

**DENVER BOTANIC GARDENS, INC.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAconnect.com](https://www.CLAconnect.com)

**DENVER BOTANIC GARDENS, INC.  
TABLE OF CONTENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	
<b>CONSOLIDATED STATEMENTS OF FINANCIAL POSITION</b>	<b>3</b>
<b>CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS</b>	<b>4</b>
<b>CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES</b>	<b>6</b>
<b>CONSOLIDATED STATEMENTS OF CASH FLOWS</b>	<b>8</b>
<b>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>9</b>



## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Denver Botanic Gardens, Inc.  
Denver, Colorado

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying consolidated financial statements of Denver Botanic Gardens, Inc. (the Gardens), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Denver Botanic Gardens, Inc. as of December 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Denver Botanic 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 consolidated 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 consolidated 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 Denver Botanic Gardens, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Denver Botanic 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 Denver Botanic 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.



**CliftonLarsonAllen LLP**

Denver, Colorado  
May 19, 2023

**DENVER BOTANIC GARDENS, INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2022 AND 2021**

<b>ASSETS</b>	2022	2021
Cash and Cash Equivalents	\$ 9,688,948	\$ 18,131,090
Restricted Cash - Supplemental Lease Payment Fund	964,539	963,227
Short-Term Investments	7,862,086	-
Long-Term Investments	42,435,741	41,751,635
Receivables:		
Scientific and Cultural Facilities District	1,642,080	1,549,235
Employee Retention Credit Receivable	3,081,876	4,671,745
Other Accounts Receivable	900,704	381,242
Contributions Receivable, Net	1,438,772	1,013,301
Inventory	411,988	332,040
Prepaid Expenses and Other	341,087	248,424
Property and Equipment, Net	868,944	886,261
Total Assets	\$ 69,636,765	\$ 69,928,200
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 2,665,193	\$ 1,827,229
Deferred Revenue	5,537,038	3,494,462
Annuity Payable	34,891	44,017
Total Liabilities	8,237,122	5,365,708
<b>NET ASSETS</b>		
Without Donor Restrictions:		
Undesignated	4,366,026	5,205,808
Board Designated	27,468,249	27,390,241
Total Net Assets Without Donor Restrictions	31,834,275	32,596,049
With Donor Restrictions	29,565,368	31,966,443
Total Net Assets	61,399,643	64,562,492
Total Liabilities and Net Assets	\$ 69,636,765	\$ 69,928,200

See accompanying Notes to Consolidated Financial Statements.

**DENVER BOTANIC GARDENS, INC.**  
**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE, GAINS, AND OTHER SUPPORT</b>			
Membership Dues	\$ 3,968,200	\$ -	\$ 3,968,200
Special Events and Facility Rentals	7,472,178	-	7,472,178
Admissions	3,802,288	-	3,802,288
Scientific and Cultural Facilities District	6,544,008	-	6,544,008
City and County of Denver, Colorado Support	1,122,625	-	1,122,625
Contributions of Financial Assets and Grants	2,751,635	658,605	3,410,240
Contributions of Nonfinancial Assets	214,360	-	214,360
Endowment Distribution	293,771	1,020,792	1,314,563
Other	525,386	-	525,386
Chatfield Farms	2,693,477	-	2,693,477
Education/Public Programs	1,061,798	-	1,061,798
Gift Shop	1,049,482	-	1,049,482
Federal Grant Revenue	457,495	-	457,495
Paycheck Protection Program Loan Forgiveness	-	-	-
Employee Retention Credit	-	-	-
Net Assets Released from Restrictions	2,075,394	(2,075,394)	-
Total Revenue, Gains, and Other Support	<u>34,032,097</u>	<u>(395,997)</u>	<u>33,636,100</u>
<b>EXPENSES</b>			
Program Services:			
Horticulture, Science, and Conservation	5,329,905	-	5,329,905
Education and Outreach	5,799,305	-	5,799,305
Chatfield Farms	3,560,522	-	3,560,522
Visitor Experience	8,030,711	-	8,030,711
Operations and Maintenance	6,227,959	-	6,227,959
Total Program Services	<u>28,948,402</u>	<u>-</u>	<u>28,948,402</u>
Support Services:			
General and Administrative	2,378,370	-	2,378,370
Development	1,666,540	-	1,666,540
Total Support Services	<u>4,044,910</u>	<u>-</u>	<u>4,044,910</u>
Total Expenses	<u>32,993,312</u>	<u>-</u>	<u>32,993,312</u>
<b>CHANGE IN NET ASSETS BEFORE NONOPERATING INCOME (LOSS) AND NET ASSETS</b>	1,038,785	(395,997)	642,788
<b>NONOPERATING INCOME (LOSS)</b>			
Endowment and Capital Campaign Contributions	624,906	3,581,732	4,206,638
Capital Projects	(1,608,954)	-	(1,608,954)
Release of Net Assets - Designated for Nonoperating Activities	1,015,296	(1,015,296)	-
Investment Return on Endowment - Net, After Distribution	(1,889,474)	(4,571,514)	(6,460,988)
Bond Proceeds	57,667	-	57,667
Total Nonoperating Loss	<u>(1,800,559)</u>	<u>(2,005,078)</u>	<u>(3,805,637)</u>
<b>CHANGE IN NET ASSETS</b>	(761,774)	(2,401,075)	(3,162,849)
Net Assets - Beginning of Year	<u>32,596,049</u>	<u>31,966,443</u>	<u>64,562,492</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 31,834,275</u>	<u>\$ 29,565,368</u>	<u>\$ 61,399,643</u>

See accompanying Notes to Consolidated Financial Statements.

**DENVER BOTANIC GARDENS, INC.**  
**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE, GAINS, AND OTHER SUPPORT</b>			
Membership Dues	\$ 3,311,583	\$ -	\$ 3,311,583
Special Events and Facility Rentals	6,077,864	-	6,077,864
Admissions	4,523,924	-	4,523,924
Scientific and Cultural Facilities District	5,880,302	-	5,880,302
City and County of Denver, Colorado Support	1,122,625	-	1,122,625
Contributions of Financial Assets and Grants	2,659,122	322,184	2,981,306
Contributions of Nonfinancial Assets	159,631	-	159,631
Endowment Distribution	269,677	943,887	1,213,564
Other	387,246	-	387,246
Chatfield Farms	2,646,439	-	2,646,439
Education/Public Programs	837,398	-	837,398
Gift Shop	817,335	-	817,335
Federal Grant Revenue	5,672,558	-	5,672,558
Paycheck Protection Program Loan Forgiveness	5,062,100	-	5,062,100
Employee Retention Credit	4,671,745	-	4,671,745
Net Assets Released from Restrictions	1,309,282	(1,309,282)	-
Total Revenue, Gains, and Other Support	<u>45,408,831</u>	<u>(43,211)</u>	<u>45,365,620</u>
<b>EXPENSES</b>			
Program Services:			
Horticulture, Science, and Conservation	4,511,485	-	4,511,485
Education and Outreach	4,574,057	-	4,574,057
Chatfield Farms	2,882,510	-	2,882,510
Visitor Experience	6,558,434	-	6,558,434
Operations and Maintenance	5,006,048	-	5,006,048
Total Program Services	<u>23,532,534</u>	<u>-</u>	<u>23,532,534</u>
Support Services:			
General and Administrative	1,962,480	-	1,962,480
Development	1,193,930	-	1,193,930
Total Support Services	<u>3,156,410</u>	<u>-</u>	<u>3,156,410</u>
Total Expenses	<u>26,688,944</u>	<u>-</u>	<u>26,688,944</u>
<b>CHANGE IN NET ASSETS BEFORE NONOPERATING INCOME (LOSS) AND NET ASSETS</b>	18,719,887	(43,211)	18,676,676
<b>NONOPERATING INCOME (LOSS)</b>			
Endowment and Capital Campaign Contributions	418,121	763,512	1,181,633
Capital Projects	(884,700)	-	(884,700)
Release of Net Assets - Designated for Nonoperating Activities	383,274	(383,274)	-
Investment Return on Endowment - Net, After Distribution	1,414,934	2,979,992	4,394,926
Bond Proceeds	-	-	-
Total Nonoperating Income	<u>1,331,629</u>	<u>3,360,230</u>	<u>4,691,859</u>
<b>CHANGE IN NET ASSETS</b>	20,051,516	3,317,019	23,368,535
Net Assets - Beginning of Year	<u>12,544,533</u>	<u>28,649,424</u>	<u>41,193,957</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 32,596,049</u>	<u>\$ 31,966,443</u>	<u>\$ 64,562,492</u>

