

**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

Year Ended September 30, 2021

**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 AUDITOR'S 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 and for the year ended September 30, 2021, 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, 2021 and the changes in financial position and, where applicable, cash flows thereof for the year then ended 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 30 and 31 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.

UHY LLP

St. Louis, Missouri
March 28, 2022

**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, 2021**

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.

FINANCIAL HIGHLIGHTS

- The Subdistrict's share of tax revenue decreased by \$29 thousand from 2020 to 2021. 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) increased from \$4.64 million in 2020 to \$6.15 million in 2021. 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
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
September 30, 2021**

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, 2021**

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 \$14.2 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**

	September 30, 2021	September 30, 2020
<u>Governmental Activities</u>		
Assets		
Current and other assets	\$ 17,883,745	\$ 16,173,225
Total assets	<u>\$ 17,833,745</u>	<u>\$ 16,173,225</u>
Liabilities		
Other liabilities	\$ 3,706,608	\$ 3,584,994
Total liabilities	3,706,608	3,584,994
Net Position		
Unrestricted	<u>14,177,137</u>	<u>12,588,231</u>
Total net position and liabilities	<u>\$ 17,883,745</u>	<u>\$ 16,173,225</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 \$14.2 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, 2021**

Governmental Activities

The following schedule shows the revenues and expenses for the Subdistrict's activities for years ended September 30, 2021 and 2020.

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

	Year Ended September 30, 2021	Year Ended September 30, 2020
<u>Governmental Activities</u>		
General Revenues		
Property taxes	\$ 11,631,542	\$ 11,614,109
Interest earned while funds were held by ZMD	19,137	58,823
Excess ZMD assessments	510,544	517,481
Interest income	-	2
Total revenues	<u>12,161,223</u>	<u>12,190,415</u>
Expenses		
General government	59,651	51,749
Payments to Missouri Botanical Garden		
Botanical services	<u>10,512,666</u>	<u>12,840,000</u>
Total expenses	<u>10,572,317</u>	<u>12,891,749</u>
Change in Net Position	1,588,906	(701,334)
Net Position, Beginning of Fiscal Year	<u>12,588,231</u>	<u>13,289,565</u>
Net Position, End of Fiscal Year	<u>\$ 14,177,137</u>	<u>\$ 12,588,231</u>

The Subdistrict's total revenue for 2021 on a government-wide basis was \$12.2 million. Property taxes net of assessments retained by the District accounted for all but \$19,137 of the Subdistrict's revenue.

**BOTANICAL GARDEN SUBDISTRICT
OF THE METROPOLITAN ZOOLOGICAL PARK
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ST. LOUIS AND ST. LOUIS COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
September 30, 2021**

Governmental Activities (Continued)

The total cost of all programs and services was \$10.6 million. Amounts passed through to the Garden as reimbursement for botanical services comprised 99.4% of the Subdistrict's total expenses, while the Subdistrict's general government expenses comprised 0.6% of the total.

Governmental activities increased the Subdistrict's net position in 2021 by \$1.6 million over net position decrease of \$701 thousand reported at September 30, 2020.

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, 2021, the committed fund balance of the general fund was \$2.5 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 24%.

The total fund balance in the Subdistrict's general fund increased by \$1.4 million or 128% from September 30, 2020 to September 30, 2021.

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 2021; therefore, the original budget and the final budget are identical. 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
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, 2021**

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 Lydia Padilla, 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, 2021**

