

**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, 2023

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

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1
Management's Discussion and Analysis (Unaudited)	4
Basic Financial Statements	
Government-Wide Financial Statements	
Statements of Net Position/Net Assets	10
Statements of Activities	11
Fund Financial Statements	
Balance Sheet - Governmental Fund	12
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund	13
Statement of Cash Flows - Discretely Presented Component Unit	14
Notes to Basic Financial Statements	15
Budgetary Comparison Information - Required Supplementary Information (Unaudited)	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund - Budgetary Basis	32
Notes to Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund - Budgetary Basis	33

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

Opinion

We have audited the accompanying basic financial statements of the governmental activities, the discretely presented component unit, and governmental fund information 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, 2023, 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.

In our opinion, the 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 information of the Subdistrict, and the respective 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Subdistrict, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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 and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Subdistrict's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Subdistrict's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Subdistrict's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 the 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, featuring the letters "UHY" in a large, stylized, cursive font, followed by "LLP" in a smaller, simpler font.

St. Louis, Missouri
March 19, 2024

**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, 2023**

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 increased by \$1.21 million from 2022 to 2023. 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 \$9.02 million in 2022 to \$6.85 million in 2023. 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, 2023**

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, 2023**

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

**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, 2023	September 30, 2022
<u>Governmental Activities</u>		
Assets		
Current and other assets	\$ 20,282,638	\$ 21,633,139
Total assets	<u>\$ 20,282,638</u>	<u>\$ 21,633,139</u>
Liabilities		
Other liabilities	\$ 6,573,987	\$ 8,808,452
Total liabilities	6,573,987	8,808,452
Net Position		
Unrestricted	<u>13,708,651</u>	<u>12,824,687</u>
Total net position and liabilities	<u>\$ 20,282,638</u>	<u>\$ 21,633,139</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 \$13.7 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, 2023**

Governmental Activities

The following schedule shows the revenues and expenses for the Subdistrict's activities for years ended September 30, 2023 and 2022.

**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, 2023	Year Ended September 30, 2022
<u>Governmental Activities</u>		
General Revenues		
Property taxes	\$ 13,400,759	\$ 12,786,404
Interest earned while funds were held by ZMD	202,261	51,904
Excess ZMD assessments	599,701	-
Unrestricted investment earnings	<u>14</u>	<u>-</u>
Total revenues	<u>14,202,735</u>	<u>12,838,308</u>
Expenses		
General government	55,784	53,190
Payments to Missouri Botanical Garden		
Botanical services	<u>13,262,987</u>	<u>14,137,568</u>
Total expenses	<u>13,318,771</u>	<u>14,190,758</u>
Change in Net Position	883,964	(1,352,450)
Net Position, Beginning of Fiscal Year	<u>12,824,687</u>	<u>14,177,137</u>
Net Position, End of Fiscal Year	<u>\$ 13,708,651</u>	<u>\$ 12,824,687</u>

The Subdistrict's total revenue for 2023 on a government-wide basis was \$14.2 million. Property taxes net of assessments retained by the District accounted for all but \$202,275 of the Subdistrict's revenue.

**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, 2023**

Governmental Activities (Continued)

The total cost of all programs and services was \$13.3 million. Amounts passed through to the Garden as reimbursement for botanical 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 2023 by \$884 thousand over net position decrease of \$1.4 million reported at September 30, 2022.

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, 2023, the committed fund balance of the general fund was \$393 thousand. 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 3%.

The total fund balance in the Subdistrict's general fund increased by \$97 thousand or 33% from September 30, 2022 to September 30, 2023.

