

**BOTANICAL GARDEN SUBDISTRICT
OF THE METROPOLITAN ZOOLOGICAL PARK
AND MUSEUM DISTRICT OF THE CITY OF
ST. LOUIS AND ST. LOUIS COUNTY**

AUDITED BASIC FINANCIAL STATEMENTS

WITH

BUDGETARY COMPARISON INFORMATION

Period From January 1, 2019 Through September 30, 2019

**BOTANICAL GARDEN SUBDISTRICT OF THE METROPOLITAN
ZOOLOGICAL PARK AND MUSEUM DISTRICT OF THE CITY OF
ST. LOUIS AND ST. LOUIS COUNTY**

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Botanical Garden Subdistrict
of the Metropolitan Zoological Park
and Museum District of the City of
St. Louis and St. Louis County

We have audited the accompanying basic financial statements of the governmental activities, the discretely presented component unit, and governmental fund of the Botanical Garden Subdistrict of the Metropolitan Zoological Park and Museum District of the City of St. Louis and St. Louis County (the Subdistrict) as of September 30, 2019 and for the period from January 1, 2019 through September 30, 2019, and the related notes to the basic financial statements, which collectively comprise the Subdistrict's basic financial statements as listed in the table of contents.

Management's Responsibility for the Basic Financial Statements

Management is responsible for the preparation and fair presentation of these basic 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 basic 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 basic 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 basic 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 basic 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 basic 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 basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, and governmental fund of the Subdistrict as of September 30, 2019 and the changes in financial position and, where applicable, cash flows thereof for the period from January 1, 2019 through September 30, 2019 in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 8 and pages 29 and 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The logo for UHY LLP is written in a stylized, cursive script. The letters 'UHY' are larger and more prominent, with 'LLP' in a smaller font to the right.

St. Louis, Missouri
March 31, 2020

**BOTANICAL GARDEN SUBDISTRICT
OF THE METROPOLITAN ZOOLOGICAL PARK
AND MUSEUM DISTRICT OF THE CITY OF
ST. LOUIS AND ST. LOUIS COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
September 30, 2019**

The management's discussion and analysis (MD&A) of the Botanical Garden Subdistrict of the Metropolitan Zoological Park and Museum District of the City of St. Louis and St. Louis County (the Subdistrict) is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of major financial activities of the Subdistrict, (3) identify changes in the Subdistrict's financial position (its ability to address the next and subsequent years' challenges), (4) identify any material deviations from the financial plan (the approved budget), and (5) identify individual fund issues or concerns.

Since the MD&A is designed to focus on the current fiscal year's activities, resulting changes and currently known facts, please read it in conjunction with the Subdistrict's basic financial statements. Effective January 1, 2019, the Subdistrict changed its fiscal year from December 31 to September 30.

FINANCIAL HIGHLIGHTS

- The Subdistrict's share of tax revenue increased by \$710 thousand from 2018 to 2019. The Subdistrict's share of support is based upon assessed valuations of properties within St. Louis City and St. Louis County.
- The year end balance of funds held for the Subdistrict by the Metropolitan Zoological Park and Museum District (the District) decreased from \$5.50 million in 2018 to \$3.21 million in 2019. The year end balance is dependent upon the timing of remittances of tax receipts at year end by taxpayers.

OVERVIEW OF BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Subdistrict's basic financial statements. The Subdistrict's basic financial statements include four components: 1) *Government-wide financial statements*; 2) *Fund financial statements*; 3) *Notes to the basic financial statements*; and 4) *Required supplementary information*.

Government-Wide Financial Statements

The government-wide financial statements (that is, the statement of net position and the statement of activities) report information on all of the activities of the Subdistrict. All of the Subdistrict's activities are classified as governmental activities, which normally are supported by tax revenues, as opposed to business-type activities, which rely to a significant extent on charges for services.

The statement of net position presents information on all of the Subdistrict's assets and liabilities, with the difference between the two reported as net position. Increases and decreases in net position may serve as a useful indicator of whether or not the financial position of the Subdistrict is improving or deteriorating. The statement of net position also provides information on unrestricted and restricted net position and net position invested in capital assets, if any.

**BOTANICAL GARDEN SUBDISTRICT
OF THE METROPOLITAN ZOOLOGICAL PARK
AND MUSEUM DISTRICT OF THE CITY OF
ST. LOUIS AND ST. LOUIS COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
September 30, 2019**

Government-Wide Financial Statements (Continued)

The statement of activities presents information showing how the Subdistrict's net position changed during the most recent fiscal year. All of the current fiscal year's revenues and expenses are accounted for in the statement of activities regardless of the timing of related cash flows. The statement of activities presents the various functions of the Subdistrict and the degree to which they are supported by charges for services, operating or capital grants and contributions, tax revenues, and investment income.

