are valued based on quoted prices in active markets for identical assets or liabilities.
- Level 2: financial instruments are valued using quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data of substantially the full term of the assets or liabilities.
- Level 3: financial instruments are valued using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable and when determination of the fair value requires significant management judgment or estimation.

There were no triggering events that required fair value measurements of the Garden's nonfinancial assets and liabilities at September 30, 2021 and 2020.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of demand deposits held in banks, overnight repurchase agreements, and certificates of deposit with original maturities of three months or less. Short-term commercial paper, liquid securities and money market funds are included in investments.

**MISSOURI BOTANICAL GARDEN**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2021 and 2020**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Grants Receivable**

Grants receivable consists of amounts due to the Garden related to the work performed under non-exchange grant and contract agreements.

**Contract Assets**

Contract assets consist primarily of receivables for exchange grants and contracts where performance obligations were achieved but cash has not been received from the vendor.

**Contributions Receivable**

Legally enforceable pledges are recorded as receivables in the year made. Pledges for support of current operations are recorded as general operating support without restrictions. Pledges made and received beyond one year are discounted to the present value of estimated future cash flows using a risk-adjusted discount rate equal to the 30-year Treasury Bond rate at the pledge date (ranging from 1.46% to 3.96% at September 30, 2021). The initially recorded fair value is considered a Level 2 fair value approach. For pledges made and received within one year, the net realizable value is a reasonable estimate of the fair value. Amortization of the discount is included in contribution revenue. If restricted by a donor for endowment, the amount is reported as revenue in the with donor restrictions net asset class. If restricted by a donor for particular purposes or for capital acquisition, the amount is reported as revenue in the with donor restrictions net asset class until the asset is placed in service. Conditional pledges receivable are not included as support until the conditions are substantially met. Management writes off receivables when it determines that an amount will not be collected and considers all pledges receivable at September 30, 2021 and 2020 to be collectible. Accordingly, no allowance for uncollectible pledges receivable has been reflected in the consolidated financial statements.

**Other Receivables**

Other receivables consist primarily of receivables from the Botanical Garden Subdistrict, COVID-19 government relief funding related credits, accrued interest, and the cash surrender value of a life insurance policy.

**Inventories**

Inventories are stated at the lower of cost or net realizable value. Net realizable value is based on the selling price of inventories. Cost is determined using the average cost method. For scientific publications, the cost of inventory includes layout, printing, and applicable freight costs.

**Investments**

Purchased investments are carried at fair value. Contributed securities are stated at their fair value on the date of receipt using a Level 1, 2 or 3 fair value approach depending on the type of contributed security. It is the policy of the Garden to sell all contributed securities as soon as they are received. Net investment return is reported in the consolidated statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

**MISSOURI BOTANICAL GARDEN**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2021 and 2020**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Property and Equipment**

Property and equipment are recorded at cost, if purchased, or at estimated fair market value on the date of receipt, if donated. Certain equipment is leased by the Garden and is treated as a capital lease. Expenditures greater than \$5,000 for vehicles and \$15,000 for non-vehicles are reviewed for capitalization. Expenditures for repairs and maintenance are charged to expense as incurred, and additions and improvements that significantly extend the lives of assets are capitalized.

Depreciation and amortization is provided on a straight-line basis over the following useful lives:

	<u>Years</u>
Building, Gardens and Other Structures	10 - 45
Furniture, Office and Data Processing Equipment	3 - 15
Other	3 - 15

**Collections**

The Garden's collections include living plants, herbarium specimens, art objects, books, and prints. The Garden has not capitalized the collections that include living plants and herbarium specimens. The Garden's collections are maintained for public exhibition, education, and research in furtherance of public service rather than for financial gain. Collections are among the most valuable assets of the Garden and are protected, kept unencumbered, cared for, and preserved. Art objects, books and prints are subject to the capitalization policy described previously.

**Deferred Revenue**

Deferred revenue represents cash received from non-exchange grants and contracts that include conditions and have refundable provisions prior to performance by the Garden.

**Contract Liabilities**

Contract liabilities represent cash received from exchange transactions such as property rentals, memberships, education classes, and grant and contract agreements prior to performance by the Garden.

**Gift Annuities**

The Garden has certain arrangements with donors in which the donor contributes assets in exchange for a promise of fixed payments for a specified period of time to a designated party. At the time of the donation, the assets received are held by the Garden as part of its general assets; a liability is recorded and measured at the present value which is a Level 2 fair value approach, using discount rates ranging from 3.75% to 7.00% as of September 30, 2021 and 2020.

The obligations under these agreements are adjusted over the term of the agreement for changes in the fair value of assets, accretion of the discount, and other changes in estimates of future benefits. The assets are included in the Garden's investment portfolio.

**MISSOURI BOTANICAL GARDEN**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2021 and 2020**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Gift Annuities (Continued)**

As a result of a loss due to the disposition of annuitants for the year ended September 30, 2020, negative revenue of \$852,959 was included in “other revenue”.

**Revenue Recognition**

Revenue derived from contract services provided by the Garden to the Botanical Garden Subdistrict are recorded as earned (Note 14).

The Garden records contributions when received as with or without donor restrictions, depending on the existence and/or nature of any 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-board designated in the consolidated statements of activities.

