

OLD WESTBURY GARDENS, INC.

Financial Statements  
With Independent Auditors' Report

March 31, 2021 and 2020

# OLD WESTBURY GARDENS, INC.

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Old Westbury Gardens, Inc. (the "Gardens"), a nonprofit organization, which comprise the statements of financial position as of March 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Old Westbury Gardens as of March 31, 2021 and 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Satty, Levine &amp; Ciacco CPAs PC".

Satty, Levine & Ciacco, CPAs, P.C.  
Melville, New York  
September 20, 2021

# OLD WESTBURY GARDENS, INC.

## Statements of Financial Position

	March 31,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>ASSETS:</b>						
Cash and cash equivalents	\$ 401,804	\$ 18,745	\$ 420,549	\$ 324,949	\$ 17,245	\$ 342,194
Accounts receivable	304,742	-	304,742	15,702	25,000	40,702
Contributions and pledges receivable, net	-	1,026,565	1,026,565	-	332,455	332,455
Inventory	148,870	-	148,870	148,870	-	148,870
Prepaid expenses and other assets	191,699	-	191,699	88,421	-	88,421
Investments	4,903,495	1,904,492	6,807,987	2,991,251	1,762,560	4,753,811
Property, plant and equipment—net	5,686,829	5,327,247	11,014,076	6,911,711	4,025,209	10,936,920
Beneficial interest in perpetual trust	-	22,196,138	22,196,138	-	17,715,692	17,715,692
<b>Total Assets</b>	<b>\$ 11,637,439</b>	<b>\$ 30,473,187</b>	<b>\$ 42,110,626</b>	<b>\$ 10,480,904</b>	<b>\$ 23,878,161</b>	<b>\$ 34,359,065</b>
<b>LIABILITIES AND NET ASSETS:</b>						
<b>Liabilities:</b>						
Accounts payable and accrued expenses	\$ 420,227	\$ -	\$ 420,227	\$ 381,850	\$ -	\$ 381,850
Loans payable	2,394,942	-	2,394,942	2,175,478	-	2,175,478
Deferred revenue	109,592	-	109,592	108,111	-	108,111
Deferred compensation	65,448	-	65,448	41,319	-	41,319
<b>Total liabilities</b>	<b>2,990,209</b>	<b>-</b>	<b>2,990,209</b>	<b>2,706,758</b>	<b>-</b>	<b>2,706,758</b>

(continued)

See notes to financial statements

# OLD WESTBURY GARDENS, INC.

## Statements of Financial Position

(continued)

	March 31,					
	2021			2020		
	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	(914,371)	-	(914,371)	(567,576)	-	(567,576)
Centennial fund	3,874,772	-	3,874,772	1,430,011	-	1,430,011
Net investment in property, plant and equipment	5,686,829	-	5,686,829	6,911,711	-	6,911,711
With donor restrictions, purpose or time:						
Capital projects	-	466,407	466,407	-	663,560	663,560
Education initiatives	-	600,000	600,000	-	-	-
Education and outreach	-	213,343	213,343	-	85,909	85,909
Dianne Wittlinger tree fund	-	138,974	138,974	-	105,213	105,213
Unappropriated general endowment funds	-	274,369	274,369	-	25,869	25,869
Property, plant and equipment	-	4,077,247	4,077,247	-	2,775,209	2,775,209
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)	-	22,196,138	22,196,138	-	17,715,692	17,715,692
Property, plant and equipment	-	1,250,000	1,250,000	-	1,250,000	1,250,000
Total net assets	8,647,230	30,473,187	39,120,417	7,774,146	23,878,161	31,652,307
Total Liabilities and Net Assets	\$ 11,637,439	\$ 30,473,187	\$ 42,110,626	\$ 10,480,904	\$ 23,878,161	\$ 34,359,065