The government-wide financial statements include the Subdistrict itself (the primary government), as well as a legally separate private not-for-profit operating trust, Missouri Botanical Garden (the Garden). The Garden is not fiscally or financially dependent on the Subdistrict, the Subdistrict does not have authority over nor appoints the governing body of the Garden, and there is no financial benefit/burden relationship between the Subdistrict and the Garden; however, because of the nature of the Subdistrict's relationship, the Garden is presented as a component unit of the Subdistrict. Financial information for the component unit is reported separately from the financial information of the primary government. The government-wide financial statements do not include any blended component units.

Fund Financial Statements

The second set of statements is the fund financial statements (that is, the balance sheet and the statement of revenues, expenditures, and changes in fund balance) which provide information about groupings of related accounts which are used to maintain control over resources for specific activities or objectives. The Subdistrict uses fund accounting to demonstrate compliance with finance-related legal requirements. Traditional users of governmental financial statements will find the fund financial statements more familiar.

The Subdistrict uses only one governmental fund type, a general fund, to account for all activities of the Subdistrict. Fund financial statements for governmental funds are prepared using a modified accrual basis of accounting which differs from the full accrual basis of accounting used to prepare the government-wide financial statements. Therefore, the total fund balance for the governmental fund is reconciled to total net position for governmental activities as shown on the statement of net position. The net change in fund balance for the governmental fund is reconciled to the total change in net position as shown on the statement of activities in the government-wide statements. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Subdistrict is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. The Subdistrict's fund balance has been classified as committed, as the existing resources in the fund have been specifically committed to satisfy certain contractual requirements pertaining to botanical garden services.

**BOTANICAL GARDEN SUBDISTRICT
OF THE METROPOLITAN ZOOLOGICAL PARK
AND MUSEUM DISTRICT OF THE CITY OF
ST. LOUIS AND ST. LOUIS COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
September 30, 2019**

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and notes to the basic financial statements, this report presents required supplementary information concerning the Subdistrict's budgetary comparisons for the general fund.

Financial Analysis of the Subdistrict as a Whole

Net Position

On a government-wide basis, the Subdistrict's net position was approximately \$13.3 million at fiscal year end and is shown in the table below.

**Botanical Garden Subdistrict
of the Metropolitan Zoological Park
and Museum District of the City of
St. Louis and St. Louis County
Statements of Net Position**

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
<u>Governmental Activities</u>		
Assets		
Current and other assets	\$ 15,344,032	\$ 13,206,191
Total assets	<u>\$ 15,344,032</u>	<u>\$ 13,206,191</u>
Liabilities		
Other liabilities	\$ 2,054,467	\$ 2,476,925
Total liabilities	2,054,467	2,476,925
Net Position		
Unrestricted	<u>13,289,565</u>	<u>10,729,266</u>
Total net position and liabilities	<u>\$ 15,344,032</u>	<u>\$ 13,206,191</u>

As noted earlier, net position may serve as a useful indicator of a government's financial position. For the Subdistrict, assets exceeded liabilities by approximately \$13.3 million at the close of the current fiscal year.

**BOTANICAL GARDEN SUBDISTRICT
OF THE METROPOLITAN ZOOLOGICAL PARK
AND MUSEUM DISTRICT OF THE CITY OF
ST. LOUIS AND ST. LOUIS COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
September 30, 2019**

Governmental Activities

The following schedule shows the revenues and expenses for the Subdistrict's activities for the period from January 1, 2019 through September 30, 2019 and year ended December 31, 2018.

**Botanical Garden Subdistrict
of the Metropolitan Zoological Park
and Museum District of the City of
St. Louis and St. Louis County
Statements of Activities**

	Period From January 1, 2019 Through September 30, 2019	Year Ended December 31, 2018
<u>Governmental Activities</u>		
General Revenues		
Property taxes	\$ 11,628,315	\$ 10,951,679
Interest earnings	96,709	91,727
Excess of ZMD operating fund receipts over disbursements	491,187	463,093
Unrestricted investment earnings	<u>3</u>	<u>3</u>
Total revenues	<u>12,216,214</u>	<u>11,506,502</u>
Expenses		
General government	41,915	36,683
Payments to Missouri Botanical Garden		
Botanical services	<u>9,614,000</u>	<u>11,400,000</u>
Total expenses	<u>9,655,915</u>	<u>11,436,683</u>
Change in Net Position	2,560,299	69,819
Net Position, Beginning of Fiscal Year	<u>10,729,266</u>	<u>10,659,447</u>
Net Position, End of Fiscal Year	<u>\$ 13,289,565</u>	<u>\$ 10,729,266</u>

The Subdistrict's total revenue for 2019 on a government-wide basis was \$12.2 million. Property taxes net of assessments retained by the District accounted for all but \$96,709 of the Subdistrict's revenue.