See accompanying Notes to Consolidated Financial Statements.

**DENVER BOTANIC GARDENS, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2022**

	Program Service					Support Services			2022 Total	
	Horticulture, Science, and Conservation	Education and Outreach	Chatfield Farms	Visitor Experience	Operations and Maintenance	Total	General and Administrative	Development		Total
Salaries	\$ 3,397,580	\$ 3,533,931	\$ 1,941,963	\$ 3,740,935	\$ 2,458,585	\$ 15,072,994	\$ 933,904	\$ 695,648	\$ 1,629,552	\$ 16,702,546
Fringe Benefits	999,300	1,058,647	517,436	1,009,967	741,150	4,326,500	327,484	212,687	540,171	4,866,671
Professional Services	199,000	581,503	435,334	683,169	430,675	2,329,681	281,119	23,159	304,278	2,633,959
Occupancy	-	6,617	27,852	1,575,011	887,928	2,497,408	87,501	87,501	175,002	2,672,410
Program Supplies	137,733	96,009	166,253	21,353	33,540	454,888	438	632	1,070	455,958
Advertising	-	1,548	1,402	1,645	-	4,595	306,854	150	307,004	311,599
Equipment, Furniture, and Fixtures	1,751	5,909	65,045	1,146	46,161	120,012	17,992	123	18,115	138,127
Exhibit Fees	-	151,977	-	-	-	151,977	-	-	-	151,977
Information Technology	310	24,534	-	5,722	601,119	631,685	57,603	16,469	74,072	705,757
Insurance	51,589	34,181	34,583	62,489	63,592	246,434	19,590	14,727	34,317	280,751
Miscellaneous	122,990	40,442	40,686	608,415	2,569	815,102	38,567	71,457	110,024	925,126
Office Supplies	79,738	96,279	64,557	92,234	128,744	461,552	158,710	101,744	260,454	722,006
Plants and Seeds	78,276	-	53,764	-	114	132,154	-	377	377	132,531
Postage and Shipping	4,768	4,446	48	57,826	15	67,103	585	41,509	42,094	109,197
Printing and Publications	10,930	43,624	1,430	13,697	-	69,681	103	148,036	148,139	217,820
Repairs and Maintenance	12,667	-	58,269	-	673,356	744,292	-	-	-	744,292
Contract Security	-	-	128,352	38,809	3,774	170,935	-	1,467	1,467	172,402
Trainings, Conferences, and Meetings	41,021	68,737	12,498	107,724	17,138	247,118	88,611	248,214	336,825	583,943
Travel	192,252	50,921	11,050	10,569	4,257	269,049	59,309	2,640	61,949	330,998
Depreciation	-	-	-	-	135,242	135,242	-	-	-	135,242
<b>Total</b>	<b>\$ 5,329,905</b>	<b>\$ 5,799,305</b>	<b>\$ 3,560,522</b>	<b>\$ 8,030,711</b>	<b>\$ 6,227,959</b>	<b>\$ 28,948,402</b>	<b>\$ 2,378,370</b>	<b>\$ 1,666,540</b>	<b>\$ 4,044,910</b>	<b>\$ 32,993,312</b>

See accompanying Notes to Consolidated Financial Statements.



**DENVER BOTANIC GARDENS, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2021**

	Program Service					Support Services			2021 Total	
	Horticulture, Science, and Conservation	Education and Outreach	Chatfield Farms	Visitor Experience	Operations and Maintenance	Total	General and Administrative	Development		Total
Salaries	\$ 2,893,532	\$ 2,730,581	\$ 1,441,765	\$ 2,598,068	\$ 2,023,906	\$ 11,687,852	\$ 818,357	\$ 589,182	\$ 1,407,539	\$ 13,095,391
Fringe Benefits	978,446	949,768	445,290	769,361	696,987	3,839,852	447,319	205,645	652,964	4,492,816
Professional Services	330,829	445,779	443,312	653,665	212,437	2,086,022	190,626	13,760	204,386	2,290,408
Occupancy	-	1,977	19,209	1,558,068	648,380	2,227,634	86,559	86,559	173,118	2,400,752
Program Supplies	82,822	63,517	143,049	16,809	53,004	359,201	105	727	832	360,033
Advertising	-	30	3,324	2,178	-	5,532	221,112	-	221,112	226,644
Equipment, Furniture, and Fixtures	2,750	3,984	11,811	20,024	74,109	112,678	11,650	249	11,899	124,577
Exhibit Fees	-	104,528	-	-	-	104,528	-	-	-	104,528
Information Technology	3,801	34,077	-	4,130	289,648	331,656	35	5,760	5,795	337,451
Insurance	47,813	47,781	30,111	67,384	52,599	245,688	15,532	13,152	28,684	274,372
Miscellaneous	15,615	49,281	34,796	507,554	100,991	708,237	31,369	60,165	91,534	799,771
Office Supplies	44,614	85,703	55,179	81,320	95,467	362,283	109,036	48,984	158,020	520,303
Plants and Seeds	49,505	-	43,099	-	-	92,604	-	-	-	92,604
Postage and Shipping	1,542	13,012	82	91,941	102	106,679	977	9,420	10,397	117,076
Printing and Publications	4,639	30,029	2,449	78,905	-	116,022	975	37,452	38,427	154,449
Repairs and Maintenance	22,566	-	48,779	-	603,312	674,657	-	-	-	674,657
Contract Security	-	-	147,759	31,187	7,424	186,370	-	580	580	186,950
Trainings, Conferences, and Meetings	9,455	11,159	11,114	70,424	5,745	107,897	24,085	121,960	146,045	253,942
Travel	23,556	2,851	1,382	7,416	1,413	36,618	4,743	335	5,078	41,696
Depreciation	-	-	-	-	140,524	140,524	-	-	-	140,524
<b>Total</b>	<b>\$ 4,511,485</b>	<b>\$ 4,574,057</b>	<b>\$ 2,882,510</b>	<b>\$ 6,558,434</b>	<b>\$ 5,006,048</b>	<b>\$ 23,532,534</b>	<b>\$ 1,962,480</b>	<b>\$ 1,193,930</b>	<b>\$ 3,156,410</b>	<b>\$ 26,688,944</b>

See accompanying Notes to Consolidated Financial Statements.