Bequests are recognized at the time the probate court declares the donor’s will valid, unless there are conditions or uncertain events surrounding the bequest. In those circumstances, the transaction is recorded at the time the cash is received. Bequests are recorded as net assets with or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

The Garden reports gifts of property and equipment as net assets without restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as with donor restrictions. The Garden reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

A number of volunteers contribute services to the Garden in a variety of ways such as gardening and various clerical services that do not meet the requirements for recognition, and are not reflected in the accompanying consolidated financial statements.

**Revenue Recognition for Contracts with Customers**

The Garden’s revenue streams under contracts with customers are comprised of membership dues, admissions, grants and contracts, education, retail shops, and property rentals.

For each revenue stream identified above, revenue recognition is subject to the completion of performance obligations. For each contract with a customer, the Garden determines whether the performance obligations in the contracts are distinct or should be bundled. Factors to be considered include the pattern of transfer, whether visitors or participants (customers) can benefit from the resources, and whether the resources are readily available. The Garden also performs an analysis to determine if membership dues constitute separate performance obligations. The Garden’s revenue is recognized when a given performance obligation is satisfied, either over a period of time or at a given point in time. The Garden recognizes revenue over a period of time if the customer receives and consumes the benefit that the Garden provided, or if the Garden’s performance does not create an asset with an alternative use, and has an enforceable right to payment for the performance.

**MISSOURI BOTANICAL GARDEN**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2021 and 2020**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue Recognition for Contracts with Customers (Continued)**

The revenue is recognized at a given point in time when the control of the goods or service is transferred to the customer and when the customer can direct its use and obtain substantial benefit from the goods.

The transaction price is calculated as the amount of consideration to which the Garden expects to be entitled (such as merchant price, event agreements, price of membership and course fees set in advance). In some situations (such as course fees for education programs, memberships, or room rental), the Garden bills customers and collects cash prior to the satisfaction of the performance obligation, which results in the Garden recognizing contract liabilities upon receipt of payment.

The following explains the performance obligations related to each revenue stream and how they are recognized.

*Membership Dues* - The Garden earns dues from its members for memberships. Membership dues are earned over the course of one year, representing the period over which the Garden satisfies the performance obligation. Membership dues on the consolidated statement of activities consist of both contribution revenue and exchange revenue. Of the total \$4,178,701 and \$3,340,287 membership revenue for the year ended September 30, 2021 and 2020, respectively, \$1,241,337 and \$1,361,395, respectively, is considered to be exchange revenue and subject to the performance obligations stated above and the remaining \$2,937,364 and \$1,978,892, respectively, is considered contribution revenue and recognized upon receipt.

*Grants and Contracts* - The Garden receives grants and contracts from various sources to fund scientific research, sustainability projects, provide education to the public, as well as other projects. The Garden's grants and contracts revenue stream contains both contribution revenue and exchange revenue. The contribution grants and contracts revenue are either recognized upon receipt if there are no conditions or recognized as conditions are satisfied, typically as costs are incurred. The exchange grants and contracts are reviewed for performance obligations and are reflected as "with Donor Restrictions" and included in "Net Assets Released from Restrictions." As the performance obligations were met, revenue was recognized. Of the total \$5,966,642 revenue reported for the year ended September 30, 2020, \$2,389,001 is considered exchange revenue and the remaining \$3,577,641, is considered contribution revenue. During 2021, the exchange grants and contracts are reflected as "without Donor Restrictions".

*Education* - The Garden generates revenue from providing educational classes or programs to the public. Revenue is recorded at the time the class or program is held.

*Admissions and Retail Shops* - The Garden generates revenue from ticket sales and merchandise sales. Ticket sales are recognized at the time the transaction is executed as that is the point in time when the Garden satisfies the performance obligation. Merchandise sales at retail shops are recognized at the point in time when the sale occurs and the visitor takes possession of the item purchased.

*Property Rentals* - Property rental revenues consist of room rentals for special events on a specified date. The Garden recognizes revenue at the point in time when services are rendered to the customer.



**MISSOURI BOTANICAL GARDEN**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2021 and 2020**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Advertising Expenses**

Advertising costs are expensed as incurred and totaled approximately \$175,000 for the years ended September 30, 2021 and 2020.

**Income Taxes**

The Garden is a not-for-profit trust, exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code and none of its present or anticipated future activities are subject to taxation as unrelated business income. MBG Properties, Inc. is exempt from Federal income tax under section 501(c)(2) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the accompanying consolidated financial statements.

The Garden follows the provisions of ASC 740-10-25, *Income Taxes*, requiring disclosure of uncertain tax positions. There have been no interest or penalties neither recognized in the consolidated statements of activities nor in the consolidated balance sheets related to uncertain tax positions. In addition, no tax positions exist for which it is reasonably possible that the total amount of unrecognized tax benefits will significantly increase or decrease within the next 12 months. The Garden evaluates its uncertain tax positions, if any, on a continual basis through review of its policies and procedures, review of its regular tax filings, and discussions with outside experts.

**Donated Services and In-Kind Contributions**

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the Garden's consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Garden records donated professional services at the respective fair values of the services received.

**Use of Estimates**

The presentation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts and disclosure. Accordingly, actual results could differ from those estimates. Significant management estimates included in the consolidated financial statements relate to the fair value of certain investments, inventory valuation, useful lives of depreciable assets, interests in and obligations under split-interest agreements, actuarial pension assumptions, and the allocation of common expenses over program functions.

**Functional Allocation of Expenses**

The costs of providing the various programs and activities and supporting services have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses for the years ended September 30, 2021 and 2020 present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Depreciation, occupancy cost, and other management and general expenses have been allocated to functional classifications based on square footage of facilities. Other management and general expenses have been allocated based on the number of computers or salaries.