**BOTANICAL GARDEN SUBDISTRICT
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ST. LOUIS AND ST. LOUIS COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
September 30, 2019**

Governmental Activities (Continued)

The total cost of all programs and services was \$9.7 million. Amounts passed through to the Garden as reimbursement for botanical garden services comprised 99.6% of the Subdistrict's total expenses, while the Subdistrict's general government expenses comprised 0.4% of the total.

Governmental activities increased the Subdistrict's net position in 2019 by \$2.6 million over net position of \$10.7 million reported at December 31, 2018.

Financial Analysis of the Subdistrict's Governmental Fund

As previously mentioned, the purpose and focus of the Subdistrict's governmental fund is different than that of the government-wide financial statements. The focus of the Subdistrict's governmental fund is to provide information on the inflows, outflows, and balances of resources that are available for spending, as well as to demonstrate compliance with statutory and other legal requirements. As a result, the fund financial statements reflect a *current financial resources* focus rather than a *total economic resources* focus, which is used in the government-wide financial statements.

Given the focus of the fund financial statements, fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Subdistrict is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. The Subdistrict's fund balance has been classified as committed, as the existing resources in the fund have been specifically committed to satisfy certain contractual requirements pertaining to botanical garden services.

As of September 30, 2019, the committed fund balance of the general fund was \$1.7 million. As a measure of the general fund's liquidity, it may be useful to compare this amount to total fund expenditures and transfers out which calculates to 18%.

The total fund balance in the Subdistrict's general fund decreased by \$7,209 thousand or 81% from December 31, 2018 to September 30, 2019.

General Fund Budgetary Highlights

The final budget for the Subdistrict's general fund represents the original budget, plus any supplemental appropriations approved during the fiscal year. No supplemental appropriations were made by the Subdistrict during 2019; therefore, the original budget and the final budget are identical. At the time the 2019 budget was approved, the change in fiscal year from December 31 to September 30 was not yet approved; therefore, the budget was for a twelve month period rather than a nine month period. Actual revenues were under budgetary estimates by 36% and expenditures exceeded budgetary estimates by 87%. The budgeted amounts, however, are prepared on the modified cash basis of accounting; whereas the actual amounts are reported on a modified accrual basis.

**BOTANICAL GARDEN SUBDISTRICT
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
September 30, 2019**

Requests for Information

This financial report is designed to provide a general overview of the finances of the Subdistrict. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to:

Botanical Garden Subdistrict
of the Metropolitan Zoological Park and
Museum District of the City of St. Louis
and St. Louis County
c/o Yemi Akande-Bartsch, Chair
Missouri Botanical Garden
4344 Shaw Blvd.
St. Louis, Missouri 63110

**BOTANICAL GARDEN SUBDISTRICT
OF THE METROPOLITAN ZOOLOGICAL PARK
AND MUSEUM DISTRICT OF THE CITY OF
ST. LOUIS AND ST. LOUIS COUNTY
STATEMENTS OF NET POSITION/NET ASSETS
September 30, 2019**

	Primary Government Governmental Activities	Discretely Presented Component Unit Missouri Botanical Garden
ASSETS		
Cash and cash equivalents	\$ 4,213	\$ 37,897,830
Property taxes receivable, net	11,634,462	-
Grants receivable	-	340,417
Contract assets	-	114,873
Contributions receivable, net	-	26,409,187
Other receivables, net	-	2,279,098
Inventories, prepayments and other assets	-	1,670,534
Investments	-	160,336,660
Property and equipment, net of accumulated depreciation	-	81,734,724
Funds held for the Subdistrict by the Metropolitan Zoological Park and Museum District	<u>3,705,357</u>	<u>-</u>
Total assets	<u>\$ 15,344,032</u>	<u>\$ 310,783,323</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ -	\$ 9,415,272
Contract liabilities	-	865,724
Deferred revenue	-	100,304
Liability for gift annuity payments	-	2,214,616
Voucher payable to Missouri Botanical Garden	<u>2,054,467</u>	<u>-</u>
Total liabilities	<u>2,054,467</u>	<u>12,595,916</u>
NET POSITION/NET ASSETS		
Without donor restrictions		
General operating - undesignated	<u>13,289,565</u>	<u>2,364,691</u>
Board-designated -		
Operating	-	1,511,668
Capital projects	-	72,027,728
Long-term investment	-	14,227,551
Total board-designated	<u>-</u>	<u>87,766,947</u>
Total without donor restrictions	<u>13,289,565</u>	<u>90,131,638</u>
With donor restrictions	<u>-</u>	<u>208,055,769</u>
Total net position/assets	<u>13,289,565</u>	<u>298,187,407</u>
Total liabilities and net position/assets	<u>\$ 15,344,032</u>	<u>\$ 310,783,323</u>

See notes to basic financial statements.

