

OLD WESTBURY GARDENS, INC.

Financial Statements  
With Independent Auditors' Report

March 31, 2022 and 2021

# OLD WESTBURY GARDENS, INC.

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of  
Old Westbury Gardens, Inc.

### **Opinion**

We have audited the accompanying financial statements of Old Westbury Gardens, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2022 and 2021, 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 financial statements referred to above present fairly, in all material respects, the financial position of Old Westbury Gardens, Inc. as of March 31, 2022 and 2021, 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. 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 Old Westbury Gardens, Inc. 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 Old Westbury Gardens, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's 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 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, including omissions, 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 Old Westbury Gardens, Inc.'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 Old Westbury Gardens, Inc.'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.



Satty, Levine & Ciacco, CPAs, P.C.  
Melville, New York  
September 19, 2022

# OLD WESTBURY GARDENS, INC.

## Statements of Financial Position

	March 31,					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>ASSETS:</b>						
Cash and cash equivalents	\$ 624,673	\$ 18,745	\$ 643,418	\$ 401,804	\$ 18,745	\$ 420,549
Accounts receivable	5,268	-	5,268	304,742	-	304,742
Contributions and pledges receivable, net	-	822,780	822,780	-	1,026,565	1,026,565
Inventory	142,949	-	142,949	148,870	-	148,870
Prepaid expenses and other assets	119,723	-	119,723	191,699	-	191,699
Investments	5,027,873	2,024,317	7,052,190	4,903,495	1,904,492	6,807,987
Property, plant and equipment—net	5,290,582	6,052,224	11,342,806	5,686,829	5,327,247	11,014,076
Beneficial interest in perpetual trust	-	21,610,053	21,610,053	-	22,196,138	22,196,138
<b>Total Assets</b>	<b>\$ 11,211,068</b>	<b>\$ 30,528,119</b>	<b>\$ 41,739,187</b>	<b>\$ 11,637,439</b>	<b>\$ 30,473,187</b>	<b>\$ 42,110,626</b>
<b>LIABILITIES AND NET ASSETS:</b>						
<b>Liabilities:</b>						
Accounts payable and accrued expenses	\$ 316,042	\$ -	\$ 316,042	\$ 420,227	\$ -	\$ 420,227
Loans payable	2,766,023	-	2,766,023	2,394,942	-	2,394,942
Deferred revenue	164,710	-	164,710	109,592	-	109,592
Deferred compensation	76,042	-	76,042	65,448	-	65,448
<b>Total liabilities</b>	<b>3,322,817</b>	<b>-</b>	<b>3,322,817</b>	<b>2,990,209</b>	<b>-</b>	<b>2,990,209</b>

(continued)

See notes to financial statements

# OLD WESTBURY GARDENS, INC.

## Statements of Financial Position

(continued)

	March 31,					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
LIABILITIES AND NET ASSETS, continued:						
Net assets:						
Without donor restrictions:						
Undesignated:						
Current operations	(1,838,980)	-	(1,838,980)	(914,371)	-	(914,371)
Centennial fund	4,436,649	-	4,436,649	3,874,772	-	3,874,772
Net investment in property, plant and equipment	5,290,582	-	5,290,582	5,686,829	-	5,686,829
With donor restrictions, purpose or time:						
Capital projects	-	381,282	381,282	-	466,407	466,407
Education programs and initiatives	-	1,469,998	1,469,998	-	600,000	600,000
Education and outreach	-	228,008	228,008	-	213,343	213,343
Dianne Wittlinger tree fund	-	99,391	99,391	-	138,974	138,974
Unappropriated general endowment funds	-	307,070	307,070	-	274,369	274,369
Property, plant and equipment	-	3,925,608	3,925,608	-	4,077,247	4,077,247
With donor restrictions, in perpetuity:						
General endowments	-	852,152	852,152	-	852,152	852,152
Education and outreach	-	191,280	191,280	-	191,280	191,280
Dianne Wittlinger tree fund	-	213,277	213,277	-	213,277	213,277
Trust assets (beneficial interest)	-	21,610,053	21,610,053	-	22,196,138	22,196,138
Property, plant and equipment	-	1,250,000	1,250,000	-	1,250,000	1,250,000
Total net assets	7,888,251	30,528,119	38,416,370	8,647,230	30,473,187	39,120,417
Total Liabilities and Net Assets	\$ 11,211,068	\$ 30,528,119	\$ 41,739,187	\$ 11,637,439	\$ 30,473,187	\$ 42,110,626