**DENVER BOTANIC GARDENS, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (3,162,849)	\$ 23,368,535
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	135,242	140,524
Capital Projects Expensed	1,608,954	849,977
Cash Received Restricted for Endowment	(855,079)	(104,000)
Contribution Revenue Restricted for Capital Campaign	(3,351,559)	(1,077,633)
Bond Proceeds Revenue for Capital Projects	(57,667)	-
Net Realized and Unrealized (Gains) Losses on Investments	5,490,889	(4,752,002)
Loss on Disposal of Property and Equipment	-	134,957
Bad Debt	617	11,378
Gain on Paycheck Protection Program Loan Forgiveness	-	(5,062,100)
Changes in Assets and Liabilities:		
Accounts Receivable - Scientific and Cultural Facilities District	(92,845)	(254,837)
Employee Retention Credit Receivable	1,589,869	(4,671,745)
Account Receivable - Other	(519,462)	(251,223)
Contributions Receivable	(426,088)	1,314,727
Prepaid Expenses and Other Assets	(92,663)	51,782
Inventory	(79,948)	(50,073)
Accounts Payable and Accrued Liabilities	837,964	9,343
Deferred Revenue	310,243	253,754
Annuity Payable	(9,126)	(9,128)
Net Cash Provided by Operating Activities	1,326,492	9,902,236
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(17,390,543)	(6,996,641)
Proceeds from Sale of Investments	3,353,462	7,122,276
Payments for Purchases of Improvements and Equipment	(117,925)	(280,529)
Payments for Capital Projects	(1,608,954)	(849,977)
Bond Proceeds Revenue for Capital Projects	57,667	-
Cash Received from Bond Proceeds	1,732,333	-
Net Cash Used by Investing Activities	(13,973,960)	(1,004,871)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash Received Restricted for Endowment	855,079	104,000
Proceeds from Contributions Restricted for Capital Campaign	3,351,559	1,077,633
Proceeds from Paycheck Protection Program Loan	-	2,000,000
Net Cash Provided by Financing Activities	4,206,638	3,181,633
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(8,440,830)	12,078,998
Cash and Cash Equivalents - Beginning of Year	19,094,317	7,015,319
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 10,653,487	\$ 19,094,317
<b>RECONCILIATION OF CASH</b>		
Cash and Cash Equivalents	\$ 9,688,948	\$ 18,131,090
Restricted Cash - Supplemental Lease Payment Fund	964,539	963,227
Total Cash	\$ 10,653,487	\$ 19,094,317

See accompanying Notes to Consolidated Financial Statements.

**DENVER BOTANIC GARDENS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Denver Botanic Gardens, Inc. (DBG) is a nonprofit corporation organized for the establishment and maintenance of botanical gardens and arboreta in cooperation with the City and County of Denver, Colorado (the City) for its Denver site (Denver Botanic Gardens) and the United States Army Corps of Engineers (the Army Corps) for its site in Jefferson County, Colorado (Denver Botanic Gardens at Chatfield Farms).

DBG entered into an amended cooperative agreement with the City on April 5, 1991, expiring on December 31, 2029, whereby:

1. DBG will manage, control, and operate the facilities and all the buildings, grounds, plantings, collections, exhibits, programs, operations, and properties constituting Denver Botanic Gardens for the benefit of the public.
2. DBG will donate to the City, for the benefit of the people of the City, all its right, title, and interest in and to any fixtures or improvements to real property, including plantings and horticulture exhibits, that are located on or in any of the facilities that constitute Denver Botanic Gardens.
3. The City will provide or purchase water, utilities, and certain types of insurance and other services, as deemed necessary, to DBG. These costs are paid directly to or reimbursed by the City. During the years ended December 31, 2022 and 2021, the City appropriated to DBG \$1,122,625 and \$1,122,625, respectively, for operations and provided telephone and certain types of administrative services to DBG.

On April 28, 1975, the City entered into a similar agreement with the Army Corps on behalf of DBG for 700 acres of land near Chatfield State Park known as the Chatfield Farms site - DBG will manage, control, and operate the facilities and all the buildings, grounds, plantings, collections, exhibits, programs, operations, and properties constituting the Chatfield Farms site for the benefit of the public. Effective September 1, 2019, the City relinquished its agreement on behalf of DBG, and DBG signed a similar agreement directly with the Army Corps for Chatfield Farms. The Gardens is allowed to use the land and buildings at no charge from the Army Corps under an agreement that expires in 2044. The Gardens has developed and operates Chatfield Farms related to this property.

DBG occupies and manages the properties and infrastructure described above, however the allowed activities, hours of operation and fees charged are subject to the oversight of the City and the Army Corps. As such, the agreements between DBG, the City and the Army Corps are considered Service Concession Arrangements in accordance with Accounting Standards Codification (ASC) 853. The ASC defines a service concession arrangement as an arrangement between a grantor (the City and Army Corps) and an operating entity (DBG) for which the terms provide that the operating entity will operate the grantor's infrastructure for a specified period of time; the operating entity may also be responsible for maintaining the infrastructure under such arrangements. The ASC also states that the operator shall not recognize the infrastructure assets, and improvements thereto, used in the arrangements as property, plant and equipment. Accordingly, DBG has not recorded the value of the use of the botanical garden properties located at 909 and 1007 York Street and at Chatfield Farms in the accompanying consolidated financial statements.

**DENVER BOTANIC GARDENS, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Reporting Entity**

The accompanying consolidated financial statements include the accounts of Denver Botanic Gardens, Inc. and Denver Botanic Gardens Endowment, Inc. (DBGE), a separate nonprofit organization established in 1991 with the transfer to DBGE of the majority of DBG's endowment funds. DBGE was formed for the purpose of, but not limited to, providing private financial support for DBG and its programs so long as DBG remains a tax-exempt entity and so long as its present contract with the City remains in effect.

The consolidated financial statements also include the accounts of an affiliated volunteer organization: the Denver Botanic Gardens Guild (the Guild). This affiliate works for the betterment of DBG by providing volunteer assistance and financial aid.

The above entities are referred herein collectively as the Gardens.

**Basis of Presentation**

The consolidated financial statements of the Gardens have been prepared on the basis of accounting principles generally accepted in the United States of America (U.S. GAAP). The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

**Classification of Net Assets**

The Gardens is required to report information regarding their financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

*Net Assets Without Donor Restrictions* – represent amounts without donor restrictions that are currently available at the discretion of the board of trustees (the board) for use in the Gardens' operations.

*Net Assets With Donor Restrictions* – represent amounts with donor restrictions that are either monies restricted by donors specifically for certain projects, programs, and time limitations or are assets that must be maintained in perpetuity by the Gardens, as required by the donor, but the Gardens is permitted to use or expend part or all of any income derived from those assets in accordance with donor specifications.