	Primary Government Governmental Activities	Discretely Presented Component Unit Missouri Botanical Garden
ASSETS		
Cash and cash equivalents	\$ 4,215	\$ 4,153,044
Property taxes receivable, net	11,727,694	-
Grants receivable	-	621,006
Contract assets	-	57,775
Contributions receivable, net	-	21,491,816
Other receivables, net	-	6,240,637
Inventories, prepayments and other assets	-	2,479,878
Investments	-	230,612,257
Property and equipment, net of accumulated depreciation	-	109,161,728
Funds held for the Subdistrict by the Metropolitan Zoological Park and Museum District	<u>6,151,836</u>	<u>-</u>
Total assets	<u>\$ 17,883,745</u>	<u>\$ 374,818,141</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ -	\$ 11,025,203
Contract liabilities	-	494,601
Deferred revenue	-	22,801
Liability for gift annuity payments	-	1,262,513
Voucher payable to Missouri Botanical Garden	<u>3,706,608</u>	<u>-</u>
Total liabilities	<u>3,706,608</u>	<u>12,805,118</u>
NET POSITION/NET ASSETS		
Without donor restrictions		
General operating - undesignated	<u>14,177,137</u>	<u>673,642</u>
Board-designated -		
Operating	-	3,544,719
Capital projects	-	89,994,547
Long-term investment	<u>-</u>	<u>15,326,052</u>
Total board-designated	<u>-</u>	<u>108,865,318</u>
Total without donor restrictions	<u>14,177,137</u>	<u>109,538,960</u>
With donor restrictions	<u>-</u>	<u>252,474,063</u>
Total net position/net assets	<u>14,177,137</u>	<u>362,013,023</u>
Total liabilities and net position/net assets	<u>\$ 17,883,745</u>	<u>\$ 374,818,141</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
Year Ended September 30, 2021**

Functions/Programs	Expenses	Program Revenue	Net (Expense) Revenue And Changes In Net Position/Net Assets		
			Operating Support and Revenues	Primary Governmental Activities	Discretely Presented Component Unit Governmental Activities
Primary Government:					
Governmental activities:					
General government	\$ 59,651	\$ -	\$ (59,651)	\$ -	
Botanical Services:					
Payments to Missouri Botanical Garden	10,512,666	-	(10,512,666)	-	
Total primary government	<u>\$ 10,572,317</u>	<u>\$ -</u>	<u>\$ (10,572,317)</u>	<u>\$ -</u>	
Discretely Presented Component Unit:					
Missouri Botanical Garden	\$ 43,840,513	\$ 45,965,380	\$ -	\$ 2,124,867	
General revenues:					
Receipts from the Metropolitan Zoological Park and Museum District (ZMD):					
Property tax revenue			11,631,542	-	
Interest earned while funds were held by ZMD			19,137	-	
Excess ZMD assessments			510,544	-	
Interest income			-	-	
Net support provided to Missouri Botanical Garden Subdistrict			12,161,223	-	
Investment return			-	38,043,955	
Support provided by Missouri Botanical Garden Subdistrict			-	10,512,666	
Total general revenues			<u>12,161,223</u>	<u>48,556,621</u>	
Change in net position			1,588,906	50,681,488	
Net position—beginning of fiscal year			12,588,231	311,331,535	
Net position—end of fiscal year			<u>\$ 14,177,137</u>	<u>\$ 362,013,023</u>	

General revenues:
 Receipts from the Metropolitan Zoological Park and Museum District (ZMD):
 Property tax revenue
 Interest earned while funds were held by ZMD
 Excess ZMD assessments
 Interest income
 Net support provided to Missouri Botanical Garden Subdistrict
 Investment return
 Support provided by Missouri Botanical Garden Subdistrict
 Total general revenues
 Change in net position
 Net position—beginning of fiscal year
 Net position—end of fiscal year

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
BALANCE SHEET - GOVERNMENTAL FUND
September 30, 2021**

	<u>General Fund</u>
ASSETS	
Cash	\$ 4,215
Property taxes receivable, net	11,727,694
Funds held for the Subdistrict by the Metropolitan Zoological Park and Museum District	<u>6,151,836</u>
Total assets	<u>\$ 17,883,745</u>
LIABILITIES	
Voucher payable to Missouri Botanical Garden	<u>\$ 3,706,608</u>
Total liabilities	<u>3,706,608</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	<u>11,655,509</u>
Total deferred inflows of resources	<u>11,655,509</u>
Fund balance - committed	<u>2,521,628</u>
Total liabilities and fund balance	<u>\$ 17,883,745</u>
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION	
Total fund balance - governmental fund - balance sheet	\$ 2,521,628
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>11,655,509</u>
Total net position - governmental activities - statement of net position	<u>\$ 14,177,137</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 REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
Year Ended September 30, 2021**