See notes to financial statements

# OLD WESTBURY GARDENS, INC.

## Statements of Activities

	Year Ended March 31,					
	2022			2021		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT, REVENUE, AND RECLASSIFICATIONS:						
Support and revenue:						
Contributions	524,154	1,265,098	1,789,252	481,706	1,971,176	2,452,882
Special events:			-			-
Contributions	253,332	-	253,332	108,888	-	108,888
Revenue	53,075	-	53,075	17,250	-	17,250
Less: costs of direct benefits to donors	(69,779)	-	(69,779)	(28,380)	-	(28,380)
Contributions and net revenue from special events	236,628	-	236,628	97,758	-	97,758
Admissions and program fees	1,828,071	-	1,828,071	277,309	-	277,309
Memberships	242,626	-	242,626	159,324	-	159,324
Use of premises	189,689	-	189,689	97,820	-	97,820
Investment income (net of fees)	1,375,855	57,782	1,433,637	2,729,082	501,084	3,230,166
Sales of books, plants, souvenirs, and refreshments (net of related expenses)	8,856	-	8,856	609	-	609
Miscellaneous	401,795	-	401,795	305,547	-	305,547
<b>Total Support and Revenue</b>	<b>4,807,674</b>	<b>1,322,880</b>	<b>6,130,554</b>	<b>4,149,155</b>	<b>2,472,260</b>	<b>6,621,415</b>
Reclassifications:						
Satisfaction of purpose restrictions	681,863	(681,863)	-	357,680	(357,680)	-
<b>Total Support, Revenue and Reclassifications</b>	<b>5,489,537</b>	<b>641,017</b>	<b>6,130,554</b>	<b>4,506,835</b>	<b>2,114,580</b>	<b>6,621,415</b>

(continued)

See notes to financial statements

# OLD WESTBURY GARDENS, INC.

## Statements of Activities (continued)

	Year Ended March 31,					
	2022			2021		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
EXPENSES:						
Program services:						
Gardens and house maintenance	2,346,671	-	2,346,671	2,199,633	-	2,199,633
Visitor services	2,596,960	-	2,596,960	413,281	-	413,281
Educational and community services	196,260	-	196,260	90,984	-	90,984
Total program services	5,139,891	-	5,139,891	2,703,898	-	2,703,898
Supporting services:						
Management and general	513,809	-	513,809	456,455	-	456,455
Development	594,816	-	594,816	473,398	-	473,398
Total supporting services	1,108,625	-	1,108,625	929,853	-	929,853
Total Expenses	6,248,516	-	6,248,516	3,633,751	-	3,633,751
Changes in Net Assets, before other changes	(758,979)	641,017	(117,962)	873,084	2,114,580	2,987,664
Other changes:						
Change in value of beneficial interest in perpetual trust	-	(586,085)	(586,085)	-	4,480,446	4,480,446
Change in Net Assets, after other changes	(758,979)	54,932	(704,047)	873,084	6,595,026	7,468,110
Net Assets, Beginning of Year	8,647,230	30,473,187	39,120,417	7,774,146	23,878,161	31,652,307
Net Assets, End of Year	\$ 7,888,251	\$ 30,528,119	\$ 38,416,370	\$ 8,647,230	\$ 30,473,187	\$ 39,120,417

See notes to financial statements



## OLD WESTBURY GARDENS, INC.

### Statement of Functional Expenses

Year Ended March 31, 2022, with comparative totals for the year ended March 31, 2021

	2022				2021	
	Program	Management and General	Development	Cost of Direct Benefit to Donors	Total	Total
Salaries and benefits	\$ 1,817,568	\$ 243,477	\$ 272,409	\$ -	\$ 2,333,454	\$ 1,977,822
Building and grounds, utilities, repairs and maintenance	289,984	6,267	9,686	-	305,937	300,334
Special events	107,002	-	37,434	69,779	214,215	49,092
Production and service fees	1,202,129	2,693	19,757	-	1,224,579	17,276
Depreciation	244,256	33,720	36,980	-	314,956	264,124
Occupancy, travel, and professional fees	251,401	47,427	29,308	-	328,136	286,589
Food and entertainment, and coordination	21,412	15,884	1,869	-	39,165	6,036
Insurance	306,460	42,454	45,324	-	394,238	349,194
Equipment and maintenance	125,469	8,873	5,565	-	139,907	89,398
Payroll taxes	110,433	17,042	18,480	-	145,955	119,976
Office expenses	37,468	6,196	26,200	-	69,864	57,790
Advertising	372,152	-	-	-	372,152	36,069
Other expenses	253,907	3,160	66,722	-	323,789	66,946
Fees	250	86,616	25,082	-	111,948	41,485
	<u>\$ 5,139,891</u>	<u>\$ 513,809</u>	<u>\$ 594,816</u>	<u>\$ 69,779</u>	<u>\$ 6,318,295</u>	<u>\$ 3,662,131</u>
Less cost of direct benefit to donors	-	-	-	(69,779)	(69,779)	(28,380)
	<u>\$ 5,139,891</u>	<u>\$ 513,809</u>	<u>\$ 594,816</u>	<u>\$ -</u>	<u>\$ 6,248,516</u>	<u>\$ 3,633,751</u>