**BOTANICAL GARDEN SUBDISTRICT
OF THE METROPOLITAN ZOOLOGICAL PARK
AND MUSEUM DISTRICT OF THE CITY OF
ST. LOUIS AND ST. LOUIS COUNTY
STATEMENTS OF ACTIVITIES
Period From January 1, 2019 Through September 30, 2019**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>	<u>Net (Expense) Revenue And Changes In Net Position/Net Assets</u>	
		<u>Operating Support and Revenues</u>	<u>Primary Government Governmental Activities</u>	<u>Discretely Presented Component Unit Governmental Activities</u>
Primary Government:				
Governmental activities:				
General government	\$ 41,915	\$ -	\$ (41,915)	\$ -
Botanical Garden Services:				
Payments to Missouri Botanical Garden	9,614,000	-	(9,614,000)	-
Total primary government	<u>\$ 9,655,915</u>	<u>\$ -</u>	<u>\$ (9,655,915)</u>	<u>\$ -</u>
Discretely Presented Component Unit:				
Missouri Botanical Garden	<u>\$ 35,919,896</u>	<u>\$ 68,435,351</u>	<u>\$ -</u>	<u>\$ 32,515,455</u>
General revenues:				
Receipts from the Metropolitan Zoological Park and Museum District (ZMD):				
Property tax revenue			11,628,315	-
Interest earned while funds were held by ZMD			96,709	-
Excess ZMD assessments			491,187	-
Interest income			3	-
Net support provided to Missouri Botanical Garden Subdistrict			<u>12,216,214</u>	-
Investment return			-	17,248,867
Support provided by Missouri Botanical Garden Subdistrict			-	9,614,000
Total general revenues			<u>12,216,214</u>	<u>26,862,867</u>
Change in net position			2,560,299	59,378,322
Net position—beginning of fiscal year			<u>10,729,266</u>	<u>238,809,085</u>
Net position—end of fiscal year			<u>\$ 13,289,565</u>	<u>\$ 298,187,407</u>

**BOTANICAL GARDEN SUBDISTRICT
OF THE METROPOLITAN ZOOLOGICAL PARK
AND MUSEUM DISTRICT OF THE CITY OF
ST. LOUIS AND ST. LOUIS COUNTY
BALANCE SHEET - GOVERNMENTAL FUND
September 30, 2019**

	<u>General Fund</u>
ASSETS	
Cash	\$ 4,213
Property taxes receivable, net	11,634,462
Funds held for the Subdistrict by the Metropolitan Zoological Park and Museum District	<u>3,705,357</u>
Total assets	<u>\$ 15,344,032</u>
LIABILITIES	
Voucher payable to Missouri Botanical Garden	<u>\$ 2,054,467</u>
Total liabilities	<u>2,054,467</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	<u>11,564,494</u>
Total deferred inflows of resources	<u>11,564,494</u>
Fund balance - committed	<u>1,725,071</u>
Total liabilities and fund balance	<u>\$ 15,344,032</u>
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION	
Total fund balance - governmental fund - balance sheet	\$ 1,725,071
Property taxes receivable recorded on an accrual basis Property taxes reported in the government fund are reported on a modified accrual basis whereby amounts not collected within 60 days of fiscal year end are recorded to unavailable revenue	<u>11,564,494</u>
Total net position - governmental activities - statement of net position	<u>\$ 13,289,565</u>

See notes to basic financial statements.

**BOTANICAL GARDEN SUBDISTRICT
OF THE METROPOLITAN ZOOLOGICAL PARK
AND MUSEUM DISTRICT OF THE CITY OF
ST. LOUIS AND ST. LOUIS COUNTY**
STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
Period From January 1, 2019 Through September 30, 2019

	<u>General Fund</u>
REVENUES	
Receipts from the Metropolitan Zoological Park and Museum District	\$ 1,859,459
Excess ZMD assessments	491,187
Interest earned	<u>96,709</u>
Total receipts	2,447,355
Interest income	<u>3</u>
Total revenues	<u>2,447,358</u>
 EXPENDITURES	
Payments to the Missouri Botanical Garden	9,614,000
General government	<u>41,915</u>
Total expenditures	<u>9,655,915</u>
Net change in fund balance	(7,208,557)
Fund balances	
Beginning of fiscal year	<u>8,933,628</u>
End of fiscal year	<u>\$ 1,725,071</u>
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENTS OF ACTIVITIES	
Net change in fund balance - governmental fund - statement of revenues, expenditures, and changes in fund balance	\$ (7,208,557)
Revenues in the statements of activities that do not provide current financial resources are not reported as revenues in the government fund	<u>9,768,856</u>
Change in net position of governmental activities	<u>\$ 2,560,299</u>

See notes to basic financial statements.