	<u>General Fund</u>
REVENUES	
Receipts from the Metropolitan Zoological Park and Museum District	\$ 11,460,906
Excess ZMD assessments	510,544
Interest earned	<u>19,137</u>
Total receipts	11,990,587
Interest income	<u>-</u>
Total revenues	<u>11,990,587</u>
 EXPENDITURES	
Payments to the Missouri Botanical Garden	10,512,666
General government	<u>59,651</u>
Total expenditures	<u>10,572,317</u>
Net change in fund balance	1,418,270
Fund balances	
Beginning of fiscal year	<u>1,103,358</u>
End of fiscal year	<u>\$ 2,521,628</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	\$ 1,418,270
Revenues in the statements of activities that do not provide current financial resources are not reported as revenues in the government fund	<u>170,636</u>
Change in net position of governmental activities	<u>\$ 1,588,906</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

Year Ended September 30, 2021

	Discretely Presented Component Unit
	Missouri Botanical Garden
CASH FLOWS FROM OPERATIONS	
Changes in net assets	\$ 50,681,488
Adjustments to reconcile changes in net assets to net cash provided by operating activities	
Depreciation	4,485,292
Loss on sale of property and equipment	21,950
Net realized and unrealized gains on investments	(35,612,089)
Gain on forgiveness of refundable advance- paycheck protection program	(4,547,400)
Contributions restricted for capital projects and endowments	(10,754,125)
Change in operating assets and liabilities-	
Receivables	(2,169,998)
Contract assets	175,042
Inventories, prepayments and other assets	(782,092)
Accounts payable and accrued liabilities	303,634
Contract liabilities	(139,427)
Deferred revenue	(37,158)
Liability for gift annuity payments	(101,194)
Net cash provided by operating activities	<u>1,523,923</u>
INVESTING ACTIVITIES	
Proceeds from sales of investments	18,394,817
Purchases of investments	(13,962,000)
Proceeds from sale of property and equipment	5,000
Purchases of property	(25,056,877)
Net cash used by investing activities	<u>(20,619,060)</u>
FINANCING ACTIVITIES	
Collection of contributions restricted for capital projects and endowments	17,344,896
Net cash provided by financing activities	<u>17,344,896</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,750,241)
CASH AND CASH EQUIVALENTS, Beginning	<u>5,903,285</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 4,153,044</u>
NON-CASH OPERATING AND FINANCING ACTIVITIES	
Capital items acquired through a capital lease	<u>\$ -</u>
Capital items acquired through accounts payable and accrued expenses	<u>\$ 2,574,016</u>
Changes in restricted contributions receivable for	
Capital projects	<u>\$ (4,269,651)</u>
Endowments	<u>\$ (2,386,431)</u>
Forgiveness of refundable advance - paycheck protection program	<u>\$ 4,547,500</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, 2021**

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, 2021**

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 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.

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NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 5) which was fully forgiven in June 2021. The Garden also received Employee Retention Credits and payroll tax credits throughout the year ended September 30, 2021 (see note 5). 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 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
- Endowment Funds - 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.

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NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

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.
- 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.

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.

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NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 to be collectible. Accordingly, no allowance for uncollectible pledges receivable has been reflected in the financial statements.

Other Receivables

Other receivables consist primarily of receivables from 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 statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

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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.

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NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Gift Annuities (Continued)

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

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.

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 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.

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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 Statement of Activities consist of both contribution revenue and exchange revenue. Of the total \$4,178,701 membership revenue, \$1,241,337 is considered to be an exchange revenue and subject to the performance obligations stated above and the remaining \$2,937,364 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. 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.

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NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Expenses

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

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 statements of activities nor in the 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 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 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.

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NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

The Subdistrict has performed a review of subsequent events through March 28, 2022 the date the financial statements were available to be issued.

NOTE 2 — CASH AND INVESTMENTS

At September 30, 2021, the carrying amount of the Subdistrict's cash deposits was \$4,215 and the bank balance was \$11,129. 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 GAAP related to governmental entities.

Investments of the Garden consist of the following:

	September 30, 2021
Equities	\$ 80,804,630
Bonds	27,965,904
Mutual Funds	57,875,872
Commercial Paper	35,350,208
Real Estate Funds and Other	<u>28,615,643</u>
	<u>\$ 230,612,257</u>

The total cost basis of these investments amounted to \$125,261,937 at September 30, 2021.

NOTE 3 — 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.

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NOTE 3 — FAIR VALUE MEASUREMENTS (Continued)

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.

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.