See notes to financial statements

# OLD WESTBURY GARDENS, INC.

## Statements of Cash Flows

	Year Ended March 31,	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (704,047)	\$ 7,468,110
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	314,956	264,124
Net change in value of beneficial interest trust	586,085	(4,480,446)
Realized (gain) loss on investments	(520,543)	(300,636)
Unrealized (gain) loss on investments	331,708	(1,687,770)
Contributions restricted for long-term investment	(245,464)	(1,302,038)
Interest and dividends restricted for reinvestment	(9,887)	(16,269)
Forgiveness of PPP Loan	(373,558)	(294,360)
Changes in:		
Accounts receivable	299,474	30,320
Contributions and pledges receivable	203,785	(694,110)
Inventory	5,921	-
Prepaid expenses and other assets	71,976	(103,278)
Accounts payable and accrued expenses	104,185	(38,377)
Deferred revenue	(55,118)	(1,481)
Deferred compensation	(10,594)	(24,129)
Net Cash (Used) Provided by Operating Activities	(1,121)	(1,180,340)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant, and equipment	(643,687)	(341,280)
Purchase of investments	(2,149,406)	(1,678,827)
Proceeds from sale of investments	2,390,651	1,741,031
Net Cash Used by Investing Activities	(402,442)	(279,076)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from contributions restricted for:		
Investment in land, buildings and equipment	245,464	1,302,038
Other financing activities:		
Payments on loans	(858,564)	(150,136)
Proceeds from borrowing on loans payable	1,229,645	369,600
Interest and dividends restricted for reinvestment	9,887	16,269
	380,968	235,733
Net Cash Provided by Financing Activities	626,432	1,537,771
Change in Cash and Cash Equivalents	222,869	78,355
Cash and Cash Equivalents, Beginning of Year	420,549	342,194
Cash and Cash Equivalents, End of Year	\$ 643,418	\$ 420,549

See notes to financial statements

# OLD WESTBURY GARDENS, INC.

## Notes to Financial Statements

March 31, 2022 and 2021

1. NATURE OF ORGANIZATION:

Old Westbury Gardens, Inc. (Gardens) is a corporation organized pursuant to paragraph (a)(5) of Section 102 of the Not-for-Profit Law of the State of New York. The Gardens is exempt from tax under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization other than a private foundation. It operates as a historic museum and garden open to the public from April through December. The Gardens' main source of revenue consists of grants, contributions, memberships, investment income, and sales of admission for various programs, concerts, workshops, and events.

2. SIGNIFICANT ACCOUNTING POLICIES:

The financial statements have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the statements to the reader. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 petty cash, bank checking accounts and bank savings accounts. Funds on deposit in banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per banking institution. At March 31, 2022 and 2021, the Gardens' cash balances exceeded federally insured limits. The Gardens has not experienced any losses on such accounts and does not believe it is exposed to any significant credit risk on these accounts.

### ACCOUNTS RECEIVABLE

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Receivables are expected to be collected within one year, and are therefore recorded at net realizable value. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At March 31, 2022 and 2021, there were no allowances.

### CONTRIBUTIONS AND PLEDGES RECEIVABLE

Unconditional pledges to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Discounts on those amounts, if necessary based on the expected collection of pledges in future years, are computed using risk adjusted interest rates applicable to the years in which the promises are received. Management believes all receivable balances are collectible; therefore, no provision for uncollectible accounts was made. Conditional pledges to give are not included as support until the conditions are substantially met.

# OLD WESTBURY GARDENS, INC.

## Notes to Financial Statements

March 31, 2022 and 2021

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### INVENTORY

Inventory is stated at the lower of cost or net realizable value utilizing the first-in first-out method and consists of books, plants, souvenirs, and refreshments for sale in the Gardens' gift shop.

#### INVESTMENTS

Investments consist of money market funds, mutual funds, and corporate stocks and are stated at cost or fair value. Investment income (net of fees) are included as revenue in the accompanying statements of activities. See Note 5 for investment income composition. Donated investments are recorded at the fair value on the date of donation and thereafter carried in accordance with the above provisions.