**MISSOURI BOTANICAL GARDEN**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
September 30, 2021 and 2020

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Subsequent Events**

The Garden has performed a review of events subsequent to the consolidated balance sheet date through January 26, 2022, the date the consolidated financial statements were available to be issued.

**NOTE 2 — LIQUIDITY AND AVAILABILITY OF RESOURCES**

Financial assets available within one year of the balance sheet date for operating expenditure, such as operating expenses, were as follows:

	September 30,	
	2021	2020
Cash and Cash Equivalents *	\$ 4,153,044	\$ 2,680,602
Grants Receivable and Contract Assets	678,781	682,568
Contributions Receivable, Net *	941,920	995,272
Other Receivables, Net	6,240,637	4,013,521
Upcoming Fiscal Year Liquidation of Investments for Capital Project	2,370,261	-
Upcoming Fiscal Year Endowment Appropriation	<u>7,104,694</u>	<u>6,741,265</u>
Total Financial Assets Available Within One Year	<u>\$ 21,489,337</u>	<u>\$ 15,113,228</u>

\* Excludes cash restricted primarily for capital projects and contributions restricted for capital projects.

The Garden regularly monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Garden has various sources of liquidity at its disposal, including cash and cash equivalents, marketable investments and a line of credit.

Cash in excess of daily requirements is invested in short-term investments and certificates of deposit. To manage unanticipated liquidity needs, the Garden maintains a \$5,000,000 line of credit with a commercial bank. There was no balance outstanding at September 30, 2021 and 2020 (Note 9).

Additionally, as of September 30, 2021 and 2020, the Garden had \$15,326,052 and \$14,096,021, respectively, in board designated endowment funds. Although there is no intention to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

**MISSOURI BOTANICAL GARDEN**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
September 30, 2021 and 2020

**NOTE 3 — CONTRIBUTIONS RECEIVABLE**

Contributions receivable are due as follows:

	September 30,	
	2021	2020
Less Than One Year	\$ 8,934,616	\$ 9,914,452
One to Five Years	13,288,202	19,320,955
More Than Five Years	-	337,375
Pledge Discounts	<u>(731,002)</u>	<u>(1,261,822)</u>
	<u>\$ 21,491,816</u>	<u>\$ 28,310,960</u>

**NOTE 4 — INVESTMENTS**

Net investment return on the consolidated statements of activities is shown net of investment, custodian, advisory and management fees of \$319,817 and \$297,138 for the years ended September 30, 2021 and 2020, respectively. Included in these fees are amounts paid to a financial institution for which a Trustee is a director. The amounts paid to the financial institution during the years ended September 30, 2021 and 2020 are \$303,321 and \$282,944, respectively. This conflict of interest was approved at the Board meetings held on March 24, 2021 and September 23, 2020, respectively.

Investments are recorded at fair value in the accompanying consolidated balance sheets (Note 6).

Investments consist of the following:

	September 30,	
	2021	2020
Equities	\$ 80,804,630	\$ 68,669,980
Bonds	27,965,904	52,057,549
Mutual Funds	57,875,872	50,488,893
Commercial Paper	35,350,208	5,192,182
Real Estate Funds and Other	<u>28,615,643</u>	<u>23,024,381</u>
	<u>\$ 230,612,257</u>	<u>\$ 199,432,985</u>

The total cost basis of these investments amounted to \$125,261,937 and \$129,416,747 at September 30, 2021 and 2020, respectively.

**NOTE 5 — ENDOWMENT**

The Garden's endowment consists of 33 individual classifications established for a variety of purposes. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**MISSOURI BOTANICAL GARDEN**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2021 and 2020**

**NOTE 5 — ENDOWMENT (Continued)**

The Board has interpreted the state of Missouri enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Garden retains, in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give at fair value donated to the endowment) and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time and accumulation is added.

In accordance with UPMIFA, the Garden considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Garden and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation or deflation
- 5) The expected total return from income and the appreciation of investment
- 6) Other resources of the Garden
- 7) The investment policies of the Garden

As of September 30, 2021 and 2020, the Garden had the following endowment net asset composition by type of fund:

	Without Donor Restrictions	With Donor Restrictions	Total
<u>September 30, 2021</u>			
Board-Designated Endowment Funds	\$ 15,326,052	\$ -	\$ 15,326,052
Donor-Restricted Endowment Funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	83,249,337	83,249,337
Accumulated investment gains	-	93,929,301	93,929,301
	<u>\$ 15,326,052</u>	<u>\$ 177,178,638</u>	<u>\$ 192,504,690</u>
<u>September 30, 2020</u>			
Board-Designated Endowment Funds	\$ 14,096,021	\$ -	\$ 14,096,021
Donor-Restricted Endowment Funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	83,106,735	83,106,735
Accumulated investment gains	-	62,360,973	62,360,973
	<u>\$ 14,096,021</u>	<u>\$ 145,467,708</u>	<u>\$ 159,563,729</u>

**MISSOURI BOTANICAL GARDEN**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
September 30, 2021 and 2020

**NOTE 5 — ENDOWMENT** (Continued)

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Garden to retain as a fund of perpetual duration. There were no such deficiencies as of September 30, 2021 and 2020.

**Return Objectives and Risk Parameters**

The Garden has investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Garden must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the applicable indices while assuming a moderate level of investment risk.