**Contributions**

Contributions are recorded as without donor restrictions or donor-restricted support depending on the existence and/or nature of any donor restrictions. Contributions are recognized when cash or ownership of donated assets is unconditionally promised to the Gardens. Conditional promises to give—that is, those with a measurable performance or other barrier and a right of return or release—are recorded when the conditions upon which they depend have been met. Until that time, they are reported on the statements of financial position as a refundable advance. For donor-restricted conditional contributions whose restrictions are met in the same period in which the corresponding revenue is recognized, the revenue is reported as support without donor restrictions.

**DENVER BOTANIC GARDENS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Contributions (Continued)**

All other contribution revenue that is originally restricted by the donor, including pledges, is reported as an increase in donor-restricted net assets, depending on the nature of the restriction. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), donor-restricted net assets are classified to net assets without donor restrictions and reported in the consolidated statement of activities and changes in net assets as net assets released from restrictions.

Unconditional contributions receivable are recognized as revenue in the period the pledge is received. Contributions receivable are recorded at net realizable value if expected to be collected in one year and at net present value if expected to be collected in more than one year. The Gardens uses the allowance method to determine uncollectible contributions receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

**Change to Economic Environment**

On March 16, 2020, Denver Botanic Gardens was required to close its operations to follow local government stay-at-home orders. DBG was allowed to open on May 26 with outdoor operations at 25% of normal capacity. As of May 19, 2023, DBG is operating at near normal indoor and outdoor capacity. As a result of the stay-at-home orders and continued limited capacity, DBG experienced a significant decrease in memberships, admissions, classes, private rentals and gift shop sales for the year ended December 31, 2020. Also, DBG canceled its summer concert series and summer camps for kids and closed its conservatory, galleries, and library for the year ended December 31, 2021.

In order to assist with cash flows and to maintain employment and benefits for employees, and continue operations, DBG applied for and received pandemic funding in the form of a Shutter Venue Operator Grant (see Note 15), two Paycheck Protection Program (PPP) loans (see Note 16), and three quarters of funding from the Employee Retention Credit (ERC) (see Note 17).

**DENVER BOTANIC GARDENS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Revenue Recognition for Contracts with Customers**

To determine revenue recognition for the arrangements that the Gardens determines are within the scope of Topic 606, the Gardens performs the following five steps (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligation in the contract, and (5) recognize revenue when (or as) the Gardens satisfies performance obligations.

Revenue from contracts with customers is composed of the following:

**Membership Dues**

The Gardens recognizes revenue from member dues over the membership period, which is one year from the date the membership is purchase. The performance obligations of the membership are simultaneously received and consumed by members; therefore, the revenue is recognized ratably over the course of the membership period using a straight-line method. Unearned dues are included in deferred revenue.

**Admissions and Special Events**

Fees paid for admission to the Gardens or to attend special events are paid in full upon purchase of the initial ticket and recognized as revenue once the guest has received admittance to the Gardens or event. Fees paid in advance are deferred and recognized at the point in time when admission to the Gardens is provided or on the date of the special event.

**Facility Rentals**

The Gardens enters into contracts to rent out portions of their facilities. Pricing and rental dates are set in a signed contract with the customer. Deposits and required prepayments are deferred and recognized over time during the designated facility rental, which typically occurs within a single day.

**Educational/Public Programs**

The Gardens provides various educational programs. Fees charged for the educational programs are deferred until the classes are held. Revenue is recognized over time as classes occur.

**Gift Shop**

Income from sales of merchandise is recognized at the time of sale.

**Chatfield Farms**

The Chatfield Farms line item in the consolidated statement of activities and changes in net assets is composed of the admissions, special events, and facility rental revenue for the Chatfield Farms location. Those revenue streams are recognized on the same basis as disclosed above.

**DENVER BOTANIC GARDENS, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Revenue Recognition for Contracts with Customers (Continued)**

Other Information

Total revenue from contracts with customers was \$21,695,434 for the year ended December 31, 2022, of which \$1,574,868 was recognized at a point in time and \$20,120,566 was recognized over time.

Total revenue from contracts with customers was \$19,724,414 for the year ended December 31, 2021, of which \$1,204,581 was recognized at a point in time and \$18,519,833 was recognized over time.

The timing of revenue recognition, billings, and cash collections results in billed accounts receivable, unbilled receivables (contract assets), and customer advances and deposits presented as deferred revenue (contract liabilities) on the consolidated statements of financial position. Amounts are billed either as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals (e.g. monthly) or upon achievement of contractual milestones. Generally, billing occurs upon revenue recognition, resulting in accounts receivable. However, the Gardens sometimes receives advances or deposits from our customers, before revenue is recognized, resulting in contract liabilities. These deposits are liquidated when revenue is recognized.

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Accounts Receivable	\$ 900,704	\$ 381,242	\$ 130,019
Unbilled Receivables	\$ -	\$ -	\$ -
Deferred Revenue	\$ 5,537,038	\$ 3,494,462	\$ 3,240,708

**Cash and Cash Equivalents**

The Gardens considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**Investments**

Investments in marketable equity and fixed-income securities with readily determinable market values are recorded at fair value based on quoted prices in active markets. The market values for alternative investments represent DBGE's pro rata interest in the net assets of each investment and are based on financial information determined and reported by investment managers or on the basis of other information evaluated periodically by management. Alternative investments are not publicly traded on national security market exchanges, are generally illiquid, and may be valued differently than if readily available markets existed for such investments. Because of inherent uncertainties of valuation of alternative investments, the reported market values of such investments may differ significantly from realizable values.

Investment income consists of DBGE's distributive share of any interest, dividends, capital gains, and losses generated from investments. Realized gains and losses attributable to investments are reported upon a sale or disposition of the investment. Unrealized gains and losses are included in the change in net assets in the consolidated statement of activities and changes in net assets.

**DENVER BOTANIC GARDENS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Concentrations of Credit Risk**

Financial instruments that potentially subject the Gardens to concentrations of credit risk consist of cash and short-term investments, investment securities, and contributions receivable. The Gardens places its cash and temporary investments with creditworthy, high-quality financial institutions. A portion of the Gardens' cash deposits is not insured by the Federal Deposit Insurance Corporation (FDIC).

DBGE has significant investments in equity and debt securities and, therefore, is subject to concentrations of credit risk. Investments are managed by investment advisors who are supervised by the DBGE board of directors (the directors). Though the market value of investments is subject to fluctuations on a year-to-year basis, the directors believe that the investment policy is prudent for the long-term welfare of the Gardens.

Credit risk, with respect to contributions receivable, is limited due to the number and creditworthiness of the corporations, foundations, and individuals who comprise the contributor base.

**Inventory**

Inventory consists of gift shop items and is stated at the lower of cost or net realizable value, using the first-in, first-out method.

**Property and Equipment**

As previously mentioned, and in accordance with ASC 853, DBG does not record property, plant, and equipment related to the York Street Gardens and Chatfield Farms Site properties, and improvements thereto, as they are considered infrastructure assets in service concession arrangements. ASC 853 states that costs to construct infrastructure assets should be expenses as incurred. As such, the Gardens has a policy that any land or building improvements on those properties are expensed as incurred.

ASC 853 states that assets acquired by an operator (DBG) to provide services under service concession arrangements that are not a part of the infrastructure assets that the operator may dispose of or replace at its discretion should be capitalized as property, plant, and equipment. Accordingly, the Gardens capitalizes vehicles, furniture, fixtures, and other equipment with an acquisition value greater than \$15,000 and a useful life greater than one year. Donated property and equipment are recorded at the approximate fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from 3 to 40 years. Total historical cost of property and equipment at December 31, 2022 and 2021 is \$2,147,855 and \$2,029,930, respectively, with total related accumulated depreciation at December 31, 2022 and 2021 of \$1,278,911 and \$1,143,669, respectively.



