

**San Francisco Botanical Garden
Society at Strybing Arboretum
(DBA Gardens of Golden Gate Park)**

Financial Statements

June 30, 2024 and 2023

**San Francisco Botanical Garden Society at Strybing Arboretum
(DBA Gardens of Golden Gate Park)**

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Independent Auditors' Report

To the Board of Directors of
San Francisco Botanical Garden Society at Strybing Arboretum (DBA Gardens of Golden Gate Park)

Opinion

We have audited the financial statements of San Francisco Botanical Garden Society at Strybing Arboretum (DBA Gardens of Golden Gate Park) (the Organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the 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 auditors' 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 GAAS 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 GAAS, 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 Organization'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 Organization'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information on page 27 are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Baker Tilly US, LLP

San Francisco, California
December 4, 2024

**San Francisco Botanical Garden Society at Strybing Arboretum
(DBA Gardens of Golden Gate Park)**

Statements of Financial Position
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,308,957	\$ 4,214,359
Short term investments	42,294	21,398
Due from City and County of San Francisco	308,434	728,928
Employee Retention Credit (ERC) Receivable, net	292,968	-
Contributions and grants receivable, net	565,205	103,766
Inventory	67,143	58,939
Prepaid expenses	208,109	108,234
	<u>4,793,110</u>	<u>5,235,624</u>
Property and Equipment, Net	<u>772,432</u>	<u>6,678,903</u>
Other Assets		
Contributions and grants receivable, net of current portion	486,575	-
Investments held in perpetuity	18,947,559	17,163,885
Deposits	7,644	7,644
Right of Use asset	119,447	203,763
Intangible asset	106,000	106,000
	<u>19,667,225</u>	<u>17,481,292</u>
Total assets	<u><u>\$ 25,232,767</u></u>	<u><u>\$ 29,395,819</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 183,867	\$ 322,969
Accrued expenses	169,794	173,370
Accrued payroll liabilities	410,850	391,310
Lease liability, current portion	88,150	83,077
Deferred revenue	460,185	390,260
Due to City and County of San Francisco	771,123	784,156
	<u>2,083,969</u>	<u>2,145,142</u>
Lease Liability - Noncurrent	<u>37,946</u>	<u>126,096</u>
Total liabilities	<u>2,121,915</u>	<u>2,271,238</u>
Net Assets		
Without donor restrictions	<u>2,896,803</u>	<u>4,114,766</u>
With donor restrictions		
Purpose and time restrictions	1,503,066	5,649,153
Perpetual in nature	18,710,983	17,360,662
	<u>20,214,049</u>	<u>23,009,815</u>
Total net assets with donor restrictions	<u>20,214,049</u>	<u>23,009,815</u>
Total net assets	<u>23,110,852</u>	<u>27,124,581</u>
Total liabilities and net assets	<u><u>\$ 25,232,767</u></u>	<u><u>\$ 29,395,819</u></u>

See notes to financial statements

**San Francisco Botanical Garden Society at Strybing Arboretum
(DBA Gardens of Golden Gate Park)**

Statements of Activities

Years Ended June 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support and Investment Returns						
Contributions	\$ 1,920,476	\$ 597,727	\$ 2,518,203	\$ 1,190,042	\$ 996,968	\$ 2,187,010
Government grants	161,035	-	161,035	-	-	-
Bequests	275,000	-	275,000	125,503	-	125,503
Annual fundraiser	529,305	-	529,305	387,845	162,541	550,386
Private event rentals	458,057	-	458,057	569,217	-	569,217
Admissions, allocated to San Francisco Botanical Garden Society	2,115,657	-	2,115,657	1,929,949	-	1,929,949
Bookstore, Plant Shop and other retail sales, net of cost of sales of \$306,702 in 2024 and \$205,325 in 2023	312,337	-	312,337	341,692	-	341,692
Public programming	525,970	-	525,970	463,053	-	463,053
Flower Piano	358,993	1,058,170	1,417,163	260,381	-	260,381
Employee Retention Credit (ERC), net	292,968	-	292,968	-	-	-
Investment returns, net	-	1,785,321	1,785,321	9,311	1,360,434	1,369,745
In-kind contributions	79,633	-	79,633	73,163	-	73,163
Other income	7,667	-	7,667	26,697	-	26,697
Net assets released from restrictions	6,236,984	(6,236,984)	-	1,827,451	(1,827,451)	-
Total revenue and support	13,274,082	(2,795,766)	10,478,316	7,204,304	692,492	7,896,796
Expenses						
Programs services	6,023,182	-	6,023,182	5,256,586	-	5,256,586
Management and general	1,198,322	-	1,198,322	960,920	-	960,920
Fundraising and development	1,168,332	-	1,168,332	658,604	-	658,604
Total expenses	8,389,836	-	8,389,836	6,876,110	-	6,876,110
Changes in net assets from operations	4,884,246	(2,795,766)	2,088,480	328,194	692,492	1,020,686
Nonoperating Items						
Grants to City and County of San Francisco Recreation and Parks Department	(6,102,209)	-	(6,102,209)	-	-	-
Changes in net assets total	(1,217,963)	(2,795,766)	(4,013,729)	328,194	692,492	1,020,686
Net Assets, Beginning of Year	4,114,766	23,009,815	27,124,581	3,786,572	22,644,323	26,430,895
Other changes to Net Assets	-	-	-	-	(327,000)	(327,000)
Net Assets, End of the Year	\$ 2,896,803	\$ 20,214,049	\$ 23,110,852	\$ 4,114,766	\$ 23,009,815	\$ 27,124,581