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NOTE 3 — FAIR VALUE MEASUREMENTS (Continued)

Fair values of the Garden's assets measured on a recurring basis at September 30, 2021 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	\$ 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>			

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NOTE 4 — PROPERTY AND EQUIPMENT

Property and equipment of the Garden consists of the following:

	<u>September 30, 2021</u>
<u>Nondepreciable</u>	
Land	\$ 7,213,463
Construction in progress	26,791,283
Fountains, sculptures, gardens and other	2,941,230
<u>Depreciable</u>	
Buildings, gardens and other structures	152,308,139
Furniture, office and data processing equipment	6,550,583
Other	<u>6,436,452</u>
	202,241,150
Accumulated depreciation	<u>(93,079,422)</u>
	<u>\$ 109,161,728</u>

Depreciation expense for the year ended September 30, 2021 was \$4,485,292.

NOTE 5 — 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.

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NOTE 5 — COVID-19 RELIEF FUNDING (Continued)

Employee Retention Credit (ERC) (Continued)

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.

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 6 — 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.

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NOTE 7 — NET ASSETS WITH DONOR RESTRICTIONS

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

	September 30, 2021
Subject to the Garden Spending Policy and Appropriation:	
Science	\$ 52,790,389
Horticulture	11,367,679
Education and sustainability	4,422,063
General use/other	<u>108,598,517</u>
	<u>177,178,648 (a)</u>
Subject to Expenditure for Specific Purpose:	
Capital projects	68,112,939
Science	2,783,281
Horticulture	1,765,093
Education and sustainability	1,649,071
Other	<u>985,031</u>
	<u>75,295,415</u>
	<u>\$ 252,474,063</u>

(a) This amount is comprised of 33 individual endowment funds established for a variety of purposes. These funds are subject to Uniform Prudent Management of Institutional Funds Act (UPMIFA).

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, 2021, six 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 year ended September 30, 2021, the Garden received \$1,160,786 in contributions for operating, program, and capital purposes from various members of the Board. In addition, during the year ended September 30, 2021, \$6,268,731 was received from immediate family members of the Trustees, or from companies in which Trustees serve as a director or officer. At September 30, 2021, contributions receivable, gross, of \$19,996,987 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.

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September 30, 2021**

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 3.51¢ on each \$100 of assessed valuation at September 30, 2021. At September 30, 2021, the Garden's other receivables included \$3,706,608 from the Subdistrict.

The District provides funds management for surplus funds for the Subdistrict. At September 30, 2021, the District held \$6,151,836 of funds. The Subdistrict's account maintained by the District earned interest of \$19,137 for the year ended September 30, 2021.

NOTE 11 — 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 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.

**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, 2021**

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 3.51¢ per \$100 of assessed valuation for 2021. 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 \$311,013.

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 2021 property tax allocated revenues were reduced by approximately \$1,045,281. The City 2020 property tax allocated revenues were reduced by approximately \$262,682. Information regarding the City 2021 property tax allocated revenue reduction is unavailable.

**BOTANICAL GARDEN SUBDISTRICT
OF THE METROPOLITAN ZOOLOGICAL PARK
AND MUSEUM DISTRICT OF THE CITY OF
ST. LOUIS AND ST. LOUIS COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - GENERAL FUND - BUDGETARY BASIS
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
Year Ended September 30, 2021**

	<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	\$ 12,300,000	\$ 11,429,507	\$ (870,493)
Excess ZMD assessments	-	510,544	510,544
Interest earned	47,400	19,137	(28,263)
Total receipts	<u>12,347,400</u>	<u>11,959,188</u>	<u>(388,212)</u>
EXPENDITURES			
Current			
Payments to the Missouri Botanical Garden	12,300,000	10,512,666	1,787,334
General government	47,400	59,651	(12,251)
Total expenditures	<u>12,347,400</u>	<u>10,572,317</u>	<u>1,775,083</u>
Excess of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 1,386,871</u>	<u>\$ 1,386,871</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)
Year Ended September 30, 2021**

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 year ended September 30, 2021, revenues exceeded appropriations by \$1,386,871 in the General Fund.

**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	\$ 1,386,871
Increase Due to Revenue Accruals (Taxes)	31,399
GAAP Basis	<u>\$ 1,418,270</u>