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 2023; 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, 2023**

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, 2023**

	Primary Government Governmental Activities	Discretely Presented Component Unit Missouri Botanical Garden
ASSETS		
Cash and cash equivalents	\$ 4,230	\$ 4,406,608
Property taxes receivable, net	13,432,353	-
Grants receivable	-	595,628
Contributions receivable, net	-	8,337,092
Other receivables, net	-	6,808,808
Inventories, prepayments and other assets	-	1,895,488
Investments	-	185,187,280
Property and equipment, net of accumulated depreciation	-	153,318,329
Funds held for the Subdistrict by the Metropolitan Zoological Park and Museum District	6,846,055	-
Total assets	<u>\$ 20,282,638</u>	<u>\$ 360,549,233</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ -	\$ 5,157,928
Contract liabilities	-	1,006,725
Deferred revenue	-	18,510
Liability for gift annuity payments	-	1,210,524
Voucher payable to Missouri Botanical Garden	6,573,987	-
Total liabilities	<u>6,573,987</u>	<u>7,393,687</u>
NET POSITION/NET ASSETS		
Without donor restrictions		
General operating - undesignated	13,708,651	3,252,438
Board-designated -		
Operating	-	5,603,078
Capital projects	-	157,161,110
Endowment funds	-	18,443,724
Total board-designated	-	181,207,912
Total without donor restrictions	13,708,651	184,460,350
With donor restrictions	-	168,695,196
Total net position/net assets	<u>13,708,651</u>	<u>353,155,546</u>
Total liabilities and net position/net assets	<u>\$ 20,282,638</u>	<u>\$ 360,549,233</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, 2023**

Functions/Programs	Expenses	Program Revenue	Net (Expense) Revenue And Changes In Net Position/Net Assets	
		Operating Support and Revenues	Primary Government Governmental Activities	Discretely Presented Component Unit Governmental Activities
Primary Government:				
Governmental activities:				
General government	\$ 55,784	\$ -	\$ (55,784)	\$ -
Botanical Services:				
Payments to Missouri Botanical Garden	13,262,987	-	(13,262,987)	-
Total primary government	<u>\$ 13,318,771</u>	<u>\$ -</u>	<u>\$ (13,318,771)</u>	<u>\$ -</u>
Discretely Presented Component Unit:				
Missouri Botanical Garden	<u>\$ 58,252,371</u>	<u>\$ 40,083,301</u>	<u>\$ -</u>	<u>\$ (18,169,070)</u>
General revenues:				
Receipts from the Metropolitan Zoological Park and Museum District (ZMD):				
Property tax revenue			13,400,759	-
Interest earned while funds were held by ZMD			202,261	-
Excess ZMD assessments			599,701	-
Interest income			14	-
Net support provided to Missouri Botanical Garden Subdistrict			<u>14,202,735</u>	<u>-</u>
Investment return			-	20,358,309
Support provided by Missouri Botanical Garden Subdistrict			<u>-</u>	<u>13,262,987</u>
Total general revenues			<u>14,202,735</u>	<u>33,621,296</u>
Change in net position			883,964	15,452,226
Net position—beginning of fiscal year			<u>12,824,687</u>	<u>337,703,320</u>
Net position—end of fiscal year			<u>\$ 13,708,651</u>	<u>\$ 353,155,546</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, 2023**

General Fund

ASSETS

Cash	\$ 4,230
Property taxes receivable, net	13,432,353
Funds held for the Subdistrict by the Metropolitan Zoological Park and Museum District	<u>6,846,055</u>
Total assets	<u>\$ 20,282,638</u>

LIABILITIES

Voucher payable to Missouri Botanical Garden	\$ 6,573,987
Total liabilities	<u>6,573,987</u>

DEFERRED INFLOWS OF RESOURCES

Unavailable revenue	\$ 13,315,573
Total deferred inflows of resources	<u>13,315,573</u>
Fund balance - committed	<u>393,078</u>
Total liabilities and fund balance	<u>\$ 20,282,638</u>

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUND TO THE STATEMENT OF NET POSITION**

Total fund balance - governmental fund - balance sheet	\$ 393,078
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>13,315,573</u>
Total net position - governmental activities - statement of net position	<u>\$ 13,708,651</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, 2023**