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Garden relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Garden targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

The Garden has a policy of appropriating for distribution each year a percent of its endowment fund's average fair value over the prior 12 quarters at six months preceding the fiscal year end in which the distribution is planned. In the years ended September 30, 2021 and 2020, the spend formula was based on 4.5% of the average fair value. In establishing this policy, the Garden considered the long-term expected return on its endowment.

The changes in endowment net assets for the years ended September 30, 2021 and 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, October 01, 2020	\$ 14,096,021	\$ 145,467,708	\$ 159,563,729
Contributions	1,129,299	169,651	1,298,950
Investment Return			
Investment income, including realized gains	-	2,709,465	2,709,465
Net appreciation	-	35,278,080	35,278,080
Amounts Transferred from Endowment	100,732	294,996	395,728
Amounts Appropriated	-	(6,741,262)	(6,741,262)
Endowment Net Assets, September 30, 2021	<u>\$ 15,326,052</u>	<u>\$ 177,178,638</u>	<u>\$ 192,504,690</u>

**MISSOURI BOTANICAL GARDEN**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
September 30, 2021 and 2020

**NOTE 5 — ENDOWMENT (Continued)**

**Spending Policy and How the Investment Objectives Relate to Spending Policy (Continued)**

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, October 01, 2019	\$ 14,227,551	\$ 140,155,330	\$ 154,382,881
Contributions	-	1,051,773	1,051,773
Investment Return			
Investment income, including			
realized gains	-	2,581,225	2,581,225
Net appreciation	-	7,193,213	7,193,213
Amounts Transferred from Endowment	(131,530)	803,023	671,493
Amounts Appropriated	-	(6,316,856)	(6,316,856)
Endowment Net Assets, September 30, 2020	<u>\$ 14,096,021</u>	<u>\$ 145,467,708</u>	<u>\$ 159,563,729</u>

**NOTE 6 — FAIR VALUE MEASUREMENTS**

The following is a description of the valuation methodologies used for assets measured at fair value:

**Equities, Mutual Funds, and Commercial Paper**

Domestic and foreign securities, mutual funds, and commercial paper instruments traded on a national securities exchange (or reported on the NASDAQ national market) are stated at the last reported sales price on the day of valuation. To the extent these securities are actively traded and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy. Investments in mutual funds represent open ended funds which transact at a net asset value on a daily basis. Since the market for these securities is active and observable, such investments are reported at the unadjusted net asset value at the end of each trading day.

**Bonds**

Corporate and foreign bonds are valued based on yields currently available on comparable securities of issuers of similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks. Government bonds include both U.S. treasury bonds and agency bonds. U.S. treasury bonds are valued using proprietary valuation models incorporating live data from active market makers and brokers as reported on electronic communication networks. The valuation models incorporate benchmark yields, reported trades, broker/dealer quotes, bids, offers and other data. Evaluated pricing models that vary by type of security and incorporate available market data are utilized to determine fair market value of agency bonds. Standard inputs include issuer and type of security, benchmark yields, reported trades, broker/dealer quotes and issuer spreads.

**MISSOURI BOTANICAL GARDEN**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
September 30, 2021 and 2020

**NOTE 6 — FAIR VALUE MEASUREMENTS (Continued)**

**Real Estate Funds**

The Garden holds real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investments have been estimated using the net asset value per share of the investments (NAV), which represents the amounts at which the Garden may acquire or redeem its fund interests. However, the funds have certain redemption and restriction provisions which may prevent the Garden from redeeming its interest within 90 days. Redemption of the funds requires a notice period of at least 45 days, and redemptions will generally occur the fiscal quarter following the redemption notice. Additionally, the funds may be subject to certain gate restrictions; however, the Garden does not feel such restrictions are likely to prevent redemption within the next 90 days. There are no unfunded commitments with respect to these funds.

**Private Equity Funds**

The value of private equity funds, which are not readily marketable, is based on the value determined in audited financial statements. The NAV is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. Private equity funds have no ability to be redeemed. At September 30, 2021, the Garden's unfunded commitments with respect to these funds are \$8,910,594.

Fair values of assets measured on a recurring basis at September 30, 2021 and 2020 are as follows:

	Total Fair Value	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs
<u>September 30, 2021</u>				
Investments				
Equities	\$ 80,804,629	\$ 80,804,629	\$ -	\$ -
Bonds				
Government	6,692,444	-	6,692,444	-
Corporate	14,640,786	-	14,640,786	-
Other	5,043,081	-	5,043,081	-
Foreign	1,589,593	-	1,589,593	-
Fixed mutual funds	13,249,457	13,249,457	-	-
Equity mutual funds	44,626,414	44,626,414	-	-
Commercial paper	<u>35,350,210</u>	<u>35,350,210</u>	<u>-</u>	<u>-</u>
Total investments at fair value	201,996,614	<u>\$ 174,030,710</u>	<u>\$ 27,965,904</u>	<u>\$ -</u>
Investments Reported at NAV	<u>28,615,643</u>			
Total investments	<u>\$ 230,612,257</u>			