See notes to financial statements

# OLD WESTBURY GARDENS, INC.

## Statements of Activities

	Year Ended March 31,					
	2021			2020		
	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:						
Grants	\$ -	\$ -	\$ -	\$ 46,000	\$ -	\$ 46,000
Contributions	481,706	1,971,176	2,452,882	426,296	594,204	1,020,500
Special events:			-			-
Contributions	108,888	-	108,888	633,867	-	633,867
Non-cash contributions	-	-	-	29,558	-	29,558
Revenue	17,250	-	17,250	106,666	-	106,666
Less: costs of direct benefits to donors	(28,380)	-	(28,380)	(249,652)	-	(249,652)
Contributions and net revenue from special events	97,758	-	97,758	520,439	-	520,439
Admissions and program fees	277,309	-	277,309	829,763	-	829,763
Memberships	159,324	-	159,324	211,747	-	211,747
Use of premises	97,820	-	97,820	178,941	-	178,941
Investment income (net of fees)	2,729,082	501,084	3,230,166	749,213	(132,579)	616,634
Sales of books, plants, souvenirs, and refreshments (net of related expenses)	609	-	609	(2,016)	-	(2,016)
Miscellaneous	305,547	-	305,547	38,511	-	38,511
<b>Total Support and Revenue</b>	<b>4,149,155</b>	<b>2,472,260</b>	<b>6,621,415</b>	<b>2,998,894</b>	<b>461,625</b>	<b>3,460,519</b>
Reclassifications:						
Satisfaction of purpose restrictions	357,680	(357,680)	-	406,018	(406,018)	-
<b>Total Support, Revenue and Reclassifications</b>	<b>4,506,835</b>	<b>2,114,580</b>	<b>6,621,415</b>	<b>3,404,912</b>	<b>55,607</b>	<b>3,460,519</b>

(continued)

See notes to financial statements

# OLD WESTBURY GARDENS, INC.

## Statements of Activities (continued)

	Year Ended March 31,					
	2021			2020		
	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	2,199,633	-	2,199,633	2,261,740	-	2,261,740
Visitor services	413,281	-	413,281	506,606	-	506,606
Educational and community services	90,984	-	90,984	356,538	-	356,538
Total program services	2,703,898	-	2,703,898	3,124,884	-	3,124,884
Supporting services:						
Management and general	456,455	-	456,455	509,564	-	509,564
Development	473,398	-	473,398	661,745	-	661,745
Total supporting services	929,853	-	929,853	1,171,309	-	1,171,309
Total Expenses	3,633,751	-	3,633,751	4,296,193	-	4,296,193
Changes in Net Assets, before other changes	873,084	2,114,580	2,987,664	(891,281)	55,607	(835,674)
Other changes:						
Change in value of beneficial interest in perpetual trust	-	4,480,446	4,480,446	-	(1,987,090)	(1,987,090)
Change in Net Assets, after other changes	873,084	6,595,026	7,468,110	(891,281)	(1,931,483)	(2,822,764)
Net Assets, Beginning of Year	7,774,146	23,878,161	31,652,307	8,665,427	25,809,644	34,475,071
Net Assets, End of Year	\$ 8,647,230	\$ 30,473,187	\$ 39,120,417	\$ 7,774,146	\$ 23,878,161	\$ 31,652,307

See notes to financial statements

## OLD WESTBURY GARDENS, INC.

### Statement of Functional Expenses

Year Ended March 31, 2021, with comparative totals for the year ended March 31, 2020

	2021				2020	
	Program	Management and General	Development	Cost of Direct Benefit to Donors	Total	Total
Salaries and benefits	\$ 1,459,132	\$ 256,312	\$ 262,378	\$ -	\$ 1,977,822	\$ 2,098,303
Building and grounds, utilities, repairs and maintenance	282,188	8,943	9,204	-	300,334	324,514
Special events	-	-	20,712	28,380	49,092	331,688
Other service fees	11,621	2,121	3,533	-	17,276	148,724
Depreciation	192,729	35,183	36,211	-	264,124	298,675
Occupancy, travel, and professional fees	201,275	49,597	35,717	-	286,589	312,473
Event coordination and installation exhibit	4,791	837	408	-	6,036	252,097
Insurance	253,774	48,785	46,635	-	349,194	250,612
Equipment and maintenance	79,945	5,996	3,457	-	89,398	101,282
Payroll taxes	88,752	13,994	17,230	-	119,976	133,685
Office expenses	32,947	4,545	20,298	-	57,790	63,973
Advertising	36,069	-	-	-	36,069	71,104
Other expenses	59,774	2,142	5,030	-	66,946	104,690
Fees	900	28,000	12,585	-	41,485	54,025
	<u>\$ 2,703,898</u>	<u>\$ 456,455</u>	<u>\$ 473,398</u>	<u>\$ 28,380</u>	<u>\$ 3,662,131</u>	<u>\$ 4,545,845</u>
Less cost of direct benefit to donors	-	-	-	(28,380)	(28,380)	(249,652)
	<u>\$ 2,703,898</u>	<u>\$ 456,455</u>	<u>\$ 473,398</u>	<u>\$ -</u>	<u>\$ 3,633,751</u>	<u>\$ 4,296,193</u>