See notes to financial statements

**San Francisco Botanical Garden Society at Strybing Arboretum
(DBA Gardens of Golden Gate Park)**

Statement of Functional Expenses

Year Ended June 30, 2024

	2024			
	Programs and Activities	Management and General	Fundraising and Development	Total
Grants to City and County of San Francisco Recreation and Parks Department	\$ 6,102,209	\$ -	\$ -	\$ 6,102,209
Salaries	3,170,630	406,934	577,893	4,155,457
Payroll taxes	253,649	30,131	44,113	327,893
Employee benefits	315,885	40,239	42,502	398,626
Outside services	708,661	111,767	19,786	840,214
Consultants	206,361	206,837	120,643	533,841
Promotions and publications	314,689	1,193	90,408	406,290
Merchant fees	329,036	7,674	934	337,644
Information technology and systems maintenance	170,990	121,540	46,895	339,425
Cost of sales	306,702	-	-	306,702
Program supplies and other purchases	138,702	4,112	108,133	250,947
Occupancy and security	80,467	91,087	9,912	181,466
Garden maintenance and equipment rental	90,782	38,976	29,374	159,132
Telephone	56,357	57,394	6,397	120,148
Insurance	24,900	30,417	3,310	58,627
Recruitment and staff development	26,797	19,805	4,898	51,500
Other	68,177	1,944	51,381	121,502
Dues and subscriptions	25,987	8,974	1,483	36,444
Office expense	16,190	6,324	2,429	24,943
Travel	13,616	2,390	1,082	17,088
Depreciation and amortization	6,926	9,059	986	16,971
Postage	4,380	1,525	5,773	11,678
Total expenses by function	12,432,093	1,198,322	1,168,332	14,798,747
Less: Cost of sales	(306,702)	-	-	(306,702)
Less: Grants to City and County of San Francisco Recreation and Parks Department	(6,102,209)	-	-	(6,102,209)
Total expenses	\$ 6,023,182	\$ 1,198,322	\$ 1,168,332	\$ 8,389,836

See notes to financial statements

**San Francisco Botanical Garden Society at Strybing Arboretum
(DBA Gardens of Golden Gate Park)**

Statement of Functional Expenses
Year Ended June 30, 2023

	2023			
	Programs and Activities	Management and General	Fundraising and Development	Total
Salaries	\$ 2,952,259	\$ 448,719	\$ 357,624	\$ 3,758,602
Payroll taxes	222,475	18,542	25,908	266,925
Employee benefits	180,242	50,850	25,780	256,872
Outside services	490,403	36,419	41,916	568,738
Promotions and publications	307,227	135	13,552	320,914
Information technology and systems maintenance	117,890	120,605	78,011	316,506
Merchant fees	295,654	2,885	1,035	299,574
Program supplies and other purchases	196,867	2,916	8,094	207,877
Cost of sales	205,325	-	-	205,325
Garden maintenance and equipment rental	146,533	21,348	37,193	205,074
Other	126,697	41,746	16,314	184,757
Occupancy and security	52,172	72,792	15,851	140,815
Consultants	66,761	54,982	12,846	134,589
Insurance	24,171	23,234	8,213	55,618
Recruitment and staff development	17,715	24,536	5,343	47,594
Telephone	16,650	16,109	3,508	36,267
Depreciation and amortization	10,720	15,092	3,287	29,099
Dues and subscriptions	18,932	546	456	19,934
Office expense	4,905	5,408	1,178	11,491
Postage	2,536	2,676	1,746	6,958
Travel	5,038	1,185	707	6,930
Conferences and meetings	739	195	42	976
Total expenses by function	5,461,911	960,920	658,604	7,081,435
Less expenses with revenues on the statement of activities				
Cost of sales	(205,325)	-	-	(205,325)
Total expenses	\$ 5,256,586	\$ 960,920	\$ 658,604	\$ 6,876,110

See notes to financial statements

**San Francisco Botanical Garden Society at Strybing Arboretum
(DBA Gardens of Golden Gate Park)**

Statements of Cash Flows

Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Change in net assets	\$ (4,013,729)	\$ 1,020,686
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation and amortization	16,971	29,099
Net realized and unrealized gains from investments	(1,461,894)	(1,141,591)
Donated stocks	(19,249)	-
Donation of property and equipment	6,102,209	-
Contributions to endowment funds	-	(5,015,650)
Changes in operating assets and liabilities		
Due from City and County of San Francisco	420,494	(353,243)
ERC receivable, net	(292,968)	-
Contributions and grants receivable, net	(948,014)	5,035,064
Inventory	(8,204)	(1,396)
Prepaid expenses	(99,875)	(62,619)
Right of use - lease	84,316	(203,763)
Accounts payable	(139,102)	121,137
Accrued liabilities, other	(3,576)	263,605
Accrued payroll taxes and benefits	19,540	-
Lease liability	(83,077)	209,173
Deferred revenue	69,925	(24,809)
Due to City and County of San Francisco	(13,033)	160,956
	<u>(369,266)</u>	<u>36,649</u>
Net cash (used in) provided by operating activities		
Cash Flows From Investing Activities		
Purchases of investments	(1,406,331)	(16,476,034)
Proceeds from sale of investments	1,082,939	13,003,263
Purchases of property and equipment	(212,744)	(2,199,705)
Payment to co-operate Conservatory of Flowers	-	(327,000)
Purchase of intangible asset	-	(106,000)
	<u>(536,136)</u>	<u>(6,105,476)</u>
Net cash used in investing activities		
Cash Flows From Financing Activities		
Proceeds from contributions to endowment funds	-	5,015,650
	<u>-</u>	<u>5,015,650</u>
Net cash provided by financing activities		
	<u>-</u>	<u>5,015,650</u>
Net change in cash and cash equivalents	(905,402)	(1,053,177)
Cash and Cash Equivalents, Beginning	<u>4,214,359</u>	<u>5,267,536</u>
Cash and Cash Equivalents, Ending	<u>\$ 3,308,957</u>	<u>\$ 4,214,359</u>

See notes to financial statements

San Francisco Botanical Garden Society at Strybing Arboretum (DBA Gardens of Golden Gate Park)

Notes to Financial Statements
June 30, 2024 and 2023

1. Nature of Organization

San Francisco Botanical Garden Society at Strybing Arboretum (DBA Gardens of Golden Gate Park) (the Organization) is a California non-profit corporation organized in 1955 to support at inception the San Francisco Botanical Garden at Strybing Arboretum the "Botanical Garden". Founded in 1940, the 55-acre Botanical Garden is located in Golden Gate Park in San Francisco, California and is operated and managed by the Organization in partnership with the City and County of San Francisco Recreation and Parks Department (SFRPD).