**MISSOURI BOTANICAL GARDEN**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
September 30, 2021 and 2020

**NOTE 6 — FAIR VALUE MEASUREMENTS (Continued)**

**Private Equity Funds (Continued)**

	Total Fair Value	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs
<b><u>September 30, 2020</u></b>				
Investments				
Equities	\$ 68,669,980	\$ 68,669,980	\$ -	\$ -
Bonds				
Government	5,472,944	-	5,472,944	-
Corporate	9,836,702	-	9,836,702	-
Other	35,847,190	-	35,847,190	-
Foreign	900,713	-	900,713	-
Fixed mutual funds	13,978,433	13,978,433	-	-
Equity mutual funds	36,510,460	36,510,460	-	-
Commercial paper	<u>5,192,182</u>	<u>5,192,182</u>	-	-
Total investments at fair value	176,408,604	<u>\$ 124,351,055</u>	<u>\$ 52,057,549</u>	<u>\$ -</u>
Investments Reported at NAV	<u>23,024,381</u>			
Total investments	<u>\$ 199,432,985</u>			

**NOTE 7 — PROPERTY AND EQUIPMENT**

Property and equipment, consists of the following:

	September 30,	
	2021	2020
<b><u>Nondepreciable</u></b>		
Land	\$ 7,213,463	\$ 7,213,463
Construction in progress	26,791,283	14,651,404
Fountains, sculptures, gardens and other	2,941,230	2,962,286
<b><u>Depreciable</u></b>		
Buildings, gardens and other structures	152,308,139	153,289,629
Furniture, office and data processing equipment	6,550,583	6,850,766
Other	<u>6,436,452</u>	<u>6,175,902</u>
	202,241,150	191,143,450
Accumulated depreciation	<u>(93,079,422)</u>	<u>(105,100,373)</u>
	<u>\$ 109,161,728</u>	<u>\$ 86,043,077</u>



**MISSOURI BOTANICAL GARDEN**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2021 and 2020**

**NOTE 7 — PROPERTY AND EQUIPMENT (Continued)**

Depreciation expense for the years ended September 30, 2021 and 2020 was \$4,485,292 and \$6,986,425, respectively.

During the year ended September 30, 2020, the Garden began construction of the Jack C. Taylor Visitor Center. The estimated \$92 million project will be funded entirely from private contributions. As of September 30, 2021, there is a construction commitment for the estimated remaining cost of approximately \$55 million to complete the project.

**NOTE 8 — COVID-19 RELIEF FUNDING**

**Refundable Advances – Paycheck Protection Program (PPP)**

On April 13, 2020, the Garden was granted a \$4,547,400 loan under the PPP administered by a Small Business Administration (SBA) approved partner. The loan was uncollateralized and was fully guaranteed by the Federal government. The Garden received loan forgiveness of 100% of the loan in June 2021. The Garden initially recorded the loan as a refundable advance in 2020 and recorded the forgiveness as grant and contracts revenue in the consolidated statement of activities in accordance with guidance for conditional contributions for the year ended September 30, 2021.

According to the rules of the SBA, the Garden is required to retain PPP loan documentation for six years and permit authorized representatives of the SBA to access such files upon request. Should the SBA conduct such a review and reject all or some of the Garden's judgments pertaining to satisfying PPP loan eligibility or forgiveness conditions, the Garden may be required to adjust previously reported amounts and disclosures in the financial statements.

**Employee Retention Credit (ERC)**

The ERC, a credit against certain payroll taxes allowed to an eligible employer for qualifying wages, was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and further amended by the Consolidated Appropriations Act (CAA) and the American Rescue Plan (ARP). The Garden elected to account for the ERC. The ERC is considered a conditional grant, as the Garden only qualifies for the transfer of assets if it has overcome the barrier of eligibility. For the year ended September 30, 2021, the Garden determined they met the barriers of the ERC and has recorded grant revenue of \$7,393,115. As of September 30, 2021, the outstanding receivable balance related to ERC was \$2,448,201 and is included in Other Receivables on the consolidated balance sheet.

Laws and regulations concerning government programs, including the ERC established by the CARES Act, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Garden's claim to the ERC, and it is not possible to determine the impact, if any, this would have upon the Garden.

**MISSOURI BOTANICAL GARDEN**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
September 30, 2021 and 2020

**NOTE 8 — COVID-19 RELIEF FUNDING** (Continued)

**Families First Coronavirus Relief Act (“FFCRA”) Emergency Sick Leave Payroll Tax Credit**

Under the FFCRA, as amended by the Tax Relief Act of 2020 and the American Rescue Plan Act of 2021, an employer is entitled to tax credits and the availability of advance payments of the tax credit(s) related to the COVID-19 pandemic that reimburse the costs of providing qualified sick and family leave wages to employees for periods of leave beginning April 1, 2021 and ending September 30, 2021. The Garden concluded it qualifies for the tax credit as it is an eligible employer, as defined by the FFCRA, and has paid qualified sick and leave wages of \$84,155 to employees for leave taken during the qualified period. The Garden accounted for the FFCRA as a loss recovery by applying the guidance for recoverable claims under FASB ASC 410, Asset Retirement and Environmental Obligations

**NOTE 9 — LINE OF CREDIT**

The Garden maintains an unsecured line of credit at September 30, 2021 for \$5,000,000 which expires on June 30, 2022. The line of credit bears interest of 1.25% lower than Prime. There was no balance outstanding at September 30, 2021.