**BOTANICAL GARDEN SUBDISTRICT
OF THE METROPOLITAN ZOOLOGICAL PARK
AND MUSEUM DISTRICT OF THE CITY OF
ST. LOUIS AND ST. LOUIS COUNTY**

STATEMENT OF CASH FLOWS

Period From January 1, 2019 Through September 30, 2019

	Discretely Presented Component Unit
	Missouri Botanical Garden
CASH FLOWS FROM OPERATIONS	
Changes in net assets	\$ 59,378,322
Cumulative effect of adjustment of ASC Topic 606 on January 1, 2019	1,177,450
Adjustments to reconcile changes in net assets to net cash used by operating activities	
Depreciation	4,785,264
Net realized and unrealized gains on investments	(16,078,328)
Change in operating assets and liabilities-	
Receivables	163,980
Contract assets	(114,873)
Inventories, prepayments and other assets	(24,095)
Accounts payable and accrued liabilities	863,525
Contract liabilities	865,724
Deferred revenue	(2,392,721)
Liability for gift annuity payments	(1,385)
Revenue restricted for capital projects and endowments	(46,540,449)
Net cash provided by operating activities	<u>2,082,414</u>
INVESTING ACTIVITIES	
Proceeds from sales of investments	11,811,182
Purchases of investments	(13,900,440)
Purchases of property	(3,366,652)
Net cash used by investing activities	<u>(5,455,910)</u>
FINANCING ACTIVITIES	
Collection of revenues restricted for capital projects and endowments	<u>32,248,153</u>
Net cash provided by financing activities	<u>32,248,153</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	28,874,657
CASH AND CASH EQUIVALENTS, Beginning	<u>9,023,173</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 37,897,830</u>
NON-CASH FINANCING ACTIVITIES	
Changes in restricted contributions receivable for Capital projects	<u>\$ 14,352,296</u>
Endowments	<u>\$ (60,000)</u>

See notes to basic financial statements.

**BOTANICAL GARDEN SUBDISTRICT
OF THE METROPOLITAN ZOOLOGICAL PARK
AND MUSEUM DISTRICT OF THE CITY OF
ST. LOUIS AND ST. LOUIS COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2019**

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Botanical Garden Subdistrict of the Metropolitan Zoological Park and Museum District of the City of St. Louis and St. Louis County (the Subdistrict) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of the more significant accounting policies of the Subdistrict and the Missouri Botanical Garden (the Garden):

Reporting Entity

The Subdistrict's financial reporting entity has been determined in accordance with governmental standards for defining the reporting entity and identifying entities to be included in its basic financial statements. The Subdistrict's financial reporting entity consists of the Subdistrict (the primary government) and its discretely presented component unit, the Garden.

The Garden is a private operating trust not fiscally or financially dependent on the Subdistrict, the Subdistrict does not have authority over nor appoints the governing body of the Garden, and there is no financial benefit/burden relationship between the Subdistrict and the Garden, however, because of the nature of the Subdistrict's relationship, the Garden is included as a discretely presented component unit of the Subdistrict. The financial activity of the Garden is presented in a separate column in the accompanying government-wide basic financial statements to emphasize that it is legally separate from the Subdistrict. The Garden is reported as a not-for-profit entity on the full accrual basis.

The accompanying basic financial statements present condensed financial statements and footnotes of the Garden. Complete financial statements of the Garden may be obtained from its administrative offices as follows:

Missouri Botanical Garden
4344 Shaw Blvd.
St. Louis, Missouri 63110

Government-Wide and Fund Financial Statements

The government-wide financial statements (that is, the statement of net position and the statement of activities) report information on all of the activities of the Subdistrict and the Garden. All of the Subdistrict's activities are classified as governmental activities, which normally are supported by tax revenues, as opposed to business-type activities, which rely to a significant extent on fees and charges for services. Likewise, the Subdistrict is reported separately from the Garden, its discretely presented component unit.

**BOTANICAL GARDEN SUBDISTRICT
OF THE METROPOLITAN ZOOLOGICAL PARK
AND MUSEUM DISTRICT OF THE CITY OF
ST. LOUIS AND ST. LOUIS COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2019**

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

The government-wide statement of activities presents a comparison between direct expenses and program revenues of the Subdistrict. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues to direct expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the Subdistrict.

Following the government-wide financial statements are separate financial statements for the Subdistrict's governmental fund. The Subdistrict uses only one governmental fund type, a general fund, to account for all activities of the Subdistrict. The total change in fund balance for the governmental fund is reconciled to the total change in net position for governmental activities as shown on the statement of net position. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Subdistrict is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. The Subdistrict's fund balance has been classified as committed, as the existing resources in the fund have been specifically committed to satisfy certain contractual requirements pertaining to botanical garden services as more fully described in Note 10 to the basic financial statements.