The Organization's mission is to connect people to plants, the planet, and each other. With the support of members and volunteers, the Organization serves the community through its youth education programs, operates the Helen Crocker Russell Library of Horticulture, provides docent training and free daily guided walks to the public, sponsors other educational and community programming, conducts marketing and outreach, manages visitor experience and volunteer programs, manages events and private event rentals, and operates a bookstore and plant shop. The Organization also helps to fund capital improvements, provides curatorial and plant collection management services and propagates and conserves plants.

On July 14, 2020, the SFRPD extended the management of admissions at the Japanese Tea Garden (the Tea Garden) to the Organization, effective August 1, 2020 (see Note 12). The 5-acre Tea Garden is the oldest Japanese garden in the United States and located inside Golden Gate Park in San Francisco, California.

Effective July 1, 2022, the Organization and the SFRPD amended its agreement to additionally manage admissions and programs at the Conservatory of Flowers (the Conservatory).

As a collective group, the three gardens are hereinafter referred to as the "Gardens."

2. Summary of Significant Accounting Policies

Basis of Accounting

The Organization prepares its financial statements on an accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for Not-for-Profit Organizations (U.S. GAAP).

Basis of Presentation

The Organization reports information regarding its financial position and activities based on existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

San Francisco Botanical Garden Society at Strybing Arboretum (DBA Gardens of Golden Gate Park)

Notes to Financial Statements
June 30, 2024 and 2023

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of bank balances. Cash equivalents held in custodian accounts as part of the Organization's long-term investment policy are classified as short-term or long-term investments.

Investments

Investments consist of marketable securities and alternative investments. Marketable securities, which consist primarily of common stocks, bonds, mutual funds and exchange-traded funds, are stated at fair values, determined based on quoted market prices. Unrealized gains and losses resulting from market fluctuations are recognized as revenues in the period such fluctuations occur. For purposes of determining realized gains or losses as revenues, the cost of securities sold are generally computed based on the specific identification method. Interest and dividends are recognized when earned. External and direct internal investment expenses are netted against investment return on the statement of activities. Such expenses were \$60,302 and \$60,676, respectively, for the years ended June 30, 2024 and 2023.

Alternative investments, which consist primarily of private equity funds, are stated at fair value based on net asset value as a practical expedient.

The Organization considers the use of market-based information over entity-specific information in valuing its investments, using a three-level hierarchy for fair value measurements based on the nature of inputs used in the valuation of an asset or liability as of the measurement date.

The three-level hierarchy for fair value measurements is defined as follows:

- Level 1 - inputs to the valuation methodology - quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 - inputs to the valuation methodology - quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the investment.
- Level 3 - inputs to the valuation methodology - unobservable and significant to the fair value measurement. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date.

An asset or liability's categorization within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other practices, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

San Francisco Botanical Garden Society at Strybing Arboretum (DBA Gardens of Golden Gate Park)

Notes to Financial Statements
June 30, 2024 and 2023

In accordance with the authoritative guidance on fair value measurements and disclosures, as a practical expedient, an entity holding investments in certain entities that calculate net asset value (NAV) per share or its equivalent for which the fair value is not readily determinable is permitted to measure the fair value of such investments on the basis of that NAV or its equivalent without adjustment. Investments measured at fair value using the NAV are not categorized within the fair value hierarchy.

Receivables and Allowance

Amounts due from City and County of San Francisco include receivables for reimbursement by the City to the Organization for the costs to administer admissions at the Gardens and the allowed annual allocation.

The Organization recognizes an allowance for credit losses for its accounts receivable arising from present the net amount expected to be collected as of the statements of financial position date. Such allowance is based on the credit losses expected to arise over the life of the asset which includes consideration of past events and historical loss experience, current events and also future events. The Organization pools these receivables based on similar risk characteristics in estimating expected credit losses. In situations where a receivable does not share the same risk characteristics with other receivables, the Organization measures those receivables individually. Receivables are written off when the Organization determines that such receivables are deemed uncollectible.

The Organization utilizes the loss rate method in determining its lifetime expected credit losses on its receivables. This method is used for calculating an estimate of losses based primarily on the Organization's historical loss experience. In determining its loss rates, the Organization evaluates information related to its historical losses, adjusted for current conditions, and further adjusted for the period of time that can be reasonably forecasted. Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider all the following: past due receivables, historical collection rates and legal and regulatory requirements.

The Organization also provides for an allowance for doubtful accounts for receivables arising from grants and pledges receivable. Management specifically analyzes historical bad debts, ability and intent to pay.

The Organization deemed the receivables fully collectible. Accordingly, no allowance was reflected at June 30, 2024 and June 30, 2023.

Inventory

Inventory consists of bookstore and plant shop merchandise carried at the lower of cost or net realizable value. Cost is determined on a weighted average cost basis.

Property and Equipment

The Organization capitalizes property and equipment with a cost or fair value in excess of \$3,000 and an estimated useful life in excess of one year. Property and equipment is carried at cost or, if donated, at the estimated fair value on the date of gift. Repairs and maintenance are charged to expense as incurred unless they extend the life of the asset. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets, ranging from 5 to 27.5 years. The costs of plants, planting and other improvements to the Gardens are charged to expense as incurred.

The library collection is considered to be inexhaustible, therefore, library books and related materials are not depreciated.

San Francisco Botanical Garden Society at Strybing Arboretum (DBA Gardens of Golden Gate Park)

Notes to Financial Statements
June 30, 2024 and 2023

Intangible Assets

Intangible assets consist of rebranding cost. Intangible assets purchased by the Organization is stated at cost. The costs for additions and major improvements associated with rebranding after the preliminary project stage has been completed are capitalized. Once rebranding reaches implementation, costs are expensed as incurred. Other costs such as maintenance and repairs and training are expensed as incurred. All major upgrades and enhancements are capitalized.

Impairment

The Organization evaluates long-lived assets, such as property and equipment and intangibles, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets held and used is measured by comparison of the carrying amount of an asset or an asset group to estimated undiscounted future net cash flows expected to be generated by the asset or asset group. If the carrying amount of an asset exceeds these estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the assets exceeds the fair value of the asset or asset group, based on discounted cash flows.

Leases

At lease inception, leases are classified as either finance leases or operating leases with the associated right-of-use asset and lease liability measured at the net present value of future lease payments. Operating leases are expensed on a straight-line basis as lease expense over the noncancelable lease term. Expenses for finance leases are comprised of the amortization of the right-of-use asset and interest expense recognized based on the effective interest method.