#### PROPERTY, PLANT, AND EQUIPMENT, NET

Items capitalized as property, plant, and equipment include land, buildings, building and land improvements, furniture, fixtures and equipment, and are reported at cost on the date of purchase or, if donated, at fair market value on the date of donation. The costs of additions and betterments are capitalized when they exceed \$5,000, and expenditures for repairs and maintenance are expensed when incurred. When property, plant, and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is reported as income.

Depreciation of property, plant, and equipment is provided utilizing the straight-line method over the estimated useful lives of the respective assets as follows:

Buildings	40 years
Building improvements	15 years
Land improvements	7 - 20 years
Furniture, fixtures, and equipment	3 - 5 years

Donations of property, plant, and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as with donor restrictions support. If there are no donor stipulations regarding how long those donated assets must be maintained, the Gardens reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Gardens reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

During 1996, land adjacent to the Gardens' property was donated to the Gardens. Use of this land has been restricted by the donor to enhance the land base of the Gardens and is to be maintained in its natural state, to be used as a "buffer," and cannot be developed or sold by the Gardens. An appraised value of \$1,250,000 was ascribed to this property when donated and is reflected as net assets with donor restrictions, in perpetuity in the financial statements.

# OLD WESTBURY GARDENS, INC.

## Notes to Financial Statements

March 31, 2022 and 2021

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The Gardens uses appropriate valuation techniques to determine cost or fair value based on inputs available. When available, the Gardens measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs were not available.

The Gardens measures fair value as the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date. The Gardens also prioritizes, within the measurement of fair value, the use of market based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of an asset as of the measurement date.

The three levels of the fair value hierarchy follow:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets that the Gardens has the ability to access at the measurement date. The types of investments included in Level 1 are corporate stocks and exchange traded funds.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active. The Gardens did not have any investments valued at Level 2.

Level 3 - Fair value is determined based on pricing inputs that are unobservable and include situations where there is little, if any, market activity for the asset. Investments included in Level 3 consisted of the following:

*Beneficial interest in perpetual trust*—The fair value of beneficial interest in perpetual trusts is determined by using the Gardens' percentage interest in the trust and the fair value of the trust as determined by the trustee.

Investment portfolio by valuation hierarchy as of March 31, 2022 and 2021, are as follows:

	March 31, 2022			
	Total	Level 1	Level 2	Level 3
Corporate stocks	\$ 4,552,750	\$ 4,552,750	\$ -	\$ -
Exchange traded funds	2,344,841	2,344,841	-	-
Money market funds carried at cost	154,599			
Total investments	7,052,190	6,897,591	-	-
Beneficial interest in perpetual trust	21,610,053	-	-	-
Total	\$ 28,662,243	\$ 6,897,591	\$ -	\$ -

# OLD WESTBURY GARDENS, INC.

## Notes to Financial Statements

March 31, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS, continued

	March 31, 2021			
	Total	Level 1	Level 2	Level 3
Corporate stocks	\$ 4,943,885	\$ 4,943,885	\$ -	\$ -
Exchange traded funds	1,756,784	1,756,784	-	-
Money market funds carried at cost	<u>107,318</u>			
Total investments	<u>6,807,987</u>	<u>6,700,669</u>	<u>-</u>	<u>-</u>
Beneficial interest in perpetual trust	<u>22,196,138</u>	<u>-</u>	<u>-</u>	<u>22,196,138</u>
Total	<u>\$ 29,004,125</u>	<u>\$ 6,700,669</u>	<u>\$ -</u>	<u>\$ 22,196,138</u>

### LOANS PAYABLE

The Gardens entered into a line-of-credit agreement with a bank effective February 16, 2022, to borrow up to \$1,000,000 with a maturity date of February 2023. Interest is payable monthly with a variable interest rate of 1 percentage point over the Wall Street Journal Prime Rate. The line-of-credit is unsecured.

The Gardens had previously entered into a line-of-credit agreement with a different bank effective March 2017, to borrow up to \$250,000. Interest was payable monthly with a variable interest rate of 1 percentage point over the Wall Street Journal Prime Rate. The line-of-credit was unsecured. There were \$808,179 and \$25,342 in outstanding borrowings on each line-of-credit for the years ended March 31, 2022 and 2021, respectively.

### COLLECTIONS

Collection items consist of furniture and works of art that are held for educational and preservation purposes. In conformity with the practice followed by museums, collections, such as art objects and furniture acquired and donated to the Gardens, are not included in the statements of financial position. Purchases of collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired or as net assets with donor restrictions if the assets used to purchase the items are restricted by donors. Contributed collection items are not reflected in the financial statements. Proceeds from sales or insurance recoveries are reflected as increases in the appropriate net asset classes. There were no purchases or sales of collection items for the years ended March 31, 2022 and 2021.