	<u>General Fund</u>
REVENUES	
Receipts from the Metropolitan Zoological Park and Museum District	\$ 12,613,503
Excess ZMD assessments	599,701
Interest earned	<u>202,261</u>
Total receipts	13,415,465
Interest income	<u>14</u>
Total revenues	<u>13,415,479</u>
EXPENDITURES	
Payments to the Missouri Botanical Garden	\$ 13,262,987
General government	<u>55,784</u>
Total expenditures	<u>13,318,771</u>
Net change in fund balance	96,708
Fund balances	
Beginning of fiscal year	<u>296,370</u>
End of fiscal year	<u>\$ 393,078</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	\$ 96,708
Revenues in the statements of activities that do not provide current financial resources are not reported as revenues in the government fund	<u>787,256</u>
Change in net position of governmental activities	<u>\$ 883,964</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, 2023**

	Discretely Presented Component Unit
	Missouri Botanical Garden
CASH FLOWS FROM OPERATIONS	
Changes in net assets	\$ 15,452,226
Adjustments to reconcile changes in net assets to net cash used by operating activities	
Depreciation	6,184,295
Net realized and unrealized gains on investments	(18,630,596)
Contributions restricted for capital projects and endowments	(5,243,677)
Change in operating assets and liabilities-	
Receivables	2,300,611
Inventories, prepayments and other assets	(327,113)
Accounts payable and accrued liabilities	(738,432)
Contract liabilities	543,629
Liability for gift annuity payments	(85,787)
Net cash used by operating activities	<u>(544,844)</u>
INVESTING ACTIVITIES	
Proceeds from sales of investments	17,638,631
Purchases of investments	(18,972,314)
Purchases of property	(13,603,835)
Net cash used by investing activities	<u>(14,937,518)</u>
FINANCING ACTIVITIES	
Collection of contributions restricted for capital projects and endowments	<u>12,933,962</u>
Net cash provided by financing activities	<u>12,933,962</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,548,400)
CASH AND CASH EQUIVALENTS, Beginning	<u>6,955,008</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 4,406,608</u>
NON-CASH OPERATING AND FINANCING ACTIVITIES	
Capital items acquired through accounts payable and accrued expenses	<u>\$ 769,506</u>
Changes in restricted contributions receivable for capital projects	<u>\$ (7,960,285)</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, 2023**

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, 2023**

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 9 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
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, 2023**

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 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 uncanceled fundraising costs
- Endowment Funds - investment fair value of board-designated endowments

The Garden treats restricted funds received and released in the same year as net assets without donor restrictions.

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, inventories, prepayments and other assets, accounts payable and accrued liabilities, contract liabilities, and deferred revenue approximate carrying value due to the short-term nature of these accounts.

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

Level 1: financial instruments are valued based on quoted prices in active markets for identical assets or liabilities.

**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, 2023**

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

- 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, 2023.

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

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

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 4.73% at September 30, 2023). 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, 2023 to be collectible. Accordingly, no allowance for uncollectible pledges receivable has been reflected in the consolidated 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, 2023**

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Receivables

Other receivables consist primarily of receivables from the Subdistrict and accrued interest.

Inventories

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

Investments

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

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.

**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, 2023**

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Contract liabilities were \$463,096 as of October 1, 2023.

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 3.00% to 6.75% as of September 30, 2023.

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 consolidated statements of activities.

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

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

**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, 2023**

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition for Contracts with Customers

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

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

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

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

Membership Dues - The Garden earns dues from its members for memberships. Membership dues are earned over the course of one year, representing the period over which the Garden satisfies the performance obligation. Membership dues on the consolidated statement of activities consist of both contribution revenue and exchange revenue. Of the total \$4,949,495 membership revenue for the year ended September 30, 2023, \$1,340,074 is considered to be exchange revenue and subject to the performance obligations stated above and the remaining \$3,609,421, is considered contribution revenue and recognized upon receipt.

Admissions and Retail Shops - The Garden generates revenue from ticket sales and merchandise sales. Ticket sales are recognized at 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.

**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, 2023**

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition for Contracts with Customers (Continued)

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 as the performance obligations were met, revenue was 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.

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 \$289,000 for the year ended September 30, 2023.

Income Taxes

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

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

Contribution of Nonfinancial Assets

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.