**NOTE 10 — NET ASSETS WITH DONOR RESTRICTIONS**

Net Assets with donor restrictions are restricted for the following purposes:

	September 30,	
	2021	2020
Subject to the Garden Spending Policy and Appropriation		
Science	\$ 52,790,389	\$ 45,691,660
Horticulture	11,367,679	8,935,570
Education and sustainability	4,422,063	3,599,820
General use/other	<u>108,598,517</u>	<u>87,240,658</u>
	<u>177,178,648</u>	<u>145,467,708</u>
Subject to Expenditure for Specific Purpose		
Capital projects	68,112,939	73,452,169
Science	2,783,281	2,631,382
Horticulture	1,765,093	1,924,674
Education and sustainability	1,649,071	1,480,131
Other	<u>985,031</u>	<u>900,973</u>
	<u>75,295,415</u>	<u>80,389,329</u>
	<u>\$ 252,474,063</u>	<u>\$ 225,857,037</u>

**MISSOURI BOTANICAL GARDEN**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2021 and 2020**

**NOTE 10 — NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. Net assets were released for the following purposes:

	Years Ended September 30,	
	2021	2020
Science, Horticulture, and Education	\$ 6,841,992	\$ 5,565,590
Property and Equipment	14,846,210	587,516
General Operating	<u>17,336,990</u>	<u>6,445,733</u>
	<u>\$ 39,025,192</u>	<u>\$ 12,598,839</u>

Net assets with donor restrictions where the amounts are required to be maintained in perpetuity by the donor are primarily to provide investment income that is available for the operating expenses of the Garden.

**NOTE 11 — RETIREMENT PLANS**

The Garden sponsors a defined contribution 403(b) plan covering substantially all eligible employees who choose to participate. The Garden provides a discretionary match to employee contributions. For the years ended September 30, 2021 and 2020, the match was a maximum of 6% of employee salary. The Garden's contributions for the years ended September 30, 2021 and 2020 were \$1,025,919 and \$985,586, respectively.

In addition, the Garden sponsors a defined benefit pension plan covering certain eligible employees (the Plan). Effective January 1, 2005, benefit accounts were frozen for all participants and no new participants were allowed to enter the Plan. The benefits are based on years of service and an employee's cumulative compensation from entering the Plan through December 31, 2004.

On December 31, 2019, the Plan was terminated. During the Plan liquidation process, the Garden obtained pension liability calculations and related funding requirements as of September 30, 2020 from their actuary, but no actuarial valuation was performed. As of September 30, 2020, the Garden had made all required contributions to the Plan to fund remaining liabilities and recognized a related minimum pension liability adjustment for the year then ended of \$1,691,050. As a result, there is no plan liability recorded on the Garden's consolidated balance sheet at September 30, 2020. Since September 30, 2020, the Plan utilized the assets held to pay all remaining liabilities.

**NOTE 12 — CONCENTRATIONS OF CREDIT RISK**

Financial instruments which potentially subject the Garden to concentrations of credit risk consist principally of cash deposits in banks and other financial institutions, investment securities, and contribution receivables. The Garden maintains cash and cash equivalents and short and long-term investments with major banks and financial institutions. Accounts at banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 and accounts at brokerage firms are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000 at each institution, as applicable. At times, the Garden may have balances with banks in excess of the FDIC coverage.

**MISSOURI BOTANICAL GARDEN**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2021 and 2020**

**NOTE 12 — CONCENTRATIONS OF CREDIT RISK (Continued)**

At September 30, 2021 and 2020, six and seven donors comprise over 65% and 77% of the contributions receivable balance, respectively. All of these donors have a strong history with the Garden and no issues with collectability are anticipated.

**NOTE 13 — RELATED PARTY TRANSACTIONS**

During the years ended September 30, 2021 and 2020, the Garden received \$1,160,786 and \$3,208,114, respectively, in contributions for operating, program, and capital purposes from various members of the Board. In addition, during the years ended September 30, 2021 and 2020, \$6,268,731 and \$10,873,200, respectively, were received from immediate family members of the Trustees, or from companies in which Trustees serve as a director or officer. At September 30, 2021 and 2020, contributions receivable, gross, of \$19,996,987 and \$26,754,297, respectively, were due from Trustees, immediate family members of the Trustees and companies in which Trustees serve as a director or officer, and consisted of multiple year pledges to the Garden for operating, research, and capital funds. Note 4 includes amounts paid for investment, custodian, advisory and management fees to a related party.

**NOTE 14 — BOTANICAL GARDEN SUBDISTRICT**

The Botanical Garden Subdistrict (the Subdistrict) is a part of the Metropolitan Zoological Park and Museum District of the City of St. Louis and St. Louis County. The Subdistrict was established to receive tax revenues from the tax collectors' offices and to pay for botanical services provided to benefit the public. Pursuant to legal requirements, the Subdistrict and the Garden enter into an annually renewable contract for botanical services. The contract provides for botanical facilities and services to be provided to the public by the Garden in exchange for compensation from the Subdistrict. In accordance with the contract, the Garden records revenue based on a rate of 3.51¢ and 3.62¢ on each \$100 of assessed valuation at September 30, 2021 and 2020, respectively. At September 30, 2021 and 2020, the Garden's other receivables included \$3,706,608 and \$3,584,994, respectively, from the Subdistrict.

**NOTE 15 — RELATED ENTITIES**

The Garden leases employees to and/or provides accounting services pursuant to written contracts for four other entities. The accounts of the St. Louis-Jefferson Solid Waste Management District (Solid Waste Management), the Botanical Society of America (BSA), the American Society of Plant Taxonomists (ASPT) and the U.S. Green Building Council-Missouri Gateway Chapter (GBC) have not been included in the accompanying consolidated financial statements as the criteria of control does not exist. As required, the following information regarding transactions between the Garden and these entities is provided:

**The St. Louis-Jefferson Solid Waste Management District**

Solid Waste Management is a local government agency which serves as a resource to assist the public, private and not-for-profit sectors in establishing and expanding waste reduction, recycling and composting efforts in the St. Louis area. At September 30, 2021 and 2020, the Garden has a contract receivable from Solid Waste Management of \$25,539 and \$28,097, respectively.