# OLD WESTBURY GARDENS, INC.

## Notes to Financial Statements

March 31, 2022 and 2021

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### CLASSES OF NET ASSETS

The financial statements report amounts separately by class of net assets:

*Net Assets without donor restrictions* include all resources which are not subject to donor-imposed restrictions of a more specific nature than those which only obligate the Gardens to utilize funds in furtherance of its mission, designated by the Board of Trustees for specific use and resources invested in property, plant, and equipment.

*Net assets with donor restrictions* are contributed with donor stipulations for specific operating purposes and programs, with time restrictions or not currently available for use until commitments regarding their use have been fulfilled. Net assets with donor restrictions also include contributions and pledges receivable and accumulated endowment earnings that are restricted by the donor for a particular purpose or whose use does not have restrictions but have not yet been appropriated for expenditure. Net assets with donor restrictions also include donations subject to the restrictions of gift instruments requiring that the principal be invested in perpetuity. Generally, the donors permit the Gardens to use all or part of the income earned on related investments, and the net capital appreciation thereon, for general or specific purposes. The Gardens had land donated that has been restricted in perpetuity.

#### SUPPORT, REVENUE, AND RECLASSIFICATIONS

Contributions are recorded as revenue upon receipt of cash or unconditional promises to give (pledges). Contributions restricted by the donor for a specific purpose are recorded as support in the net assets with donor restrictions until funds have been expended by the Gardens for the purposes specified. Upon satisfaction of the restriction, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statements of activities as reclassifications for satisfaction of purpose restrictions. Donated assets are recorded at their fair market value on the date of donation.

Program revenue is recorded when earned, which is when the product or service has been provided. Sales are recorded when the good has been provided to the customer. Investment income is recorded in the month it is earned. Other income is recorded when earned.

#### DONATED SERVICES

The Gardens receives a significant amount of donated services from unpaid volunteers who assist in raising funds, developing membership, providing tours, and performing clerical functions. Services donated by unpaid volunteers have not been recognized in the statements of activities because the criteria for recognition under generally accepted accounting principles have not been satisfied.

# OLD WESTBURY GARDENS, INC.

## Notes to Financial Statements

March 31, 2022 and 2021

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### EXPENSES AND FUNCTIONAL ALLOCATION OF EXPENSES

Directly identifiable expenses are charged to program services and supporting services which include management and general and development. Expenses related to more than one function are charged to program services and supporting services on the basis of periodic time and expense studies. Supporting services expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Gardens. All advertising costs are expensed when incurred. Advertising costs were approximately \$372,000 and \$36,000, for the years ended March 31, 2022 and 2021, respectively. The Gardens incurred no joint costs.

### 3. LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following reflects the Gardens' financial assets as of March 31, 2022 and 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statements of financial position date.

	March 31,	
	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 643,418	\$ 420,549
Accounts receivable	5,268	304,742
Contributions and pledges receivable	822,780	1,026,565
Investments	7,052,190	6,807,987
Beneficial interest in perpetual trust	21,610,053	22,196,138
Financial assets, at year end	<u>30,133,709</u>	<u>30,755,981</u>
Less those not available for general expenditure within one year:		
Restricted cash	(18,745)	(18,745)
Contribution and accounts receivable collectible beyond one year	(514,996)	(983,733)
Restrictions by donors held in perpetuity	(2,506,709)	(2,506,709)
Beneficial interest in perpetual trust	(21,610,053)	(22,196,138)
Subject to appropriation or satisfaction of donor restrictions	(2,532,749)	(2,088,062)
	<u>(27,183,252)</u>	<u>(27,793,387)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,950,457</u>	<u>\$ 2,962,594</u>

The Gardens has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Gardens also has an unsecured \$1,000,000 line of credit, which it could draw upon in the event of an anticipated liquidity need. The interest rate is LIBOR plus 1.00 percent, with interest due monthly and principal due upon maturity. Funds that were available under this agreement during the calendar year ended March 31, 2022, was \$191,821. Additionally, the Gardens' restrictions subject to appropriation or satisfaction of donor restrictions is reported net of an estimated endowment appropriation of approximately \$265,000 during fiscal year 2022.