**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, 2023**

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contribution of Nonfinancial Assets (Continued)

The Garden periodically receives donations of services, when donated services (a) create or enhance non-financial assets, or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The value of the donation is recorded as contribution revenue in the period received. There were no donated services during the year ended September 30, 2023.

All assets were utilized by the Garden's programs and supporting services. There were no donor-imposed restrictions associated with the donated assets.

Donated office expenses/supplies are valued at fair market value for similar purchases. For the year ended September 30, 2023, program supplies of \$40,000 were used in the Horticulture department, \$17,217 were donations of food and beverage and door prizes for community building programs held by the Butterfly House and Sustainability departments and \$37,329 in supplies were utilized for fundraising events, including food and drink donations, as well as raffle items. Donated goods are valued at the wholesale prices that would be received for purchasing similar products.

Contribution of nonfinancial assets and their use in programs and other activities are as follows:

	Year Ended September 30, 2023			
	Program Services	Management and General	Fundraising	Total
Office expenses	<u>\$ 57,217</u>	<u>\$ -</u>	<u>\$ 37,329</u>	<u>\$ 94,546</u>

Use of Estimates

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

**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, 2023**

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Subsequent Events

The Subdistrict has performed a review of events subsequent to the consolidated balance sheet date through March 19, 2024, the date the consolidated financial statements were available to be issued.

NOTE 2 — CASH AND INVESTMENTS

At September 30, 2023, the carrying amount of the Subdistrict's cash deposits was \$4,230 and the bank balance was \$4,138. 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, 2023
Equities	\$ 68,035,843
Bonds	20,030,798
Mutual Funds	60,850,719
Commercial Paper	4,782,229
Real Estate Funds and Other	<u>31,487,691</u>
	<u>\$ 185,187,280</u>

The total cost basis of these investments amounted to \$91,873,783 at September 30, 2023.

**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, 2023**

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.

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.

**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, 2023**

NOTE 3 — FAIR VALUE MEASUREMENTS (Continued)

Private Equity Funds

The value of private equity funds, which are not readily marketable, is based on the value determined in the 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, 2023, the Garden's unfunded commitments with respect to these funds are \$6,388,032.

Fair values of assets measured on a recurring basis at September 30, 2023 are as follows:

	<u>Total Fair Value</u>	<u>Level 1: Quoted Prices in Active Markets for Identical Assets</u>	<u>Level 2: Significant Other Observable Inputs</u>	<u>Level 3: Significant Unobservable Inputs</u>
Investments				
Equities	\$ 68,035,843	\$ 68,035,843	\$ -	\$ -
Bonds				
Government	6,538,707	-	6,538,707	-
Corporate	11,845,523	-	11,845,523	-
Other	537,466	-	537,466	-
Foreign	1,109,102	-	1,109,102	-
Fixed mutual funds	18,737,905	18,737,905	-	-
Equity mutual funds	42,112,814	42,112,814	-	-
Commercial paper	<u>4,782,229</u>	<u>4,782,229</u>	<u>-</u>	<u>-</u>
Total				
at fair value	153,699,589	<u>\$ 133,668,791</u>	<u>\$ 20,030,798</u>	<u>\$ -</u>
Investments Reported at NAV	<u>31,487,691</u>			
Total	<u>\$ 185,187,280</u>			

**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, 2023**

NOTE 4 — PROPERTY AND EQUIPMENT

	September 30, 2023
<u>Nondepreciable</u>	
Land	\$ 7,213,463
Construction in progress	2,479,558
Fountains, sculptures, gardens and other	2,941,230
<u>Depreciable</u>	
Buildings, gardens and other structures	225,736,289
Furniture, office and data processing equipment	11,963,244
Other	<u>7,012,942</u>
	257,346,726
Accumulated depreciation	<u>(104,028,397)</u>
	<u><u>\$ 153,318,329</u></u>

Depreciation expense for the year ended September 30, 2023 was \$6,184,295.

During the year ended September 30, 2020, the Garden began construction of the Jack C. Taylor Visitor Center. The estimated \$96 million project is being funded entirely from private contributions. As of September 30, 2023, there is a construction commitment for the estimated remaining cost of approximately \$3.6 million to complete the project.