The Organization has made the following accounting policy elections with regard to its lease accounting:

- The Organization does not separate lease and nonlease components for all asset classes.
- When the rate implicit in the lease is not determinable, rather than use the Organization's incremental borrowing rate, the Organization elected to use a risk-free discount rate for the initial and subsequent measurement of lease liabilities for all asset classes.
- The Organization does not apply the recognition requirements to all leases with an original term of 12 months or less, for which the Organization is not likely to exercise a renewal option or purchase the asset at the end of the lease; rather, short-term leases will continue to be recorded on a straight-line bases over the lease term.

Revenue Recognition

Grants and Contributions

The Organization recognizes unconditional gifts and pledges in the period notified and as a current or noncurrent asset depending on the form and term of the promised payments. Such receivables and pledges are subject to an allowance for uncollectible amounts. The Organization records promises to give, if expected to be collected beyond one year at their discounted net present value. When applicable, the changes from period to period in the discounted present value are recorded as contribution revenue based on the donor's original restriction.

**San Francisco Botanical Garden Society at Strybing Arboretum
(DBA Gardens of Golden Gate Park)**

Notes to Financial Statements
June 30, 2024 and 2023

Grants and contributions, including unconditional promises to give, are recognized when received as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met. At June 30, 2024 and 2023, there were no conditional grants.

Contributed Nonfinancial Assets

Contributed items are recorded at their fair value based on published prices as of the date of the donation.

Private Event Rentals

The Organization offers unique indoor and outdoor venues for private events. Rental income is recognized on the day of the event. Amounts received prior to the event are reported as deferred revenue. Deferred revenue related to private event rentals at June 30, 2024 and 2023 amounted to \$87,086 and \$169,047, respectively.

Contracts With Customers

The Organization derives revenue from customers for admissions receipts, nursery and store sales, and public programming. Revenue recognition is evaluated under Accounting Standards Codification (ASC) No. 606 through the following five steps: (i) identification of the contract or contracts with a customer; (ii) identification of the performance obligations in the contract; (iii) determination of the transaction price; (iv) allocation of the transaction price in the contract; and (v) recognition of revenue when or as a performance obligation is satisfied.

Disaggregated revenue from contracts with customers based on when the services transferred to the customers during the years ended June 30, 2024 and 2023 consisted of the following:

	2024		
	Point-in-time	Over time	Total
Admissions	\$ 2,115,657	\$ -	\$ 2,115,657
Bookstore, plant shop, and other retail sales	312,337	-	312,337
Public programming	-	525,970	525,970
Flower Piano	1,417,163	-	1,417,163
Other income	7,667	-	7,667
	<u>\$ 3,852,824</u>	<u>\$ 525,970</u>	<u>\$ 4,378,794</u>

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	2023		
	Point-in-time	Over time	Total
Admissions	\$ 1,929,949	\$ -	\$ 1,929,949
Bookstore, plant shop, and other retail sales	341,692	-	341,692
Public programming	-	463,053	463,053
Flower Piano	260,381	-	260,381
Other income	26,697	-	26,697
	<u>\$ 2,558,719</u>	<u>\$ 463,053</u>	<u>\$ 3,021,772</u>

Opening and closing balance of receivable and deferred revenue are as follows:

	July 1, 2022	June 30, 2023	June 30, 2024
Due from City and County of San Francisco	<u>\$ 375,685</u>	<u>\$ 728,928</u>	<u>\$ 308,434</u>
Deferred revenue, excluding private event rentals	<u>\$ 287,607</u>	<u>\$ 221,213</u>	<u>\$ 373,099</u>

Admissions

In accordance with the Lease and Management Agreement (LMA) with the SFRPD, in fiscal years 2024 and 2023 the Organization managed the Admissions programs for the Gardens. Generally, non-San Francisco residents are charged an admissions fee. The Organization collects and remits all the admissions revenue to the SFRPD on a monthly basis. The Organization then submits a billing to the SFRPD for the allowed costs to administer admissions for the Gardens covered by the LMA. Admissions revenue consists of the reimbursement by the City to the Organization for the costs to administer the admissions and is recognized in the month the expenses are incurred. Additionally, the Organization received an annual allocation of \$686,400 and \$650,000 for the years ended June 30, 2024 and 2023, respectively. The annual allocation is restricted to be used for education and community outreach as specified under the LMA.

During the years ended June 30, 2024 and 2023, total admissions to the Gardens amounted to \$7,945,896 and \$7,627,921, respectively. Total costs to administer the admissions amounted to \$2,115,657 and \$1,279,949, respectively for the years ended June 30, 2024 and 2023. The costs to administer, as well as the above noted allocation, has been included in admissions revenue on the Statement of Activities. At June 30, 2024 and 2023, admissions fees collected by the Organization and due to the City and County of San Francisco amounted to \$771,123 and \$784,156, respectively. The City and County of San Francisco owes the Organization for admissions related costs of \$308,434 and \$728,928, at June 30, 2024 and 2023, respectively.

Bookstore, Plant Shop and Other Retail Sales

Bookstore, plant shop and other retail sales revenue is generated from sale of books, plants, used library books, commissioned artwork, and other merchandise, and is recognized at a point in time when goods are delivered to the customers. Payments for bookstore, plant shop and other retail sales are made at the time of purchase.

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Public Programming

The Organization utilizes the portfolio approach practical expedient to account for public programming as the contracts and performance obligations which have similar characteristics, and the Organization reasonably expects that the effects on the financial statements from applying the portfolio method are not materially different than applying ASC No. 606 to the individual contracts.

Public programming revenue is generated from the registration to the program event. The performance obligation from public programming includes classes, public programs, summer camp sessions, after school programs, lecture series, volunteer training fees and others, generally ranging from one to ten days. Depending on the program, the Organization recognizes revenue from public programming as performance obligations are satisfied.

The transaction price is fixed, and the amount is identified on the website based on the event selected and number of days. Discounts are established upfront and do not contain variable consideration. There are no significant financing components.

The Organization uses a third party to process registrations. Processing fees are included in addition to the face value of the registration fee. Registration fees and payments for the public programming are made in advance at the time of the purchase. The Organization offers a 24-hour cancellation policy after registration in which guests can cancel for a full refund. After this time has expired, a cancellation fee may be charged in accordance with the Organization's terms and conditions.