**MISSOURI BOTANICAL GARDEN**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2021 and 2020**

**NOTE 15 — RELATED ENTITIES** (Continued)

**Botanical Society of America**

BSA is a not-for-profit corporation established to promote botany, the field of basic science dealing with the study and inquiry into form, function, diversity, development, reproduction, evolution, and uses of plants and their interactions within the biosphere. In addition to leasing employees to BSA, the Garden also leases approximately 1,000 square feet of space for a nominal fee. At September 30, 2021 and 2020, the Garden had a contract receivable of \$-0- and \$25,000, respectively, from BSA.

**American Society of Plant Taxonomists**

ASPT is a not-for-profit corporation established to foster, encourage, and promote education and research in the field of plant taxonomy. In addition to leasing employees to ASPT, the Garden also leases approximately 135 square feet of space for a nominal fee. At September 30, 2021 and 2020, the Garden has a contract receivable of \$4,114 and \$8,323, respectively, from ASPT.

**U.S. Green Building Council - Missouri Gateway Chapter**

GBC is a not-for-profit corporation established to initiate, develop and accelerate implementation of green building concepts, technologies and principles that promote environmentally responsible, profitable and healthy places to live and work. At September 30, 2021 and 2020, the Garden has a contract receivable from GBC of \$25,312 and \$74,941, respectively.

**NOTE 16 — RISKS AND UNCERTAINTIES**

The Garden's investments are exposed to various risks, such as interest rate, market, and credit risks. Due to current economic conditions, it is at least reasonably possible that changes in the value of the Garden's investments will occur in the near term and those changes could materially affect the amounts reported in the Garden's consolidated financial statements.

While there are no material legal proceedings to which the Garden is a party, the Garden may be involved in various claims, legal actions and regulatory proceedings arising in the ordinary course of business. In the opinion of the Garden's management, the resolution of these matters will not have a material adverse effect on the Garden's consolidated financial statements.

## **SUPPLEMENTARY INFORMATION**

**MISSOURI BOTANICAL GARDEN**  
**CONSOLIDATING BALANCE SHEET BY FUND**  
**September 30, 2021**

	<u>Operating</u>	<u>Restricted Operating</u>	<u>Endowment</u>	<u>Property and Equipment</u>	<u>Gift Annuities</u>	<u>Capital Campaign</u>	<u>Total</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 4,153,044	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,153,044
Grants receivable	-	621,006	-	-	-	-	621,006
Contract assets	-	57,775	-	-	-	-	57,775
Contributions receivable, net	542,120	690,272	2,320	141,687	-	20,115,417	21,491,816
Other receivables, net	6,229,728	8	(5)	110	4,608	6,188	6,240,637
Inventories, prepayments and other assets	2,389,463	-	-	90,415	-	-	2,479,878
Investments	19	46,221	195,819,018	610,636	1,044,538	33,091,825	230,612,257
Property and equipment, net of accumulated depreciation	-	-	-	109,161,728	-	-	109,161,728
Interfund receivables (payables)	(1,592,000)	9,558,562	(3,316,643)	10,721,078	237,365	(15,608,362)	-
Total assets	<u>\$ 11,722,374</u>	<u>\$ 10,973,844</u>	<u>\$ 192,504,690</u>	<u>\$ 120,725,654</u>	<u>\$ 1,286,511</u>	<u>\$ 37,605,068</u>	<u>\$ 374,818,141</u>
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	\$ 10,553,582	\$ 236,852	\$ -	\$ 169,954	\$ 11,533	\$ 53,282	\$ 11,025,203
Contract liabilities	494,601	-	-	-	-	-	494,601
Deferred revenue	549	22,252	-	-	-	-	22,801
Liability for gift annuity payments	-	-	-	-	1,262,513	-	1,262,513
Total liabilities	<u>11,048,732</u>	<u>259,104</u>	<u>-</u>	<u>169,954</u>	<u>1,274,046</u>	<u>53,282</u>	<u>12,805,118</u>
<b>NET ASSETS</b>							
Without donor restrictions							
General operating - undesignated	<u>673,642</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>673,642</u>
Board-designated -							
Operating	-	3,544,719	-	-	-	-	3,544,719
Capital Projects	-	-	-	92,641,372	-	(2,646,825)	89,994,547
Endowment Funds	-	-	15,326,052	-	-	-	15,326,052
Total board-designated	<u>-</u>	<u>3,544,719</u>	<u>15,326,052</u>	<u>92,641,372</u>	<u>-</u>	<u>(2,646,825)</u>	<u>108,865,318</u>
Total without donor restrictions	<u>673,642</u>	<u>3,544,719</u>	<u>15,326,052</u>	<u>92,641,372</u>	<u>-</u>	<u>(2,646,825)</u>	<u>109,538,960</u>
With donor restrictions	<u>-</u>	<u>7,170,021</u>	<u>177,178,638</u>	<u>27,914,328</u>	<u>12,465</u>	<u>40,198,611</u>	<u>252,474,063</u>
Total net assets	<u>673,642</u>	<u>10,714,740</u>	<u>192,504,690</u>	<u>120,555,700</u>	<u>12,465</u>	<u>37,551,786</u>	<u>362,013,023</u>
Total liabilities and net assets	<u>\$ 11,722,374</u>	<u>\$ 10,973,844</u>	<u>\$ 192,504,690</u>	<u>\$ 120,725,654</u>	<u>\$ 1,286,511</u>	<u>\$ 37,605,068</u>	<u>\$ 374,818,141</u>