**DENVER BOTANIC GARDENS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Collections**

The Gardens' collections, which were acquired through purchases and contributions since the Gardens' inception, are not recognized as assets on the consolidated 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. Contributed collection items are not reflected on the consolidated financial statements. Proceeds from deaccessions or insurance recoveries may be used for new collections or the direct care of other collections and are reflected as increases in the appropriate net asset classes.

**Charitable Gift Annuity**

The Gardens was the recipient of a charitable gift annuity with a total contribution of approximately \$152,000. The gift annuity assets are included in investments (see Note 4). The Gardens has a related annuity payment liability of \$34,891 and \$44,017 as of December 31, 2022 and 2021, respectively, which represents the present value of the future distributions due to the benefactor.

**Use of Estimates**

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

**Donated Goods and Services**

Volunteers from the community and the Guild have donated a significant number of hours in assisting the Gardens in achieving the goals of its various service programs. The value of this contributed time is not reflected in the accompanying consolidated financial statements because it does not meet the recognition criteria under U.S. GAAP. The Gardens received approximately 58,000 and 45,000 volunteer hours in 2022 and 2021, respectively.

Donated goods and services are recorded as contributions revenue and corresponding expenses at their estimated fair values at the date of donation. Donated goods and services received during the years ended December 31, 2022 and 2021, include various advertising, plants, books, and supplies and totaled approximately \$214,000 and \$160,000, respectively. See Note 19 for additional information.

**Advertising Expense**

Advertising expense is charged to income during the year in which it is incurred. Advertising expense for 2022 and 2021 was approximately \$312,000 and \$227,000.

**DENVER BOTANIC GARDENS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Functional Allocation of Expenses**

Costs of providing the program and support services have been reported on a functional basis in the consolidated statement of activities and changes in net assets. The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses required allocation on a reasonable basis that is consistently applied. Costs have been allocated between the various programs and support services on several bases and estimates. Certain wages and benefits have been allocated based on time and effort estimates. Certain supplies, postage, shipping, and insurance expenses have been allocated based on usage. IT has been allocated based on headcount. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

**Nonoperating Income (Loss)**

Nonoperating income (loss) includes endowment and capital campaign contributions, capital projects expenditures, bond proceeds, and investment return.

**Income Taxes**

The Gardens is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and qualify for the charitable contribution deduction. However, income from activities not directly related to the Gardens' tax-exempt purpose is subject to taxation as unrelated business income. There was no significant unrelated taxable business income in 2022 and 2021.

**Reclassification**

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassification had no impact on previously reported net assets.

**Adoption of New Accounting Standards**

In September 2020, the FASB issued ASU Number 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU provides for additional disclosures to support clearer financial information about noncash contributions nonprofit organizations receive or make, known as gifts-in-kind (GIKs). Contributed nonfinancial assets are required to be reported by category within the consolidated statement of activities and changes in net assets, and additional disclosures are required for each category, including whether nonfinancial assets were monetized or utilized during the reporting period, the policy for monetizing nonfinancial contributions, and descriptions of the fair value techniques used to arrive at a fair value measurement. The Organization adopted the requirements of the new ASU as of January 1, 2022, utilizing the retrospective method of transition. The adoption of this ASU did not result in a material impact on the Organization's financial statements.

**DENVER BOTANIC GARDENS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Adoption of New Accounting Standards (Continued)**

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases (ASC 842)*. The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Organization adopted the requirements of the guidance effective January 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption. The adoption of the standard did not have a significant impact on the assets and liabilities reported on the consolidated statements of financial position.

**NOTE 2 LIQUIDITY AND AVAILABILITY OF RESOURCES**

The Gardens' financial assets available for general expenditures within one year are as follows as of December 31:

	2022	2021
Cash and Cash Equivalents (Excluding Certain Board-Designated and Donor-Restricted Amounts)	\$ 1,795,890	\$ 2,465,154
Receivables from Scientific and Cultural Facilities District (SCFD)	1,642,080	1,549,235
Employee Retention Credit Receivable	3,081,876	4,671,745
Other Receivables	900,704	381,242
Contributions Receivable for Operations Due Next Year	342,786	219,719
Board-Designated Endowment Assets		
Appropriated for Next Year	936,482	851,664
Total	\$ 8,699,818	\$ 10,138,759

Endowment funds held by DBGE consist of donor-restricted endowments and funds designated by the board to function as endowments. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. As described in Note 11, the annual endowment distribution is set at 4% of the endowment's average market value over the prior 12 quarters as of June 30 of the prior year.

To manage liquidity, the Gardens structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In the event of unanticipated liquidity needs, the Gardens has committed a line of credit in the amount of \$2,500,000 that they could draw upon. The line of credit is more fully described in Note 14.

**DENVER BOTANIC GARDENS, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 2 LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)**

Additionally, the investments include board-designated endowments totaling \$17,121,691 and \$12,692,604, respectively, as of December 31, 2022 and 2021. Although the Gardens does not intend to spend from the board-designated endowments other than amounts appropriated for general expenditure as part of their annual budget approval and appropriation process, amounts from this endowment could be made available if necessary. However, both the board-designated endowments and donor-restricted endowments contain investments with lockup provisions that would reduce the total investments that could be made available (see Note 5). None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the consolidated statement of financial position date.

**NOTE 3 CITY AND COUNTY OF DENVER, COLORADO COOPERATIVE AGREEMENT ON PARKING**

In a third amendment to the cooperative agreement between the City and DBG (see Note 1), the City entered into a lease purchase agreement on October 1, 2008 in the amount of \$17.7 million to finance the construction of a parking facility located on the grounds of DBG. The City has agreed to a schedule of lease payments for the parking facility, and DBG has agreed to reimburse the City semiannually through its maturity in 2028. In February 2017, the City refinanced the parking facility lease to reduce both the interest rate to 2.5% and the future payment schedule. As a result, interest-only payments were due through November 2018, with interest and principal payments beginning in December 2018 until maturity in 2028. For the years ended December 31, 2022 and 2021, DBG made total lease payments of \$1,750,000 and \$1,731,000, respectively. As stated in Note 1, and in accordance with ASC 853, as the parking facility is considered a part of the infrastructure assets included in the service concession arrangement between the City and BDG, it is not considered a lease nor property and is therefore not recorded as such in the consolidated financial statements. Additionally, in accordance with the ASC, parking facility payments are expensed as incurred.

Future minimum annual commitments under the operating lease are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 1,769,900
2024	1,730,588
2025	1,744,962
2026	1,770,136
2027	1,785,324
Thereafter	1,791,278
Total	<u><u>\$ 10,592,188</u></u>

Additionally, DBG is required to maintain a supplemental lease payment fund equal to 55% of the following year's debt payment to be funded out of incremental revenue. The balance in this fund at December 31, 2022 and 2021, was \$965,000 and \$963,000, respectively, which meets the 55% of the debt service requirement for the next annual payment to the City under the lease terms as of December 31, 2022.