All public programming registration fees received prior to the event are reported as deferred revenue. Amounts reported as deferred revenue related to public programming at June 30, 2024 and 2023 were \$212,949 and \$171,213, respectively.

Flower Piano and Gala for the Gardens

The Organization conducts certain special events during the year that qualify for public programming and/or community engagement. Gala for the Gardens is typically held in the Spring. Flower Piano, typically held in the early Fall, transforms the Botanical Garden into the City's own alfresco concert hall where everyone is invited to play and listen. The Organization seeks sponsorships to fund the costs of Flower Piano. Sponsorship payments received before June 30, 2024 and 2023 amounted to \$160,150 and \$50,000, respectively, and have been included in deferred revenue on the Statement of Financial Position. Revenue is recognized on the date of the event.

The transaction price is fixed, and the amount is identified on the website based on the event selected and number of days. Discounts are established upfront and do not contain variable consideration. There are no significant financing components.

The Organization uses a third party to process the ticketing transactions. Processing fees are included in addition to the face value of the ticket when tickets are sold. Ticket payments for Flower Piano are made in advance and at the time of the purchase. Tickets for Flower Piano are final and nonrefundable.

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Functional Allocation of Expenses

The costs of providing the Organization's various programs and other activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services based on estimates of time and usage.

The Organization treats certain indirect costs associated with the promotion of its programming as program-related in its presentation of the functional allocation of expenses. The Organization's mission is to connect people to plants, the planet, and each other. Therefore, the resources utilized to bring people to visit and engage with the Garden are direct program costs of the Organization in fulfilling its mission. As a result, the marketing and outreach expenses of the Organization in promotion of the Garden's programs constitute a program expense in the Statements of Functional Expenses.

Income Taxes

The Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. Accordingly, no provision has been made for income taxes in the accompanying financial statements.

Each year, management considers whether the Organization has engaged in any activities that could affect the Organization's income tax status or result in taxable income. Management believes that any positions the Organization has taken are supported by substantial authority and would more likely than not be sustained upon examination by the applicable taxing authority. Accordingly, there are no potential liabilities to be recorded or disclosed in the financial statements.

Measure of Operations

The Organization's measure of operations is its change in net assets from operating activities excluding grants made to the City and Country of San Francisco.

Reclassification

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations or on net assets and dealt exclusively with the classification of certain assets and liabilities reported in 2023 on the statement of financial position.

Subsequent Events

The Organization has evaluated subsequent events through December 4, 2024, the date the financial statements were available to be issued.

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Newly Adopted Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Measurement of Financial Instruments—Credit Losses (Topic 326)*. The ASU introduces a new credit loss methodology, Current Expected Credit Losses (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. Since its original issuance in 2016, the FASB has issued several updates to the original ASU. For financial instruments included in the scope, the CECL methodology utilizes a lifetime "expected credit loss" measurement objective for the recognition of credit losses at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses.

The methodology replaces the multiple existing impairment methods in current accounting principles generally accepted in the United States of America, which generally require that a loss be incurred before it is recognized. On July 1, 2023, the Organization adopted the ASU using the modified retrospective approach. There was no adjustment to the net assets upon adoption.

3. Liquidity and Availability of Financial Assets

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures.

The following tables reflects the Organization's financial assets as of June 30, 2024 and 2023, reduced by amounts not available to meet general expenditures within one year of the financial statement position date due to contractual restrictions. Amounts not available may also include net assets with donor restrictions, as well as funds that are perpetual in nature.

	<u>2024</u>	<u>2023</u>
Financial assets at year-end		
Cash and cash equivalents	\$ 3,308,957	\$ 4,214,359
Short term investments	42,294	21,398
Due from City and County of San Francisco	308,434	728,928
Contributions and grants receivable	1,051,780	103,766
Employee Retention Credit Receivable	292,968	-
Investments	18,947,559	17,163,885
	<u>23,951,992</u>	<u>22,232,336</u>
Less amounts not available to be used within one year		
Net assets with donor restrictions	(1,503,066)	(5,649,153)
Less net assets with time and purpose restrictions to be met within one year (a)	-	5,339,222
Perpetual in nature	(18,710,983)	(17,360,662)
Due to City and County of San Francisco	(771,123)	(784,156)
	<u>(20,985,172)</u>	<u>(18,454,749)</u>
Subtotal of amounts not available to be used within one year		
Available line of credit	-	500,000
	<u>2,966,820</u>	<u>4,277,587</u>
Financial assets available for general expenditures over the next 12 months	<u>\$ 2,966,820</u>	<u>\$ 4,277,587</u>

- (a) Of the \$5,649,153 in net assets with purpose and time restrictions as of June 30, 2023, \$5,343,148 represents the capitalized cost of the New Nursery. Upon completion of the Nursery, the building reverted to the City and County of San Francisco in February 2024 (See Note 15).

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4. Contributions and Grants Receivable

Contributions and grants receivable include annual pledges and pledges restricted by the donors for various purposes. Those receivables that are due in future periods have been discounted to their present values using a discount rate of 5.33%. The receivables are expected to be collected as follows:

	<u>2024</u>	<u>2023</u>
Due within one year	\$ 565,205	\$ 103,766
Due within two to five years	572,600	-
	1,137,805	103,766
Less: discount for present value	(86,025)	-
Total	<u>\$ 1,051,780</u>	<u>\$ 103,766</u>

5. Employee Retention Credit

The Employee Retention Credit (ERC), which was included as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act and amended by the Consolidated Appropriations Act (CAA) and the American Rescue Plan Act (ARPA) and the Infrastructure Investment and Jobs Act (IIJA), incentivizes Employers severely impacted by the COVID-19 pandemic to retain their employees when they might otherwise find it difficult to do so. The fully refundable tax credit is allowed against the employer's share of employment taxes for qualified wages paid after March 12, 2020 and before October 1, 2021. Credits in excess of the tax amounts paid by an employer are treated as overpayments and are also refunded to the employer. The ERC is calculated as a percentage of qualified wages (as defined in the CARES Act, as amended) paid by an eligible employer. The Organization qualified for the ERC under the gross receipts test as it experienced a significant decline in gross receipts (for 2020, defined as 50% in gross receipts when compared to the same calendar quarter in 2019, and for 2021, defined as 20% decline in gross receipts when compared to the same quarter in 2019). The Organization qualified under the gross receipts test during the second and third quarters for 2021. The Organization averaged less than 100 full-time employees (FTEs) during 2019, therefore, it was considered a small employer during 2021. As a small employer, all of the Organization's otherwise qualified wages were eligible for the ERC. For calendar quarters in 2021, the ERC equaled 70% of an employees qualified wages up to \$10,000 per employee per quarter with a maximum annual credit of \$21,000 per employee.