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being expressed in reporting the Subdistrict's financial performance and position. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

The Subdistrict's governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when both measurable and available. The term "available" is defined as collectible within the current period or soon enough thereafter to be used to pay the liabilities of the current period. For the Subdistrict, available is defined as expected to be received within 60 days of fiscal year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Support from the Metropolitan Zoological Park and Museum District (the District) represents a continuous appropriation to the Subdistrict by the District. Accordingly, the Subdistrict recognizes support from the District based on an allocation of property taxes which are levied by the District, net of management fees.

**BOTANICAL GARDEN SUBDISTRICT
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NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2019**

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - the Garden

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
- Long term investment - investment fair value of board-designated endowments

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. The standard describes 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.

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NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

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, 2019.

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.

Grants Receivable

The Garden's grants receivable consists of amounts due to the Garden related to the work performed under 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 by 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 3.96% to 2.12% at September 30, 2019). 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, 2019 to be collectible. Accordingly, no allowance for uncollectible pledges receivable has been reflected in the financial statements.

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NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Receivables

Other receivables consist primarily of receivables from Botanical Garden Subdistrict, 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 gain/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

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. Generally, plant materials are expensed as purchased and are not 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

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NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Change in Depreciable Lives of Property and Equipment

In accordance with its policy, the Garden reviews the estimated useful lives of its fixed assets on an ongoing basis. Due to upcoming construction projects, the actual lives of certain equipment and buildings were now shorter than the estimated useful lives used for depreciation purposes in the Garden's financial statements. As a result, effective April 1, 2019, the Garden changed its estimates of the useful lives of those assets to better reflect the estimated periods during which these assets will remain in service. The effect of this change in estimate was to increase 2019 depreciation expense and accumulated depreciation by \$1,090,154.

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, 2019.

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.

Revenue Recognition

The Garden's revenues derived from contract services provided to the Subdistrict are recorded as earned.

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 statement of activities.

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NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

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 did not meet the requirements of ASC 958-605-25, and are not reflected in the accompanying 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 determined 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 recognized the 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.

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.

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NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition for Contracts with Customers (Continued)

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 Statement of Activities consist of both contribution revenue and exchange revenue. Of the total \$2,849,818 membership revenue, \$1,179,076 is considered to be an exchange revenue and subject to the performance obligations stated above and the remaining \$1,670,742 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. Of the total \$4,749,600 revenue reported, \$1,817,125 is considered exchange revenue and the remaining \$2,932,475 is considered contribution revenue (and is recognized upon receipt). 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. As the performance obligations are met, revenue is recognized.

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.

Advertising Expenses

Advertising costs are expensed as incurred and totaled approximately \$179,000 for the period from January 1, 2019 through September 30, 2019.

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NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Subdistrict is exempt from federal income taxes under Section 115(a) of the Internal Revenue Code. 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. Accordingly, there is no provision for income taxes in these basic 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 statement of activities nor in the balance sheet 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.

Use of Estimates

The presentation of 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 financial statements relate to the allowance for receivables, 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.

Deferred Inflows of Resources and Deferred Outflows of Resources

A deferred outflow of resources is the consumption of net position that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position applicable to a future reporting period.

Accounting Pronouncements Adopted

During the period ended September 30, 2019, the Garden adopted FASB Accounting Standards Update 2014-09 Revenue Recognition (Topic 606): Revenue from Contracts with Customers. The Accounting Standards Update was applied to all contracts using the modified retrospective method. The Garden recognized the cumulative effect of initially applying the new revenue standard as an adjustment to the opening balance of net assets. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods.

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September 30, 2019**

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

The Subdistrict and the Garden have performed a review of subsequent events through March 31, 2020, the date the financial statements were available to be issued.

Subsequent to year end, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. Although it is not possible to estimate the financial impact, if any, this may have a negative impact on future operations.

NOTE 2 — CASH AND INVESTMENTS

At September 30, 2019, the carrying amount of the Subdistrict's cash deposits was \$4,213 and the bank balance was \$4,131. These amounts were covered by federal depository insurance.

The Garden is a private not-for-profit trust, and such, its deposits and investments are not subject to collateralization and categorization disclosures as required by U.S. generally accepted accounting principles related to governmental entities.

Investments of the Garden consist of the following:

	September 30, 2019
Equities	\$ 58,434,645
Bonds	20,562,093
Mutual Funds	53,324,242
Commercial Paper	3,992,965
Real Estate Funds and Other	<u>24,022,715</u>
	<u>\$ 160,336,660</u>

The total cost basis of these investments amounted to \$97,446,291 at September 30, 2019.