**DENVER BOTANIC GARDENS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 4 INVESTMENTS**

Investment assets, which include private and publicly held investments, are dedicated to providing the financial resources needed to meet the Gardens' charitable objectives. The investments are held in various investment structures. DBGE has adopted an investment policy that is approved annually by DBGE's governing board, whereby the investment portfolio is invested in a manner that is intended to produce maximum yield results while assuming a moderate level of investment risk. The investment portfolio is reviewed by the governing board and its investment advisors on a quarterly basis.

Marketable and private alternative investments are exposed to various risks that may cause the reported value of the investment assets to fluctuate from period to period and result in a material change to the net assets of DBGE. Investments in equity securities fluctuate in value in response to many factors, such as the activities and financial condition of individual companies, business and industry market conditions, and the general economic environment.

The values of fixed-income securities fluctuate in response to changing interest rates, creditworthiness of issuers, and overall economic policies that impact market conditions. Some investment managers are permitted to use various investment strategies and techniques that are designed to achieve higher investment returns with lower volatility and low correlations to major market indices and other asset classes.

Strategies and techniques, such as the use of leverage, futures and forward contracts, option agreements, and other derivative instruments, create special risks and could increase the impact of adverse security price movements on the investment portfolio.

The details of the Gardens' investments at fair value are as follows at December 31:

	<u>2022</u>	<u>2021</u>
Marketable Securities:		
Treasury Bills	\$ 7,862,086	\$ -
Total Short-Term Investments	<u>\$ 7,862,086</u>	<u>\$ -</u>
Marketable Securities:		
Money Market Funds	\$ 79,042	\$ 31,225
Fixed-Income Mutual Funds	5,860,825	3,294,653
Equity Mutual Funds	24,324,975	29,218,425
Alternative Investments:		
Private Equity Funds	3,308,169	2,421,156
Real Estate Funds	-	2,092,527
Hedge Funds	2,830,951	4,693,649
Limited Partnership Equity Funds	4,461,032	-
Alternative Credit	1,570,747	-
Total Long-Term Investments	<u>\$ 42,435,741</u>	<u>\$ 41,751,635</u>

**DENVER BOTANIC GARDENS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 4 INVESTMENTS (CONTINUED)**

Investment return, net of distribution, is summarized as follows for the year ended December 31:

	<u>2022</u>	<u>2021</u>
Interest and Dividend Income	\$ 353,873	\$ 888,219
Net Realized and Unrealized Gains (Losses)	(5,490,889)	4,752,002
Less: Investment Management Fees	(9,409)	(31,731)
Less: Endowment Distribution	(1,314,563)	(1,213,564)
Total	<u>\$ (6,460,988)</u>	<u>\$ 4,394,926</u>

**NOTE 5 FAIR VALUE MEASUREMENTS**

The Gardens follows accounting standards that establish a framework for measuring fair value and require enhanced disclosures about fair value measurements. The guidance establishes a hierarchal disclosure framework that prioritizes and ranks the level of market price observability used in measuring financial assets at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Investments are categorized within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. A three-tier hierarchy categorizes the inputs as follows:

*Level 1* – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Gardens can access at the measurement date.

*Level 2* – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

*Level 3* – Unobservable inputs for the asset or liability. In these situations, the Gardens develops inputs using the best information available in the circumstances.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. These classifications (Levels 1, 2, and 3) are intended to reflect the observability of inputs used in the valuation of investments and are not necessarily an indication of risk or liquidity.

**DENVER BOTANIC GARDENS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)**

The following is a description of the valuation methodologies used for assets measured at fair value:

*Marketable Securities:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Private Equity Funds, Real Estate Funds, Hedge Funds, Limited Partnership Equity Funds, and Alternative Credit Funds:* Value based on net asset value per share of the investments.

There were no changes in valuation methodology during the years ended December 31, 2022 and 2021.

In accordance with U.S. GAAP, certain investments that are measured at fair value using net asset value practical expedient are not classified in the fair value hierarchy. The fair value amounts presented in the following table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statement of financial position. The following table presents information about the Gardens' assets measured at fair value on a recurring basis at December 31, 2022 and 2021, and the valuation techniques used by the Gardens to determine those fair values.

Fair values of assets measured on a recurring basis are as follows at December 31:

	2022			Total
	Level 1	Level 2	Level 3	
Treasury Bills	\$ 7,862,086	\$ -	\$ -	\$ 7,862,086
Total Short-Term Investments	<u>\$ 7,862,086</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,862,086</u>
Marketable Securities	\$ 30,264,842	\$ -	\$ -	\$ 30,264,842
Investments Measured at NAV	-	-	-	12,170,899
Total Long-Term Investments	<u>\$ 30,264,842</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,435,741</u>
	2021			
	Level 1	Level 2	Level 3	Total
Marketable Securities	\$ 32,544,303	\$ -	\$ -	\$ 32,544,303
Investments Measured at NAV	-	-	-	9,207,332
Total Long-Term Investments	<u>\$ 32,544,303</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,751,635</u>

**DENVER BOTANIC GARDENS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)**

The following table summarizes the significant information required by ASU No. 2009-12 as of December 31:

	2022			
	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Private Equity Funds (a)	\$ 3,308,169	\$ 4,972,903	Illiquid	None
Real Estate Fund (b)	-	-	Annually Monthly,	30 Days
Hedge Funds (c)	2,830,951	-	Semiannually	45-95 Days
Limited Partnership Equity Funds (d)	4,461,032	-	Quarterly	90 Days
Alternative Credit (e)	1,570,747	2,427,964	Illiquid	None
Total	<u>\$ 12,170,899</u>	<u>\$ 7,400,867</u>		

  

	2021			
	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Private Equity Funds (a)	\$ 2,421,156	\$ 1,062,396	N/A	N/A
Real Estate Fund (b)	2,092,527	-	Annually Monthly,	30 Days
Hedge Funds (c)	4,693,649	-	Semiannually	45-95 Days
Total	<u>\$ 9,207,332</u>	<u>\$ 1,062,396</u>		

(a) The objectives of these funds are to provide capital appreciation-oriented investment strategies through illiquid vehicles. These strategies may include, but are not limited to, venture capital, operations-oriented buyouts, subordinated debt, restructuring and distressed debt and securities, special situations, and recapitalizations. The fair value of these investments has been estimated using net asset value per share of the investments. Investments in these funds cannot be redeemed because the investments have lockup periods of several years.

(b) The objective of the fund is to achieve a long-term 5% real rate of return (gross of fees) and to meet or exceed the NCREIF Fund Index Open-End Diversified Core Equity. The strategy utilized by the fund is to invest in both barrier and growth markets. The current fund leverage target is 20% to 25%, with a maximum of 30% of total assets. The fund is valued quarterly by a valuation consultant, and assets are externally appraised at least annually in a staggered rotation, with approximately 25% of the properties appraised each quarter. Investment in this fund can be redeemed each December 31 with 30 days' notice.

The real estate partnership, which is included with the real estate fund, is a 5.7% limited partnership interest with underlying real estate assets. As the underlying properties in the partnership have not been appraised in many years, management believes that the Gardens' ending capital balance is a conservative approximation of its share of the fair value of the partnership.