**MISSOURI BOTANICAL GARDEN**  
**CONSOLIDATING STATEMENT OF ACTIVITIES BY FUND**  
**Year Ended September 30, 2021**

	<u>Operating</u>	<u>Restricted Operating</u>	<u>Endowment</u>	<u>Property and Equipment</u>	<u>Gift Annuities</u>	<u>Capital Campaign</u>	<u>Elimination</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUES								
Botanical Garden Subdistrict	\$ 10,512,666	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,512,666
Contributions	5,138,206	1,793,126	154,871	141,687	-	9,313,488	-	16,541,378
Memberships	4,178,701	-	-	-	-	-	-	4,178,701
Bequests	-	-	1,144,079	-	-	-	-	1,144,079
Admissions	4,068,079	-	-	-	-	-	-	4,068,079
Grants and contracts	-	17,807,499	-	-	-	-	-	17,807,499
Education	131,025	-	-	-	-	-	-	131,025
Retail shops	1,192,776	-	-	-	-	-	-	1,192,776
Property rentals	218,947	-	-	-	-	-	-	218,947
Net investment return	4,824,306	1,835,602	31,246,285	1,014	40,752	95,996	-	38,043,955
Other	904,690	(129,883)	-	(4,800)	(1,517)	-	(85,594)	682,896
Total public support and revenues	<u>\$ 31,169,396</u>	<u>\$ 21,306,344</u>	<u>\$ 32,545,235</u>	<u>\$ 137,901</u>	<u>\$ 39,235</u>	<u>\$ 9,409,484</u>	<u>\$ (85,594)</u>	<u>\$ 94,522,001</u>

(Continued on Page 30)



**MISSOURI BOTANICAL GARDEN**  
**CONSOLIDATING STATEMENT OF ACTIVITIES BY FUND (Continued)**  
**Year Ended September 30, 2021**

	<u>Operating</u>	<u>Restricted Operating</u>	<u>Endowment</u>	<u>Property and Equipment</u>	<u>Gift Annuities</u>	<u>Capital Campaign</u>	<u>Eliminations</u>	<u>Total</u>
EXPENSES								
Program Services								
Science and conservation	\$ 5,804,574	\$ 5,159,810	\$ -	\$ 905,536	\$ -	\$ 99,383	\$ -	\$ 11,969,303
Horticulture	6,541,319	2,724,521	-	2,692,770	-	337,068	-	12,295,678
Education and sustainability	1,493,035	2,497,003	-	241,176	-	8,392	-	4,239,606
Other	3,807,561	1,984,890	-	356,559	-	18,405	-	6,167,415
Total Program Services	<u>17,646,489</u>	<u>12,366,224</u>	<u>-</u>	<u>4,196,041</u>	<u>-</u>	<u>463,248</u>	<u>-</u>	<u>34,672,002</u>
Supporting services								
Management and general	5,864,983	1,172,585	-	250,248	-	262,844	(85,594)	7,465,066
Fundraising	1,097,249	252,441	-	45,302	-	343,287	-	1,738,279
Total supporting services	<u>6,962,232</u>	<u>1,425,026</u>	<u>-</u>	<u>295,550</u>	<u>-</u>	<u>606,131</u>	<u>(85,594)</u>	<u>9,203,345</u>
TOTAL EXPENSES	<u>24,608,721</u>	<u>13,791,250</u>	<u>-</u>	<u>4,491,591</u>	<u>-</u>	<u>1,069,379</u>	<u>(85,594)</u>	<u>43,875,347</u>
CHANGES IN NET ASSETS FROM OPERATION	<u>6,560,675</u>	<u>7,515,094</u>	<u>32,545,235</u>	<u>(4,353,690)</u>	<u>39,235</u>	<u>8,340,105</u>	<u>-</u>	<u>50,646,654</u>
NON OPERATING ACTIVITIES								
Transfers of funds	(6,140,625)	311,522	395,726	5,283,915	(100,727)	250,189	-	-
Capital purchase transfers	(393,392)	(1,584,842)	-	27,484,342	-	(25,506,108)	-	-
Changes in value of annuity agreements	-	-	-	-	61,492	-	-	61,492
Minimum pension liability adjustment	(26,658)	-	-	-	-	-	-	(26,658)
Changes in net assets from non operating activities	<u>(6,560,675)</u>	<u>(1,273,320)</u>	<u>395,726</u>	<u>32,768,257</u>	<u>(39,235)</u>	<u>(25,255,919)</u>	<u>-</u>	<u>34,834</u>
CHANGES IN NET ASSETS	-	6,241,774	32,940,961	28,414,567	-	(16,915,814)	-	50,681,488
NET ASSETS - BEGINNING OF YEAR	<u>673,642</u>	<u>4,472,966</u>	<u>159,563,729</u>	<u>92,141,133</u>	<u>12,465</u>	<u>54,467,600</u>	<u>-</u>	<u>311,331,535</u>
NET ASSETS - END OF YEAR	<u>\$ 673,642</u>	<u>\$ 10,714,740</u>	<u>\$ 192,504,690</u>	<u>\$ 120,555,700</u>	<u>\$ 12,465</u>	<u>\$ 37,551,786</u>	<u>\$ -</u>	<u>\$ 362,013,023</u>

See independent auditor's report.