The Organization accounts for this federal funding in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605 guidance for conditional contributions and, accordingly, revenues are measured and recognized when barriers are substantially met.

During the year ended June 30, 2024, the Organization filed amended 941x for the second and third quarters for 2021 and estimated that they were eligible to claim \$579,121 in credits. Subsequent to year end, the Organization was notified that the ERC claim for the third quarter of 2021 was disallowed by the IRS. Management plans to appeal the decision and has recorded an allowance of \$286,153 to reflect the amount of credits disallowed. The credits for the second quarter of 2021 are recognized as ERC revenue in the statement of activities for the year ended June 30, 2024. As of June 30, 2024, the Organization has an ERC receivable of \$292,968, net of the allowance.

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6. Property and Equipment

Property and equipment consist of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Furniture and equipment	\$ 676,015	\$ 620,901
Leasehold improvements	85,841	85,841
Software	34,750	67,750
	<u>796,606</u>	<u>774,492</u>
Less accumulated depreciation and amortization	<u>(728,159)</u>	<u>(711,187)</u>
Total depreciable assets	68,447	63,305
Library books and related collection materials	699,805	666,805
Work-in-progress	4,180	5,948,793
Total	<u>\$ 772,432</u>	<u>\$ 6,678,903</u>

7. Investments and Fair Value Measurements

Investments that are measured at fair value on a recurring basis at June 30, 2024 and 2023 are as follows:

	<u>2024</u>		
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
Marketable securities:			
Money market fund	\$ 68,386	\$ 68,386	\$ -
Common stocks	5,133,639	5,133,639	-
Bonds:			
Corporate bonds	3,206,628	-	3,206,628
Mutual Funds:			
Bonds	1,350,666	1,350,666	-
Equities	2,536,081	2,536,081	-
Short Term Funds:			
INSTL CL	230,804	230,804	-
Exchange Traded Products:			
Mid-cap	762,223	762,223	-
Foreign large blend	1,280,175	1,280,175	-
	<u>14,568,602</u>	<u>\$ 11,361,974</u>	<u>\$ 3,206,628</u>
Alternative investments measured at NAV (Practical Expedient)	<u>4,421,251</u>		
Total	<u>\$ 18,989,853</u>		

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	2023		
	Total	Level 1	Level 2
Marketable securities:			
Money market fund	\$ 100,799	\$ 100,799	\$ -
Insured deposits (short-term)	1,243	1,243	-
Common stocks	4,228,908	4,228,908	-
Common stocks, real estate			
Bonds:			
Corporate bonds	2,951,392	-	2,951,392
Municipal bonds	105,880	-	105,880
Mutual Funds:			
Emerging markets	2,245,220	2,245,220	-
Bonds	2,410,362	2,410,362	-
Short Term Funds:			
INSTL CL	20,071	20,071	-
Exchange Traded Products:			
Mid-cap	1,390,686	1,390,686	-
Miscellaneous sector	69,836	69,836	-
	<u>13,524,397</u>	<u>\$ 10,467,125</u>	<u>\$ 3,057,272</u>
Alternative investments measured at NAV (Practical Expedient)			
Private equity funds	<u>3,660,886</u>		
Total	<u>\$ 17,185,283</u>		

Investments shown in the statements of financial position follows:

	2024	2023
	Short-term	\$ 42,294
Long-term	<u>18,947,559</u>	<u>17,163,885</u>
Total	<u>\$ 18,989,853</u>	<u>\$ 17,185,283</u>

At both June 30, 2024 and 2023, substantially all marketable securities are held with one investment institution.

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The following table summarizes the investments that have calculated net asset values per unit along with the related unfunded commitments and redemption features:

	2024			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
LP -Sustainable Forestry (a)	\$ 611,225	\$ -	2 years from initial investment	N/A
Private equity funds (b)	<u>3,810,026</u>	-	Quarterly	90 days
	<u>\$ 4,421,251</u>			
	2023			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private equity funds (b)	<u>\$ 3,660,886</u>	\$ -	Quarterly	90 days

(a) A limited partnership that invests in all major asset classes including fixed income, equities, hedge funds, timberland, private equity, infrastructure, and real estate.

(b) A nonregulated special limited partnership formed under the laws of Delaware and principally invests in pooled investment vehicles both domestically and internationally across all sectors of the private equity market.

The composition of investment return during the years ended June 30, 2024 and 2023 follows:

	2024	2023
Net realized and unrealized gain	\$ 1,461,894	\$ 1,141,591
Interest and dividends, reinvested	<u>323,427</u>	<u>228,154</u>
Total	<u>\$ 1,785,321</u>	<u>\$ 1,369,745</u>

Investment fees incurred have been netted against interest and dividends.

8. Line of Credit

The Organization had a line of credit arrangement with JP Morgan Chase for a total maximum borrowing of \$500,000 which expired on June 22, 2024. Advances on the line of credit bear interest at the published Wall Street Journal "prime rate" (initially at loan origination 8.25%) plus 1%. The line of credit was not renewed past June 22, 2024. During the years ended June 30, 2024 and 2023 the Organization took no advances against the line of credit.