NOTE 5 — COVID-19 RELIEF FUNDING

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 recorded grant revenue of \$7,393,115. Further, additional ERC funding of \$297,544 was received for the year ended September 30, 2023.

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.

**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, 2023**

NOTE 6 — LINES OF CREDIT

The Garden maintains unsecured lines of credit of \$25,000,000 for capital projects and \$5,000,000 for operating purposes, respectively, at September 30, 2023. The lines of credit are set to expire in June 2024 and bear variable interest rates based on an index which is the CME Term SOFR Reference Rate, a forward looking one-month rate administered by CME Group Benchmark Administration Limited. There was no balance outstanding at September 30, 2023.

NOTE 7 — NET ASSETS WITH DONOR RESTRICTIONS

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

	September 30, 2023
Subject to the Garden Spending Policy and Appropriation:	
Science	\$ 50,043,716
Horticulture	10,963,299
Education and sustainability	4,062,837
General use/other	<u>93,385,753</u>
	<u>158,455,605</u>
Subject to Expenditure for Specific Purpose:	
Capital projects	4,115,816
Science	1,855,655
Horticulture	2,470,954
Education and sustainability	1,768,014
Other	<u>29,152</u>
	<u>10,239,591</u>
	<u>\$ 168,695,196</u>

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

	September 30, 2023
Science, Horticulture, and Education	\$ 7,728,331
Property and Equipment	12,623,896
General Operating	<u>8,282,214</u>
	<u>\$ 28,634,441</u>

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

**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, 2023**

NOTE 8 — RETIREMENT PLANS

The Garden sponsors a defined contribution 403(b) plan covering substantially all eligible employees who choose to participate. The Garden provides a discretionary match to employee contributions. For the year ended September 30, 2023, the match was a maximum of 6% of employee salary. The Garden's contributions for the year ended September 30, 2023 was \$1,115,350.

NOTE 9 — 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, 2023, three donors comprise over 49% of the contributions receivable balance. All of these donors have a strong history with the Garden and no issues with collectability are anticipated.

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 3.62¢ on each \$100 of assessed valuation at September 30, 2023. At September 30, 2023, the Garden's other receivables included \$6,573,987 from the Subdistrict.

The District provides funds management for surplus funds for the Subdistrict. At September 30, 2023, the District held \$6,846,055 of funds. The Subdistrict's account maintained by the District earned interest of \$202,261 for the year ended September 30, 2023.

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.

**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, 2023**

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.

The Garden received Paycheck Protection Program loan forgiveness of \$4,547,400 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.

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 3.36¢ per \$100 of assessed valuation for 2023. 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 \$251,702.

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.

**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, 2023**

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 2023 property tax allocated revenues were reduced by approximately \$1,342,823. The City 2023 property tax allocated revenues were reduced by approximately \$260,399.

**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, 2023

	Original Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES			
Receipts from the Metropolitan Zoological Park and Museum District	\$ 13,393,000	\$ 12,577,848	\$ (815,152)
Excess ZMD assessments	-	599,701	599,701
Interest earned	46,500	202,261	155,761
Total receipts	<u>13,439,500</u>	<u>13,379,810</u>	<u>(59,690)</u>
Interest income	-	14	14
Total revenues	<u>13,439,500</u>	<u>13,379,824</u>	<u>(59,676)</u>
EXPENDITURES			
Current			
Payments to the Missouri Botanical Garden	13,378,000	13,262,987	115,013
General government	61,500	55,784	5,716
Total expenditures	<u>13,439,500</u>	<u>13,318,771</u>	<u>120,729</u>
Excess of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 61,053</u>	<u>\$ 61,053</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, 2023**

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, 2023, revenues exceeded appropriations by \$61 thousand.

**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 for the year ended September 30, 2023 from the GAAP basis to the budget basis of accounting are as follows:

Budget Basis	\$ 61,053
Increase Due to Revenue Accruals (Taxes)	<u>35,655</u>
GAAP Basis	<u>\$ 96,708</u>