See notes to financial statements

# OLD WESTBURY GARDENS, INC.

## Statements of Cash Flows

	Year Ended March 31,	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 7,468,110	\$ (2,822,764)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	264,124	298,675
Net change in value of beneficial interest trust	(4,480,446)	1,987,090
Realized (gain) loss on investments	(300,636)	37,031
Unrealized (gain) loss on investments	(1,687,770)	633,874
Contributions restricted for long-term investment	(1,302,038)	(473,524)
Interest and dividends restricted for reinvestment	(16,269)	(35,332)
Forgiveness of PPP Loan	(294,360)	-
Changes in:		
Accounts receivable	30,320	(33,582)
Contributions and pledges receivable	(694,110)	1,295,058
Inventory	-	11,587
Prepaid expenses and other assets	(103,278)	10,838
Accounts payable and accrued expenses	(38,377)	(438,078)
Deferred revenue	(1,481)	(41,749)
Deferred compensation	(24,129)	7,128
Net Cash (Used) Provided by Operating Activities	(1,180,340)	436,252
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant, and equipment	(341,280)	(3,420,616)
Purchase of investments	(1,678,827)	(1,705,056)
Proceeds from sale of investments	1,741,031	2,179,761
Net Cash Used by Investing Activities	(279,076)	(2,945,911)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from contributions restricted for:		
Investment in land, buildings and equipment	1,302,038	473,524
Other financing activities:		
Payments on loans	(150,136)	1,526
Proceeds from borrowing on loans payable	369,600	2,000,000
Interest and dividends restricted for reinvestment	16,269	35,332
	235,733	2,036,858
Net Cash Provided by Financing Activities	1,537,771	2,510,382
Change in Cash and Cash Equivalents	78,355	723
Cash and Cash Equivalents, Beginning of Year	342,194	341,471
Cash and Cash Equivalents, End of Year	\$ 420,549	\$ 342,194

See notes to financial statements

# OLD WESTBURY GARDENS, INC.

## Notes to Financial Statements

March 31, 2021 and 2020

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, 2021 and 2020, the Gardens' cash balances did not exceed 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, 2021 and 2020, 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, 2021 and 2020

### 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, 2021 and 2020

### 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, 2021 and 2020, are as follows:

	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	107,318			
Total investments	6,807,987	6,700,669	-	-
Beneficial interest in perpetual trust	22,196,138	-	-	22,196,138
Total	\$ 29,004,125	\$ 6,700,669	\$ -	\$ 22,196,138

# OLD WESTBURY GARDENS, INC.

## Notes to Financial Statements

March 31, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS, continued

	March 31, 2020			
	Total	Level 1	Level 2	Level 3
Corporate stocks	\$ 2,968,158	\$ 2,968,158	\$ -	\$ -
Exchange traded funds	1,648,227	1,648,227	-	-
Money market funds carried at cost	<u>137,426</u>			
Total investments	<u>4,753,811</u>	<u>4,616,385</u>	<u>-</u>	<u>-</u>
Beneficial interest in perpetual trust	<u>17,715,692</u>	<u>-</u>	<u>-</u>	<u>17,715,692</u>
Total	<u>\$ 22,469,503</u>	<u>\$ 4,616,385</u>	<u>\$ -</u>	<u>\$ 17,715,692</u>

### LOANS PAYABLE

The Gardens entered into a line-of-credit agreement with a bank effective March 2, 2017, to borrow up to \$250,000. This arrangement does not have a maturity date. 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. There were \$25,342 and \$175,478 in outstanding borrowings on this line-of-credit for the years ended March 31, 2021 and 2020, 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, 2021 and 2020.

# OLD WESTBURY GARDENS, INC.

## Notes to Financial Statements

March 31, 2021 and 2020

### 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, 2021 and 2020

### 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 \$36,000 and \$71,000, for the years ended March 31, 2021 and 2020, respectively. The Gardens incurred no joint costs.