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9. Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2024, consist of:

	<u>Balance at June 30, 2023</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance at June 30, 2024</u>
Capital Campaign New Nursery	\$ 5,339,222	\$ 3,926	\$ (5,343,148)	\$ -
Gardens	67,782	11,250	(9,122)	69,910
Conservatory of Flowers Interpretation	-	340,977	(54,092)	286,885
Flower Piano	-	1,058,170	-	1,058,170
Plant Propagation	-	75,150	(32,490)	42,660
Library	-	5,424	(5,424)	-
Youth Education	233,831	121,000	(354,831)	-
Philanthropy	-	40,000	-	40,000
Docent Program	5,441	-	-	5,441
Other	2,877	-	(2,877)	-
	<u>5,649,153</u>	<u>1,655,897</u>	<u>(5,801,984)</u>	<u>1,503,066</u>
Endowment	<u>17,360,662</u>	<u>1,785,321</u>	<u>(435,000)</u>	<u>18,710,983</u>
Total	<u>\$ 23,009,815</u>	<u>\$ 3,441,218</u>	<u>\$ (6,236,984)</u>	<u>\$ 20,214,049</u>

Net assets with donor restrictions at June 30, 2023, consist of:

	<u>Balance at June 30, 2022</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance at June 30, 2023</u>
Capital Campaign New Nursery	\$ 4,820,042	\$ 538,951	\$ (19,771)	\$ 5,339,222
Gardens	66,641	10,200	(9,059)	67,782
Public Program	-	8,782	(8,782)	-
Garden Camp	-	113,900	(113,900)	-
Plant Collections	-	107,921	(107,921)	-
Library	29,018	1,486	(30,504)	-
Youth Education	211,031	378,268	(355,468)	233,831
Docent Program	5,757	-	(316)	5,441
Other	1,501,629	9,978	(1,181,730)	329,877
	<u>6,634,118</u>	<u>1,169,486</u>	<u>(1,827,451)</u>	<u>5,976,153</u>
Other changes in net assets	-	-	-	(327,000)
Endowment	<u>16,010,205</u>	<u>1,350,457</u>	<u>-</u>	<u>17,360,662</u>
Total	<u>\$ 22,644,323</u>	<u>\$ 2,519,943</u>	<u>\$ (1,827,451)</u>	<u>\$ 23,009,815</u>

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At June 30, 2024 and 2023, net assets held in perpetuity consist of the following:

	<u>2024</u>	<u>2023</u>
Maxwell-Hanrahan Endowed Fund	\$ 18,710,983	\$ 17,360,662

10. Endowments

The Organization's endowment consists of Maxwell-Hanrahan Endowed Fund to support general operations.

The Organization is subject to the requirements of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) governing endowments. The Organization has interpreted this law as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary.

Under this interpretation, the Organization classifies as funds held in perpetuity (a) the original fair value of gifts donated to the endowment, (b) the original fair value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time of the accumulation. Amounts not held in perpetuity are subject to appropriation for expenditure of the Organization in a manner consistent with the standards of prudence prescribed by the UPMIFA. In accordance with the UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the endowment funds.
- 2) The purposes of the Organization and the endowment funds.
- 3) General economic conditions.
- 4) The possible effect of inflation or deflation.
- 5) The expected total return from income and the appreciation of investments.
- 6) Other resources of the Organization.
- 7) The investment policy of the Organization.
- 8) The limitation under California state law of appropriations to 7% of the fair value of the endowment funds.

Endowment Composition

Endowment net assets with donor restrictions composition by type of fund as of June 30, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Original corpus	\$ 18,500,000	\$ 18,500,000
Underwater funds	-	(1,139,338)
Accumulated earnings	210,983	-
Total	<u>\$ 18,710,983</u>	<u>\$ 17,360,662</u>

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The Organization has adopted investment and spending policies for endowment assets to preserve without undertaking undue risk, the real purchasing power, as defined by the Consumer Price Index, of its assets in perpetuity, while providing a relatively predictable stream of distributions in line with the Organization's spending needs and goals. The endowment fund should maintain sufficient liquidity to meet obligations arising from planned activities. The liquidity of the endowment fund at the total portfolio level will be monitored.

The Organization targets a diversified asset allocation that may include allocations to investments with limited liquidity such as private equity funds.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. As of June 30, 2024, the Organization's endowment fund did not have any deficiencies. As of June 30, 2023, deficiencies of this nature exist in a donor-restricted endowment fund, which has an original gift value of \$18,500,000, a current fair value of \$17,360,662, and a deficiency of \$1,139,338. At June 30, 2024, no funds with deficiencies were noted. The deficiency on June 30, 2023 resulted from unfavorable market fluctuations that occurred shortly after the investment of the contributions for donor-restricted endowment funds.

A June 30, 2024 and 2023, changes in endowment net assets are as follows:

	<u>2024</u>	<u>2023</u>
Endowment net asset, beginning of year	\$ 17,360,662	\$ 16,010,205
Investment return	1,785,321	1,350,457
Appropriations	<u>(435,000)</u>	<u>-</u>
Total	<u>\$ 18,710,983</u>	<u>\$ 17,360,662</u>

11. Contributed Nonfinancial Assets

For the years ended June 30, 2024 and 2023, the Organization recognized \$79,633 and \$73,163 of contributed nonfinancial assets based on published prices at the date of donation. The Organization recognized contributed nonfinancial assets within revenue. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

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12. Commitments

The Organization has various agreements as follows:

Lease and Management Agreements

City and County of San Francisco

The Lease and Management Agreement between the City and County of San Francisco and the Organization, for lease of premises and cooperative operation and management of the Gardens, was executed in December 2013. The agreement is for a ten-year term, with two ten-year options to extend at the Organization's election and establishes the operating framework for the Gardens for the next thirty years. The first option was agreed upon during the fiscal year ended June 30, 2023. It also provides for allocation of admissions revenue to reimburse the Organization for its authorized collection expenses, a payment to the San Francisco Recreation and Park Department, a payment to the Organization for education and community outreach expenditures, and then, if revenues are sufficient, to fund the Garden Improvement Fund dedicated solely to renovation, maintenance and improvement of the Gardens. Per the agreement, the City and County of San Francisco provides the Organization with offices in the County Fair Building and Library Building, and operating facilities elsewhere in the Garden at an annual base rent of \$100.

On July 14, 2020, the City and County of San Francisco and its Recreation and Parks Department entered into a supplement agreement for the Lease and Management Agreement to extend the management of admissions at the Japanese Tea Garden to the Organization, effective August 1, 2020 through June 30, 2021, subject to renewal. Effective July 1, 2022 the Lease and Management Agreement was amended to extend the terms previously applied to the Botanical Garden to both the Japanese Tea Garden and Conservatory of Flowers for the Organization to jointly operate all three sites including admissions, education and public programs, community and volunteer engagement, events, fundraising, collections management, and marketing. In June 2023, the Organization exercised the first 10-year option allowed by the agreement.