# OLD WESTBURY GARDENS, INC.

## Notes to Financial Statements

March 31, 2022 and 2021

4. CONTRIBUTIONS AND PLEDGES RECEIVABLE, NET:

Unconditional amounts promised, but not yet collected, have been recorded as pledges receivable and are estimated to be collected as follows:

	March 31,	
	2022	2021
2023	\$ 340,749	\$ 69,500
2024	238,749	351,833
2025	198,749	344,900
2026	38,749	287,000
2027 and beyond	38,749	-
	855,745	1,053,233
Less reduction of pledges due in excess of one year present value, at a discount rate of 2.31% and 2.95% for March 31, 2022 and 2021	(32,965)	(26,668)
	\$ 822,780	\$ 1,026,565

5. INVESTMENTS:

Investments consist of the following:

	March 31,	
	2022	2021
Money market funds	\$ 154,599	\$ 107,318
Exchange traded funds	2,344,841	1,895,867
Corporate stocks	4,552,750	4,804,802
	\$ 7,052,190	\$ 6,807,987

Investment income for the year ended March 31, 2022, is comprised of the following:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Distributions from trust	\$ 1,200,000	\$ -	\$ 1,200,000
Interest, dividends, and capital gains	44,840	35,008	79,848
Realized gains	302,199	218,344	520,543
Unrealized losses	(136,137)	(195,570)	(331,707)
Investment management and broker fees	(35,047)	-	(35,047)
	\$ 1,375,855	\$ 57,782	\$ 1,433,637

# OLD WESTBURY GARDENS, INC.

## Notes to Financial Statements

March 31, 2022 and 2021

5. INVESTMENTS, continued:

Investment income for the year ended March 31, 2021, is comprised of the following:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Distributions from trust	\$ 1,200,000	\$ -	\$ 1,200,000
Interest, dividends, and capital gains	56,992	26,622	83,614
Realized losses	226,272	74,364	300,636
Unrealized losses	1,287,672	400,098	1,687,770
Investment management and broker fees	(41,854)	-	(41,854)
	\$ 2,729,082	\$ 501,084	\$ 3,230,166

### RISKS AND UNCERTAINTIES RELATED TO INVESTMENTS

Investments are exposed to various risks, such as changes in interest rates or credit ratings and market fluctuations. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investments, it is possible that the value of the Gardens' investments and total net assets balance could fluctuate materially.

6. PROPERTY, PLANT, AND EQUIPMENT:

Property, plant, and equipment consist of:

	March 31,	
	2022	2021
Donated land	\$ 1,250,000	\$ 1,250,000
Land and improvements	3,014,423	3,209,115
Buildings and improvements	7,137,561	7,117,536
Furniture, fixtures, and equipment	610,769	418,564
Construction in progress	5,536,470	5,151,874
	17,549,223	17,147,089
Less accumulated depreciation	(6,206,417)	(6,133,013)
	\$ 11,342,806	\$ 11,014,076

Depreciation expense totaled \$314,957 and \$264,124 for the years ended March 31, 2022 and 2021, respectively.

# OLD WESTBURY GARDENS, INC.

## Notes to Financial Statements

March 31, 2022 and 2021

7. BENEFICIAL INTEREST IN PERPETUAL TRUST:

The J.S. Phipps Family Foundation (the “Foundation”) was established in 1985, by virtue of an irrevocable trust agreement (the “Trust”), as a tax-exempt supporting foundation designed to provide consistent and adequate funding for the Gardens. The Foundation annually disburses funds to the Gardens from the Trust in furtherance of the Gardens’ mission. The principal of the Trust is managed and held by third-party trustees.

The beneficial interest in perpetual trust included in assets in the accompanying statements of financial position represents the present value of the estimated future distributions expected to be received, which is determined to approximate the fair value of the net assets in the Trust at March 31, 2022 and 2021.

8. PENSION PLAN:

The Gardens has adopted a defined contribution pension plan in the form of a 401(k) plan. The Gardens contributes an amount equal to three percent of the employee’s salary and matches employee contributions up to an additional two percent of salary. The total expenses for the years ended March 31, 2022 and 2021, were \$65,376 and \$68,063, respectively.

The Gardens also has a non-qualified 457(b) deferred compensation plan that is offered to the CEO. Contributions for the years ending March 31, 2022 and 2021, totaled \$10,139 for both fiscal years.

9. LOANS PAYABLE:

In May of 2021, the Gardens received loan proceeds in the amount of \$373,558 under the Paycheck Protection Program (“PPP”) second draw. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (Cares “Act”), provides for loans to qualifying business. The loans and accrued interest are forgivable after eight weeks to twenty-four weeks as long as the borrower uses the loans proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of the loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week to twenty-four week period. In November of 2021 the Gardens was informed by letter from the Small Business Administration that \$373,558 of the PPP loan was forgiven. In accordance with Subtopic 958-605, the Company has recognized the PPP forgiveness amount as income, which is included in miscellaneous income on the statement of activities.