### 3. LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following reflects the Gardens' financial assets as of March 31, 2021 and 2020,, 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,	
	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 420,549	\$ 342,194
Accounts receivable	304,742	40,702
Contributions and pledges receivable	1,026,565	332,455
Investments	6,807,987	4,753,811
Beneficial interest in perpetual trust	22,196,138	17,715,692
Financial assets, at year end	<u>30,755,981</u>	<u>23,184,854</u>
Less those not available for general expenditure within one year:		
Restricted cash	(18,745)	(17,245)
Contribution and accounts receivable collectible beyond one year	(983,733)	(186,233)
Restrictions by donors held in perpetuity	(2,506,709)	(2,506,709)
Beneficial interest in perpetual trust	(22,196,138)	(16,515,692)
Subject to appropriation or satisfaction of donor restrictions	<u>(2,088,062)</u>	<u>(3,197,960)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,962,594</u>	<u>\$ 761,015</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 \$250,000 line of credit, which it could draw upon in the event of an anticipated liquidity need. The interest rate is LIBOR plus 1.75 percent, with interest due monthly and principal due upon maturity. Funds that were available under this agreement during the calendar year ended March 31, 2021, was \$224,658. Additionally, the Gardens' restrictions subject to appropriation or satisfaction of donor restrictions is reported net of an estimated endowment appropriation of approximately \$185,000 during fiscal year 2022.

# OLD WESTBURY GARDENS, INC.

## Notes to Financial Statements

March 31, 2021 and 2020

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,	
	2021	2020
2021	\$ -	\$ 155,834
2022	69,500	71,833
2023	351,833	62,400
2024	344,900	52,000
2025 and beyond	287,000	-
	1,053,233	342,067
Less reduction of pledges due in excess of one year present value, at a discount rate of 2.95% and 1.26% for March 31, 2021 and 2020	(26,668)	(9,612)
	\$ 1,026,565	\$ 332,455

5. INVESTMENTS:

Investments consist of the following:

	March 31,	
	2021	2020
Money market funds	\$ 107,318	\$ 137,426
Exchange traded funds	1,895,867	1,648,227
Corporate stocks	4,804,802	2,968,158
	\$ 6,807,987	\$ 4,753,811

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 gains	226,272	74,364	300,636
Unrealized gains	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

# OLD WESTBURY GARDENS, INC.

## Notes to Financial Statements

March 31, 2021 and 2020

5. INVESTMENTS, continued:

Investment income for the year ended March 31, 2020, is comprised of the following:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Distributions from trust	\$ 1,180,000	\$ -	\$ 1,180,000
Interest, dividends, and capital gains	113,937	35,332	149,269
Realized losses	(27,671)	(9,360)	(37,031)
Unrealized losses	(475,323)	(158,551)	(633,874)
Investment management and broker fees	(41,730)	-	(41,730)
	\$ 749,213	\$ (132,579)	\$ 616,634

### 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,	
	2021	2020
Donated land	\$ 1,250,000	\$ 1,250,000
Land and improvements	3,209,115	3,116,475
Buildings and improvements	7,117,536	7,072,841
Furniture, fixtures, and equipment	418,564	418,564
Construction in progress	5,151,874	4,947,588
	17,147,089	16,805,468
Less accumulated depreciation	(6,133,013)	(5,868,548)
	\$ 11,014,076	\$ 10,936,920

Depreciation expense totaled \$264,124 and \$298,675 for the years ended March 31, 2021 and 2020, respectively.

# OLD WESTBURY GARDENS, INC.

## Notes to Financial Statements

March 31, 2021 and 2020

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, 2021 and 2020.

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, 2021 and 2020, were \$68,063 and \$55,291, 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, 2021 and 2020, totaled \$10,139 for both fiscal years.

9. LOANS PAYABLE:

In May of 2020, the Gardens received loan proceeds in the amount of \$369,600 under the Paycheck Protection Program (“PPP”). 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 April of 2021 the Gardens was informed by letter from the Small Business Administration that \$294,360 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.

The Gardens is required to repay the remaining balance of \$75,240, plus interest accrued at 1% per annum in monthly payments beginning on May 1, 2021. Principal and interest payments will be required through the maturity date of May 1, 2026.

In April 2019, the Gardens entered into an agreement to borrow \$2,000,000 from a board member's spouse to fund capital renovations. There was no interest rate for year one of the loan. In subsequent years the interest rate was 1.00%. A prepayment of accrued and unpaid interest was paid on April 15, 2020. The maturity date of the loan was April 15, 2021. This loan was secured by the Gardens' investments without donor restrictions. As of March 31, 2021, the loan was paid in full.