Office Lease

In December 2015, the Organization entered into a ten-year lease for an administrative office, expiring on November 30, 2025. The initial monthly rent is \$5,858 increasing to \$7,644 by end of the lease term.

Right-of-use assets represent the Organization's right to use an underlying asset for the lease term, while lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term.

In determining the discount rate used to measure the right-of-use assets and lease liabilities, the Organization uses the rate implicit in the lease, or if not readily determinable, the Organization uses a risk free rate based on U.S. treasury note or bond rates for a similar term.

The right-of-use assets and lease liabilities were calculated using a weighted average discount rate of 2.85%. As of June 30, 2024 and 2023, the weighted average remaining lease term was 1.42 and 2.42 years, respectively.

San Francisco Botanical Garden Society at Strybing Arboretum (DBA Gardens of Golden Gate Park)

Notes to Financial Statements
June 30, 2024 and 2023

As of June 30, 2024, cash flow information related to leases was as follows:

Years ending June 30:		
2025	\$	90,607
2026		<u>38,217</u>
Total lease payments		128,824
Less interest		<u>(2,728)</u>
Total present value of lease liabilities		126,096
Less current portion		<u>(88,150)</u>
Long-term lease liabilities	\$	<u><u>37,946</u></u>

The total operating lease cost amounted to \$151,213 and is included in occupancy and security expenses on the statement of functional expenses for the year ended June 30, 2024.

Right-of-use assets are assessed for impairment in accordance with the Organization's long-lived asset policy. The Organization reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with Topic 842.

13. 403(b) Retirement Plan

The Organization sponsors an employee retirement benefit plan under section 403(b) of the Internal Revenue Code. The plan allows employees to defer a portion of their salary for income tax and retirement purposes. The Organization has the option of making additional contributions to the plan. Contributions amounted to \$31,347 for the year ended June 30, 2024. There were no contributions made during the year ended June 30, 2023.

14. Concentrations

Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and marketable securities.

Cash and cash equivalents include cash on hand, cash on deposit, and money market accounts. The Organization considers short-term highly liquid investments with an original maturity date of three months or less that are not part of an investment pool to be cash equivalents.

Risks associated with marketable securities are also mitigated by holding such assets with reputable custodians. The Security Investor Protection Corporation (SIPC) provides for up to \$500,000 (currently) in protection against fraudulent brokers. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

Investments in general, as subject to various risks, including credit, interest and overall market volatility risks. Due to the level of risk associated with investment securities, it is reasonably possible that changes in values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

San Francisco Botanical Garden Society at Strybing Arboretum (DBA Gardens of Golden Gate Park)

Notes to Financial Statements
June 30, 2024 and 2023

Major Donors

At June 30, 2024, three donors accounted for approximately 39% of total contributions revenue.
At June 30, 2023, two donor accounted for approximately 22% of total contributions revenue.

Geographic Concentrations

All of the Organization's business activities are conducted in San Francisco.

15. Related Party Transactions

During the years ended June 30, 2024 and 2023, the Organization received approximately \$350,000 and \$622,000, respectively, in contributions from Board Members.

16. Other Transactions

Grants Made to the City and County of San Francisco

In accordance with the LMA (refer to Note 12) and Nursery Memorandum of Understanding (collectively, Agreement) with the City and County of San Francisco, the Organization in partnership with the City, planned to build a state-of-the-art nursery facility (New Plant Nursery) within the San Francisco Botanical Garden for the joint use of the Organization and the City. The New Plant Nursery project included demolition of the existing greenhouse building and construction of a Greenhouse and Headhouse and associated land improvements. Since the construction of the New Plant Nursery has begun, the Organization has been capitalizing associated costs and included the balance as part of construction in progress. Additionally, the Organization has been accounting for the contributions from donors with the purpose of building the Nursery as an increase in Net Assets with Donor Restrictions.

On January 10, 2024, the Department of Building Inspection (DBI) of the City provided the Organization the final Certificate of Occupancy for the Nursery. On May 3, 2024, the Organization formally gifted the New Plant Nursery to the City, with all necessary regulatory approvals and free of all liens, easements, and potential claims, in line with the Organization's mission and purpose. With the acceptance of this gift, the City assumes all the annual operating expenses associated thereto. As a result, the Organization granted the construction in progress asset from its financial statements and released the associated balance of the new assets with donor restrictions of \$5,343,148. A grant to the City and County of San Francisco amounting to \$6,102,209 is included on the Statement of Activities for the year ended June 30, 2024.

Other Adjustments to Net Assets

Effective July 1, 2022, through an amendment to the LMA, the Organization began to co-operate the Conservatory of Flowers, also located in Golden Gate Park. The Conservatory had been a fiscally sponsored organization of the San Francisco Parks Alliance. The Organization agreed to pay the SF Parks Alliance for the deficit that the Conservatory accumulated through June 30, 2022. The Conservatory is an indoor garden and was therefore significantly impacted by pandemic-related closures. The Parks Alliance and the Organization have agreed that the deficit amounted to \$327,000. Such amount was paid during the fiscal year June 30, 2023 and is reflected as an adjustment to net assets.

**San Francisco Botanical Garden Society at Strybing Arboretum
(DBA Gardens of Golden Gate Park)**

Gross Admissions Receipts and Revenue
Year Ended June 30, 2024

Total Gross Admissions Receipts	<u>\$ 7,945,896</u>
Contributions	2,518,203
Government grants	161,035
Bequests	275,000
Annual fundraiser	529,305
Private event rentals	458,057
Bookstore, Plant Shop and other retail sales, net of cost of sales of \$306,702 in 2024	312,337
Public programming	525,970
Flower Piano	1,417,163
Employee Retention Credit (ERC), net	292,968
Investment returns, net	1,785,321
In-kind contributions	79,633
Other income	<u>7,667</u>
	<u>8,362,659</u>
 Total revenue managed by the Organization	 16,308,555
 Less admission receipts remitted to SFRPD	 <u>(5,830,239)</u>
 Revenue recorded on the Statement of Activities	 <u><u>\$ 10,478,316</u></u>