In fiscal year 2021, the Gardens was required to repay the remaining balance of \$75,240, plus interest accrued at 1% per annum in monthly payments beginning on May 1, 2022, for the first draw of the PPP loan. Principal and interest payments will be required through the maturity date of May 1, 2026. The balance of the first draw is \$57,844 and \$75,240 as of March 31, 2022 and 2021, respectively.

In March 2021, the Gardens entered into an agreement to borrow \$2,000,000 to fund capital renovations from its beneficial interest in perpetual trust. Annual interest rate is 3%. Payments of accrued and unpaid interest are due March 15 for the first four years and principal and interest is due for the remaining five years. The maturity date of the loan is March 15, 2030. This loan is secured by the Gardens' investments in the beneficial interest in perpetual trust. The Gardens has a balance remaining of \$1,900,000 as of March 31, 2022.

# OLD WESTBURY GARDENS, INC.

## Notes to Financial Statements

March 31, 2022 and 2021

### 10. NET ASSETS WITH DONOR RESTRICTIONS:

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

Net assets with donor restrictions, time and purpose were available for the following purposes:

	March 31, 2022			
	Beginning Balance	Additions/ Investment Activity	Releases	Ending Balance
Capital projects and other donor restricted projects	\$ 415,555	\$ 79,460	\$ (113,732)	\$ 381,283
Education programs and initiatives	650,852	940,174	(121,028)	1,469,998
Property, plant and equipment	4,077,247	245,464	(397,103)	3,925,608
Education and outreach	213,342	14,665	-	228,007
Dianne Wittlinger tree fund	138,974	10,416	(50,000)	99,390
Unappropriated general endowment funds	274,370	32,701	-	307,071
<b>Total</b>	<b>\$ 5,770,340</b>	<b>\$ 1,322,880</b>	<b>\$ (681,863)</b>	<b>\$ 6,411,357</b>

	March 31, 2021			
	Beginning Balance	Additions/ Investment Activity	Releases	Ending Balance
Capital projects and other donor restricted projects	\$ 663,560	\$ 65,438	\$ (262,591)	\$ 466,407
	-	600,000	-	600,000
Property, plant and equipment	2,775,209	1,302,038	-	4,077,247
Education and outreach	85,908	130,061	(2,627)	213,342
Dianne Wittlinger tree fund	105,213	90,538	(56,777)	138,974
Unappropriated general endowment funds	25,870	284,185	(35,685)	274,370
<b>Total</b>	<b>\$ 3,655,760</b>	<b>\$ 2,472,260</b>	<b>\$ (357,680)</b>	<b>\$ 5,770,340</b>

# OLD WESTBURY GARDENS, INC.

## Notes to Financial Statements

March 31, 2022 and 2021

### 10. NET ASSETS WITH DONOR RESTRICTIONS, continued:

Net assets with donor restrictions, in perpetuity represent contributions made for the following purposes and are restricted to investment in perpetuity. Income from these funds is available without donor restriction use until those amounts are appropriated for expenditure by the Gardens in a manner consistent with the standard of prudence prescribed by NYPMIFA. Net assets with donor restrictions, in perpetuity consist of the following:

	March 31,	
	2022	2021
Donor restricted endowment funds:		
General endowments	\$ 852,152	\$ 852,152
Education and outreach	191,280	191,280
Dianne Wittlinger tree fund	213,277	213,277
Property, plant and equipment	1,250,000	1,250,000
Beneficial interest in perpetual trust	21,610,053	22,196,138
	<u>\$ 24,116,762</u>	<u>\$ 24,702,847</u>

### 11. ENDOWMENT FUNDS:

The Gardens' endowments include donor-restricted funds and consist of individual funds established for the purchase of trees, and the funding of capital improvement projects and educational programs. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions as specified in the Summary of Significant Accounting Policies outlined in these notes.

The Gardens classifies as net assets with donor restriction, perpetuity (a) the original value of gifts donated to the donor-restricted endowment held in perpetuity, (b) the original value of subsequent gifts to the donor-restricted endowment held in perpetuity, and (c) accumulations to the endowment held in perpetuity made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restriction, perpetuity is classified as net assets with donor restrictions, time and purpose until those amounts are appropriated for expenditure by the Gardens. The Gardens considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Gardens and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Gardens
- (7) The investment policies of the Gardens
- (8) In appropriate situations (i.e. underwater endowments) to curtail or eliminate spending.

# OLD WESTBURY GARDENS, INC.

## Notes to Financial Statements

March 31, 2022 and 2021

### 11. ENDOWMENT FUNDS, continued:

#### RETURNS OBJECTIVES, RISK PARAMETERS AND SPENDING POLICY

##### Funds with Deficiencies

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 endowment agreement requires the Gardens to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in net assets with donor restrictions. There were no such deficiencies as of March 31, 2022 and 2021.