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.

# OLD WESTBURY GARDENS, INC.

## Notes to Financial Statements

March 31, 2021 and 2020

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, 2021			
	Beginning Balance	Additions/ Investment Activity	Releases	Ending Balance
Capital projects and other donor restricted projects	\$ 663,560	\$ 65,438	\$ (262,591)	\$ 466,407
Education initiatives	-	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>

	March 31, 2020			
	Beginning Balance	Additions/ Investment Activity	Releases	Ending Balance
Capital projects and other donor restricted projects	\$ 894,074	\$ 120,680	\$ (351,194)	\$ 663,560
Property, plant and equipment	2,301,685	473,524	-	2,775,209
Education and outreach	119,553	(33,645)	-	85,908
Dianne Wittlinger tree fund	154,117	(23,904)	(25,000)	105,213
Unappropriated general endowment funds	130,724	(75,030)	(29,824)	25,870
<b>Total</b>	<b>\$ 3,600,153</b>	<b>\$ 461,625</b>	<b>\$ (406,018)</b>	<b>\$ 3,655,760</b>

# OLD WESTBURY GARDENS, INC.

## Notes to Financial Statements

March 31, 2021 and 2020

### 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,	
	2021	2020
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	22,196,138	17,715,692
	<u>\$ 24,702,847</u>	<u>\$ 20,222,401</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 (ie. underwater endowments) to curtail or eliminate spending.

# OLD WESTBURY GARDENS, INC.

## Notes to Financial Statements

March 31, 2021 and 2020

### 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, 2021 and 2020.

##### *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, 2021, was as follows:

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Earnings	Original Gift Amount	
Donor restricted endowment funds	\$ -	\$ 206,668	\$ 1,256,709	\$ 1,463,377
Donor restricted property endowment	-	-	1,250,000	1,250,000
	<u>\$ -</u>	<u>\$ 206,668</u>	<u>\$ 2,506,709</u>	<u>\$ 2,713,377</u>

# OLD WESTBURY GARDENS, INC.

## Notes to Financial Statements

March 31, 2021 and 2020

11. ENDOWMENT FUNDS, continued:

Endowment net asset composition by type of fund as of March 31, 2020:

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Earnings	Original Gift Amount	
Donor restricted endowment funds	\$ -	\$ 216,991	\$ 1,256,709	\$ 1,473,700
Donor restricted property endowment	-	-	1,250,000	1,250,000
	\$ -	\$ 216,991	\$ 2,506,709	\$ 2,723,700

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
Contributions	-	-	-	-
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

# OLD WESTBURY GARDENS, INC.

## Notes to Financial Statements

March 31, 2021 and 2020

11. ENDOWMENT FUNDS, continued:

Changes in endowment net assets for the year ended March 31, 2020:

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Earnings	Original Gift Amount	
Endowment net assets, April 1, 2019	\$ 372,767	\$ 404,394	\$ 2,506,709	\$ 3,283,870
Investment return:				
Interest and dividends, net of fees	-	35,332	-	35,332
Realized losses	-	(9,360)	-	(9,360)
Unrealized losses	-	(158,551)	-	(158,551)
Total investment return	-	(132,579)	-	(132,579)
Amounts appropriated for expenditure	-	(54,824)	-	(54,824)
Transfers out	(372,767)	-	-	(372,767)
Endowment net assets, March 31, 2020	\$ -	\$ 216,991	\$ 2,506,709	\$ 2,723,700

12. CONCENTRATIONS:

The J.S. Phipps Family Foundation disbursed approximately \$1,200,000 and \$1,180,000 in 2021 and 2020, respectively, 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 18% and 34% of the Gardens' total revenue for 2021 and 2020, respectively.

13. RELATED PARTIES:

During the years ended March 31, 2021 and 2020, the Gardens received approximately \$844,000 and \$837,000, which represent 13% and 24%, 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, 2021 and 2020

15. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through September 30, 2021, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

Subsequent to year end, the Gardens received a second PPP loan of \$373,000 granted by the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). PPP loans are considered conditional contributions, with a right-of return in the form of an obligation to be repaid if a barrier to entitlement is not met. The barrier is that PPP loan funds must be used to maintain compensation costs and employee headcount, and other qualifying expenses (mortgage interest, rent and utilities) incurred following receipt of the funds.