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NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2019**

NOTE 3 — FAIR VALUE MEASUREMENTS

Fair values of the Garden's assets measured on a recurring basis at September 30, 2019 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
Investments				
Equities	\$ 58,434,645	\$ 58,434,645	\$ -	\$ -
Bonds				
Government	5,285,649	-	5,285,649	-
Corporate	9,922,365	-	9,922,365	-
Other	4,631,879	-	4,631,879	-
Foreign	722,200	-	722,200	-
Fixed mutual funds	13,441,293	13,441,293	-	-
Equity mutual funds	39,882,949	39,882,949	-	-
Commercial paper	<u>3,992,965</u>	<u>3,992,965</u>	-	-
Total investments at fair value	136,313,945	<u>\$ 115,751,852</u>	<u>\$ 20,562,093</u>	<u>\$ -</u>
Investments Reported at NAV	<u>24,022,715</u>			
Total investments	<u>\$ 160,336,660</u>			

NOTE 4 — PROPERTY AND EQUIPMENT

Property and equipment of the Garden consists of the following:

	September 30, 2019
<u>Nondepreciable</u>	
Land	\$ 7,213,463
Construction in progress	3,904,494
Fountains, sculptures, gardens and other	2,962,286
<u>Depreciable</u>	
Buildings, gardens and other structures	152,993,832
Furniture, office and data processing equipment	6,745,910
Other	<u>6,095,664</u>
	179,915,649
Accumulated depreciation	<u>(98,180,925)</u>
	<u>\$ 81,734,724</u>

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September 30, 2019**

NOTE 4 — PROPERTY AND EQUIPMENT (Continued)

Depreciation expense for the period from January 1, 2019 through September 30, 2019 was \$4,785,264.

NOTE 5 — LINE OF CREDIT

The Garden maintains an unsecured line of credit at September 30, 2019 for \$5,000,000 which expires on May 2, 2020. The line of credit bears interest of 1.25% above the LIBOR index for the period from January 1, 2019 through September 30. There was no balance outstanding at September 30, 2019.

NOTE 6 — NET ASSETS WITH DONOR RESTRICTIONS

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

	September 30, 2019
Subject to the Garden Spending Policy and Appropriation:	
Science	\$ 46,467,434
Horticulture	7,749,581
Education and sustainability	3,538,858
General use/other	<u>82,399,457</u>
	<u>140,155,330</u>
Subject to Expenditure for Specific Purpose:	
Capital projects	61,959,159
Science	2,368,368
Horticulture	2,041,166
Education and sustainability	960,648
Other	<u>571,098</u>
	<u>67,900,439</u>
	<u>\$ 208,055,769</u>

NOTE 7 — RETIREMENT PLANS

The Garden sponsors a defined contribution 403(b) plan covering substantially all eligible employees who choose to participate. The Garden matches employee contributions up to a maximum of 6% of employee salary. The Garden's contributions for the period from January 1, 2019 through September 30, 2019 was \$736,607.

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NOTE 7 — RETIREMENT PLANS (Continued)

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. The Garden uses a September 30 measurement date for the Plan for the period from January 1, 2019 through September 30, 2019.

NOTE 8 — 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.

At September 30, 2019, three donors comprise over 65% of the contributions receivables balance. All of these donors have a strong history with the Garden and no issues with collectability are anticipated.

NOTE 9 — RELATED PARTY TRANSACTIONS

During the period from January 1, 2019 through September 30, 2019, the Garden received \$1,793,863, in contributions for operating, program, and capital purposes from various members of the Board. In addition, during the period from January 1, 2019 through September 30, 2019, \$19,107,045 was received from immediate family members of the Trustees, or from companies in which Trustees serve as a director or officer. At September 30, 2019, contributions receivable, gross, of \$27,760,603 was 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 10 — BOTANICAL GARDEN SUBDISTRICT

The Subdistrict is a part of the District. 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 3.65¢ on each \$100 of assessed valuation at September 30, 2019. At September 30, 2019, the Garden's other receivables included \$2,054,467, from the Subdistrict.

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NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2019**

NOTE 10 — BOTANICAL GARDEN SUBDISTRICT (Continued)

The District provides funds management for surplus funds for the Subdistrict. At September 30, 2019, the District held \$3,705,357 of funds. The Subdistrict's account maintained by the District earned interest of \$96,709 for the period from January 1, 2019 through September 30, 2019.

NOTE 11 — RELATED ENTITIES

The Garden leases employees to and/or provides accounting services pursuant to written contracts for four other entities. In accordance with ASC 958-810-15, *Consolidation*, the accounts of the Garden District Commission, the St. Louis-Jefferson Solid Waste Management District, the Botanical Society of America and the U.S. Green Building Council Missouri Gateway Chapter have not been included in the accompanying financial statements as the criteria of control does not exist.

NOTE 12 — 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 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 financial statements.