##### *Return Objectives and Risk Parameters*

The Gardens follows investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the historical value of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Gardens must hold in perpetuity, or for donor-specified periods. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that are in line with recognized market indices for these investments while assuming a conservative level of investment risk. The Gardens expects its endowment funds, over time, to provide an average rate of return of at least five percent (5%) annually. Actual returns in any given year may vary from this amount.

##### *Strategies Employed for Achieving Objectives*

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

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

The Gardens has a policy of appropriating funds for distribution only to fund specific projects and programs, when needed. This spending policy allows the endowment funds to grow annually. This is consistent with the Gardens' objective to maintain the historical value of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

Endowment net asset composition by type of fund as of March 31, 2022, was as follows:

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Earnings	Original Gift Amount	
Donor restricted endowment funds	\$ -	\$ 634,468	\$ 1,256,709	\$ 1,891,177
Donor restricted property endowment	-	-	1,250,000	1,250,000
	<u>\$ -</u>	<u>\$ 634,468</u>	<u>\$ 2,506,709</u>	<u>\$ 3,141,177</u>

# OLD WESTBURY GARDENS, INC.

## Notes to Financial Statements

March 31, 2022 and 2021

11. ENDOWMENT FUNDS, continued:

Endowment net asset composition by type of fund as of March 31, 2021:

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Earnings	Original Gift Amount	
Donor restricted endowment funds	\$ -	\$ 626,686	\$ 1,256,709	\$ 1,883,395
Donor restricted property endowment	-	-	1,250,000	1,250,000
	<u>\$ -</u>	<u>\$ 626,686</u>	<u>\$ 2,506,709</u>	<u>\$ 3,133,395</u>

Changes in endowment net assets for the year ended March 31, 2022:

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Earnings	Original Gift Amount	
Endowment net assets, April 1, 2021	\$ -	\$ 626,686	\$ 2,506,709	\$ 3,133,395
Investment return:				
Interest and dividends, net of fees	-	9,887	-	9,887
Realized gains	-	128,755	-	128,755
Unrealized losses	-	(80,860)	-	(80,860)
Total investment return	-	57,782	-	57,782
Contributions	-	-	-	-
Amounts appropriated for expenditure	-	(50,000)	-	(50,000)
Transfers out	-	-	-	-
Endowment net assets, March 31, 2022	<u>\$ -</u>	<u>\$ 634,468</u>	<u>\$ 2,506,709</u>	<u>\$ 3,141,177</u>

# OLD WESTBURY GARDENS, INC.

## Notes to Financial Statements

March 31, 2022 and 2021

11. ENDOWMENT FUNDS, continued:

Changes in endowment net assets for the year ended March 31, 2021:

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Earnings	Original Gift Amount	
Endowment net assets, April 1, 2020	\$ -	\$ 216,991	\$ 2,506,709	\$ 2,723,700
Investment return:				
Interest and dividends, net of fees	-	16,269	-	16,269
Realized gains	-	74,365	-	74,365
Unrealized gains	-	411,522	-	411,522
Total investment return	-	502,156	-	502,156
Amounts appropriated for expenditure	-	(62,635)	-	(62,635)
Transfers out	-	(29,826)	-	(29,826)
Endowment net assets, March 31, 2021	\$ -	\$ 626,686	\$ 2,506,709	\$ 3,133,395

12. CONCENTRATIONS:

The J.S. Phipps Family Foundation disbursed approximately \$1,200,000 for both 2022 and 2021, to the Gardens, all of which were available for use without restrictions. These distributions are recorded as investment income in the accompanying statements of activities and represent approximately 20% and 18% of the Gardens' total revenue for 2022 and 2021, respectively.

13. RELATED PARTIES:

During the years ended March 31, 2022 and 2021, the Gardens received approximately \$423,000 and \$844,000, which represent 7% and 13%, respectively, of its total revenue from board members and other related parties.

14. CONTINGENCIES:

The Gardens is subject to claims, legal proceedings, and investigations of matters that arise in the ordinary course of operations. In the opinion of management, all such matters are adequately covered by insurance or by accruals and, if not so covered, are without merit and will be vigorously contested or are of such kind or involve such amounts as would not have a significant effect on the financial position or results of operations of the Gardens if disposed of unfavorably.



# **OLD WESTBURY GARDENS, INC.**

## **Notes to Financial Statements**

March 31, 2022 and 2021

15. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through September 19, 2022, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.