NOTE 13 — PROPERTY TAXES

The District levies property taxes on the assessed value listed as of each January 1 for all real and personal property located in the City of St. Louis and St. Louis County. The levy is based on an annual submission from the Subdistrict, which cannot exceed 4.00 cents per \$100 of assessed valuation. The tax levy was 3.65 cents per \$100 of assessed valuation for 2019. Taxes are levied each October and are due on December 31 for the previous January 1 assessment. Taxes collected by the District on behalf of the Subdistrict are recognized as revenue when credited to the Subdistrict's account with the District. The property taxes receivable is recorded net of an allowance for uncollectible accounts of \$333,706.

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NOTE 14 — BUDGETARY CONTROL

The Subdistrict adopts an annual budget based on the operating budget submitted to the Subdistrict by the Garden and estimated Subdistrict administrative expenses. The annual budget is prepared on the modified cash basis of accounting, approved by the Subdistrict's Board of Commissioners, and submitted to the District for use in establishing the annual tax levy.

NOTE 15 — TAX ABATEMENTS

The Subdistrict recognizes tax revenue based on an allocation of property taxes levied and collected by the District. The District levies and collects property taxes on behalf of the Subdistricts based on the assessed valuation of property in the City of St. Louis, Missouri (the City) and St. Louis County, Missouri (the County).

Both the City and the County have entered into property tax abatement agreements with local businesses under various state statutes. Under these state statutes, the City and the County may grant property tax abatements for the purpose of attracting or retaining businesses within their jurisdictions. The Subdistrict's allocated revenues were reduced under these agreements entered into by the City and the County. The County 2019 property tax allocated revenues were reduced by approximately \$1,033,620. The City 2018 property tax allocated revenues were reduced by approximately \$274,768. Information regarding the City 2019 property tax allocated revenue reduction is unavailable.

**BOTANICAL GARDEN SUBDISTRICT
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**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - GENERAL FUND - BUDGETARY BASIS**
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
Period From January 1, 2019 Through September 30, 2019

	<u>Original Budget</u>	<u>Actual (Budget Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES			
Receipts from the Metropolitan Zoological Park and Museum District	\$ 11,053,300	\$ 6,570,752	\$ (4,482,548)
Excess ZMD assessments	-	491,187	491,187
Interest earned	<u>90,000</u>	<u>96,712</u>	<u>6,712</u>
Total receipts	11,143,300	7,158,651	(3,984,649)
Interest income	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>11,143,300</u>	<u>7,158,651</u>	<u>(3,984,649)</u>
EXPENDITURES			
Current			
Payments to the Missouri Botanical Garden	11,100,000	9,614,000	1,486,000
General government	<u>43,300</u>	<u>41,915</u>	<u>1,385</u>
Total expenditures	<u>11,143,300</u>	<u>9,655,915</u>	<u>1,487,385</u>
Excess of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (2,497,264)</u>	<u>\$ (2,497,264)</u>

See notes to schedule.

**BOTANICAL GARDEN SUBDISTRICT
OF THE METROPOLITAN ZOOLOGICAL PARK
AND MUSEUM DISTRICT OF THE CITY OF
ST. LOUIS AND ST. LOUIS COUNTY**

**NOTES TO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - GENERAL FUND - BUDGETARY BASIS
REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED
Period from January 1, 2019 through September 30, 2019**

NOTE 1 — EXPLANATION OF BUDGETARY PROCESS

The Subdistrict adopts an annual budget based on the operating budget submitted to the Subdistrict by the Garden and estimated Subdistrict administrative expenses. The annual budget is prepared on the modified cash basis of accounting, approved by the Subdistrict’s Board of Commissioners, and submitted to the District for use in establishing the annual tax levy. Expenditures in total may not legally exceed appropriations. For the period from January 1, 2019 through September 30, 2019, appropriations exceeded revenues by \$2,497,264 in the General Fund.

At the time the 2019 budget was approved, the change in fiscal year on December 31 to September 30 was not approved; therefore, the budget was for a twelve month period rather than a nine month period.

**NOTE 2 — EXPLANATION OF THE DIFFERENCES BETWEEN THE EXCESS OF REVENUES
OVER EXPENDITURES - BUDGET BASIS AND NET CHANGE IN FUND BALANCE -
GAAP BASIS**

The Subdistrict’s budgetary process is based upon accounting for certain transactions on a basis other than GAAP. To provide meaningful comparison of actual results with the budget, the actual results of operations are presented in the Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund in accordance with a budget basis of accounting.

The major differences between the budget and GAAP basis of accounting are:

- 1) Revenues are recorded when received in cash (budget), as opposed to when they are measurable and available (GAAP).
- 2) Expenditures are recorded when budgeted, as opposed to when the obligation is incurred (GAAP).

Adjustments necessary to reconcile the excess of expenditures over revenues from the GAAP basis to the budget basis of accounting are as follows:

Budget Basis	\$ (2,497,264)
Increase Due to Revenue Accruals (Taxes)	<u>(4,711,293)</u>
GAAP Basis	<u>\$ (7,208,557)</u>