**DENVER BOTANIC GARDENS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)**

- (c) The objective of these funds is to produce equity-like returns with low volatility and low correlation to the equity and credit markets. The strategies include capitalizing on long-term market inefficiencies through investments in global equities, futures, forwards, credit opportunities, distressed securities, and various arbitrage-based approaches. The individual hedge funds have different redemption requirements, with the most restrictive requiring nine months' notice for a full withdrawal.
- (d) The objective of the partnership is to generate long-term growth in assets by investing primarily in equity and equity-related securities.
- (e) The objective of the Fund is to invest in an array of investment strategies and structures that capitalize on opportunities in the private credit market to maximize risk-adjusted returns and achieve low correlation to the overall-fixed income markets.

**NOTE 6 CONTRIBUTIONS RECEIVABLE**

Contributions receivable include several unconditional promises to give generated from a capital campaign and other operational contributions receivable. At December 31, they are included as follows:

	<u>2022</u>	<u>2021</u>
Contributions Receivable	\$ 1,511,289	\$ 1,061,071
Less: Allowance for Uncollectible Pledges	(10,000)	(10,000)
Less: Discount	(62,517)	(37,770)
Contributions Receivable, Net	<u>\$ 1,438,772</u>	<u>\$ 1,013,301</u>
	<u>2022</u>	<u>2021</u>
Contributions Receivable are Due as Follows:		
Less than one Year	\$ 956,289	\$ 624,071
One to Five Years	555,000	437,000
Total	<u>\$ 1,511,289</u>	<u>\$ 1,061,071</u>

Contributions receivable are from various entities, including foundations, corporations, and individuals. The discount factor utilized in the present value calculation is between 2.5% and 4.5%.

Pledges receivable from three donors at December 31, 2022, represented 86% of gross contributions receivable. Pledges receivable from four donors at December 31, 2021, represented 74% of gross contributions receivable.

**DENVER BOTANIC GARDENS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 7    CONDITIONAL CONTRIBUTIONS**

The Gardens receives grant funding from federal and state agencies. These grant funds are conditional based on the occurrence of future expenditures and activities. As of December 31, 2022 and 2021, conditional grant contributions outstanding totaled \$974,098 and \$1,135,206, respectively, which are composed of the following:

	2022		
	Grant Award	Grant Revenue Recognized	Conditional Grant Award Remaining
National Science Foundation - Bromecast - Utah State University	\$ 93,641	\$ 74,946	\$ 18,695
US Department of Agriculture Institute of Museum and Library Services - IDEA	504,527	180,724	323,803
US Bureau of Land Management	245,033	66,212	178,821
National Science Foundation - Macrosystems and NEON Enabled Science	549,301	251,159	298,142
Colorado Department of Public Health and Environment	173,853	42,196	131,657
Total	\$ 1,674,786	\$ 700,688	\$ 974,098
	2021		
	Grant Award	Grant Revenue Recognized	Conditional Grant Award Remaining
Institute of Museum and Library Services - NYBG	\$ 129,589	\$ 70,286	\$ 59,303
National Science Foundation - Bromecast - Utah State University	93,641	41,472	52,169
US Department of Agriculture	504,527	28,823	475,704
Institute of Museum and Library Services - IDEA	245,033	3,263	241,770
US Bureau of Land Management	370,000	63,740	306,260
Total	\$ 1,342,790	\$ 207,584	\$ 1,135,206

**DENVER BOTANIC GARDENS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 8 COLLECTIONS**

The Gardens' collections consist of living plants, herbarium, a library, and historical collections. The Gardens' living plant and herbarium collections are made up of over 18,000 taxa of living plants, 63,000 herbarium specimen sheets, and 18,000 preserved and documented native mushrooms. The Gardens has a library consisting of over 30,000 books; periodicals; and seed and nursery catalogs, slides, and pamphlets. The Gardens has over 1,400 two-dimensional works of art in an array of media, including photographs, lithography drawings, maps, and engravings, and 60 pieces of three-dimensional art in the form of bronze, glass, and stone sculptures. Additionally, the Gardens has historic buildings, tools, and farm implements at its Chatfield Farms location.

All of these collections are held for educational, research, scientific, and curatorial purposes. Each of these collection items is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously. The collections are subject to a policy that requires proceeds from their sales to be used to support the Gardens' collections. The Gardens defines direct care of collections as any activity that involves the protection and preservation of the collection; this includes the salary and benefits of our curating staff, consultant fees, and costs such as the purchase of protective storage materials and their maintenance. During 2022 and 2021, deaccessioned items, primarily traded or donated to other botanical gardens, were not significant.

**NOTE 9 SCIENTIFIC AND CULTURAL FACILITIES DISTRICT**

In November 1988, the voters of the Denver metropolitan area approved formation of a special tax district to support the scientific and cultural institutions within the district. Beginning in 1989, revenue for the special tax district was generated through a sales tax and distributed to various institutions, including the Gardens, in accordance with the provisions of the act. In 2016, the voters of the Denver metropolitan area extended the expiration date of the special tax district through June 30, 2030. During 2022 and 2021, the Gardens' share of the tax amounted to \$6,544,008 and \$5,880,302, respectively. As of December 31, 2022 and 2021, \$1,642,080 and \$1,549,235, respectively, is due from the Scientific and Cultural Facilities District.

As part of the reauthorization in 2016, the SCFD partnered with a community foundation to establish a fund (the Fund) that will provide merit-based grants to Tier III organizations. As part of this agreement, all Tier 1 organizations will financially support the Fund directly for a period of 12 years. As a result, the Gardens entered into a memorandum of understanding whereby the Gardens will contribute \$150,000 of its annual SCFD funds from 2018 through 2029 to the Fund. The 2022 contribution has been netted against the gross proceeds from the SCFD in the consolidated statement of activities and changes in net assets.

**DENVER BOTANIC GARDENS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 10 NET ASSETS**

Net assets without donor restrictions consist of the following as of December 31:

	2022		
	DBG and Affiliates	DBGE	Total
Board-Designated Net Assets:			
Designated for Controlled Maintenance and Capital Improvements	\$ 7,872,243	\$ 9,080,578	\$ 16,952,821
Designated for Gardens Programs	2,873,406	7,642,022	10,515,428
Total Board-Designated Net Assets	<u>10,745,649</u>	<u>16,722,600</u>	<u>27,468,249</u>
Undesignated Net Assets	4,366,026	-	4,366,026
Total	<u>\$ 15,111,675</u>	<u>\$ 16,722,600</u>	<u>\$ 31,834,275</u>
	2021		
	DBG and Affiliates	DBGE	Total
Board-Designated Net Assets:			
Designated for Controlled Maintenance and Capital Improvements	\$ 7,334,290	\$ 4,840,000	\$ 12,174,290
Designated for Gardens Programs	7,363,347	7,852,604	15,215,951
Total Board-Designated Net Assets	<u>14,697,637</u>	<u>12,692,604</u>	<u>27,390,241</u>
Undesignated Net Assets	5,205,808	-	5,205,808
Total	<u>\$ 19,903,445</u>	<u>\$ 12,692,604</u>	<u>\$ 32,596,049</u>

**DENVER BOTANIC GARDENS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 10 NET ASSETS (CONTINUED)**

Net assets with donor restrictions are available for the following purposes as of December 31:

	2022		
	DBG and Affiliates	DBGE	Total
Subject to Expenditures for a Specified Time or Purpose:			
Capital Improvements	\$ 1,846,574	\$ -	\$ 1,846,574
Education and Outreach	309,368	-	309,368
Horticulture, Science, and Conservation	1,535,688	-	1,535,688
Chatfield Farms	196,449	-	196,449
Earnings on Endowments (Note 12)	-	16,125,292	16,125,292
Endowment Funds Held in Perpetuity (Note 12)	-	9,551,997	9,551,997
Total	<u>\$ 3,888,079</u>	<u>\$ 25,677,289</u>	<u>\$ 29,565,368</u>
	2021		
	DBG and Affiliates	DBGE	Total
Subject to Expenditures for a Specified Time or Purpose:			
Capital Improvements	\$ 535,217	\$ -	\$ 535,217
Education and Outreach	305,987	-	305,987
Horticulture, Science, and Conservation	1,883,279	-	1,883,279
Chatfield Farms	221,093	-	221,093
Earnings on Endowments (Note 12)	-	19,069,779	19,069,779
Endowment Funds Held in Perpetuity (Note 12)	-	9,951,088	9,951,088
Total	<u>\$ 2,945,576</u>	<u>\$ 29,020,867</u>	<u>\$ 31,966,443</u>

**DENVER BOTANIC GARDENS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 11 DONOR-RESTRICTED AND BOARD-DESIGNATED ENDOWMENTS**

The endowment consists of 36 individual funds established for a variety of purposes. DBGE’s endowment includes both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

DBGE is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of DBGE has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor- restricted endowment funds, DBGE considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. DBGE has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

Additionally, in accordance with UPMIFA, DBGE considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of DBGE and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of DBGE
- The investment policies of DBGE

	2022		
	Without Donor Restriction	Donor Restricted	Total
Donor-Restricted Endowment Funds	\$ -	\$ 25,677,289	\$ 25,677,289
Board-Designated Endowment Funds	16,722,600	-	16,722,600
Total	\$ 16,722,600	\$ 25,677,289	\$ 42,399,889
	2021		
	Without Donor Restriction	Donor Restricted	Total
Donor-Restricted Endowment Funds	\$ -	\$ 29,020,867	\$ 29,020,867
Board-Designated Endowment Funds	12,692,604	-	12,692,604
Total	\$ 12,692,604	\$ 29,020,867	\$ 41,713,471

**DENVER BOTANIC GARDENS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 11 DONOR-RESTRICTED AND BOARD-DESIGNATED ENDOWMENTS (CONTINUED)**

**Interpretation of Relevant Law (Continued)**

	2022		
	<u>Without Donor Restriction</u>	<u>Donor Restricted</u>	<u>Total</u>
Endowment Net Assets -			
Beginning of Year	\$ 12,692,604	\$ 29,020,867	\$ 41,713,471
Investment Income	(1,595,703)	(3,550,722)	(5,146,425)
Contributions	919,470	1,255,079	2,174,549
Transfer to Board-Designated Endowment	5,000,000	-	5,000,000
Appropriation of Endowment Assets for DBG Programs	(293,771)	(1,020,792)	(1,314,563)
Appropriation of Endowment Assets - Other	-	(27,143)	(27,143)
Endowment Net Assets - End of Year	<u>\$ 16,722,600</u>	<u>\$ 25,677,289</u>	<u>\$ 42,399,889</u>
	2021		
	<u>Without Donor Restriction</u>	<u>Donor Restricted</u>	<u>Total</u>
Endowment Net Assets -			
Beginning of Year	\$ 11,209,549	\$ 25,964,646	\$ 37,174,195
Investment Income	1,684,611	3,923,879	5,608,490
Contributions	68,121	104,000	172,121
Transfer to Board-Designated Endowment	-	-	-
Appropriation of Endowment Assets for DBG Programs	(269,677)	(943,887)	(1,213,564)
Appropriation of Endowment Assets - Other	-	(27,771)	(27,771)
Endowment Net Assets - End of Year	<u>\$ 12,692,604</u>	<u>\$ 29,020,867</u>	<u>\$ 41,713,471</u>

**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 UPMIFA requires the Gardens to retain as a fund of perpetual duration. There were no funds with deficiencies as of December 31, 2022 and 2021.

**DENVER BOTANIC GARDENS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 11 DONOR-RESTRICTED AND BOARD-DESIGNATED ENDOWMENTS (CONTINUED)**

**Return Objectives and Risk Parameters**

Endowment assets include donor-restricted funds that must be held in perpetuity, as well as board-designated funds. The board has adopted investment and spending policies for endowment assets that attempt to provide a reasonable, predictable, stable, and sustainable level of distribution to the DBG that supports current needs and provides for growth in assets and income over time. Under this policy, as approved by the board, the endowment assets are invested in a manner that is intended to produce an average long-term rate of return of Consumer Price Index plus spending, net of all fees. The rate of return has been based upon the assumption that future real returns will approximate the long-term rates of return experienced for each asset class in the investment portfolio. 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, DBGE 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). DBGE targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**Spending Policy and How the Investment Objectives Related to Spending Policy**

DBGE has a board-approved spending policy for appropriating funds to DBG for expenditure each year. The annual endowment distribution is set at 4% of the endowment's average market value over the prior 12 quarters as of June 30 of the prior year. In establishing this policy, long-term expected return on its endowment was considered. Accordingly, over the long term, DBGE expects the current spending policy to allow its endowment to grow at an average of approximately 3% annually. This is consistent with DBGE's objective to maintain the purchasing power of endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

In determining the annual grant to DBG, the board may make an exception to the distribution policy.

**NOTE 12 EMPLOYEE BENEFIT PLAN**

The Gardens has a tax-sheltered annuity plan (the Plan) under section 403(b) of the IRC. The Plan covers substantially all full-time employees and regular part-time employees working more than 25 hours per week. Under the Plan, the Gardens contributes an amount equal to 6% of the participants' compensation. For 2022 and 2021, the Gardens' contribution to the Plan was \$726,702 and \$625,563, respectively.



**DENVER BOTANIC GARDENS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 13 MEDICAL SELF-INSURANCE**

Under the Gardens' insurance programs, coverage is obtained for catastrophic exposure, as well as those risks required to be insured by law or contract. It is the policy of the Gardens to self-insure for a portion of certain expected losses related primarily to health insurance. Provisions for losses expected under these programs are recorded based upon the Gardens' estimates of aggregate liability for claims incurred. The amount of actual losses incurred could differ materially from the estimates reflected in these consolidated financial statements. The Gardens has in place a specific stop-loss policy of \$60,000 per incident. As of December 31, 2022 and 2021, approximately \$145,000 and \$197,000 was accrued for the medical self-insurance policy.

**NOTE 14 LINE OF CREDIT**

The Gardens has a line of credit agreement in the amount of \$2,500,000. The line of credit has an interest rate equal to the bank's prime rate less 0.75% (6.25%) at December 31, 2022. The line of credit is secured by the general assets of the Gardens and matures in August 1, 2023. There were no borrowings on the line of credit during the year ended December 31, 2022.

**NOTE 15 SHUTTERED VENUE OPERATOR GRANT**

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled, in accordance with ASC 958-605. On July 9, 2021, the Gardens received Shuttered Venue Operators Grant (SVOG) funding from U.S. Small Business Administration in the amount of \$5,433,642 in compliance with the program. Grants related to this program are classified as revenue. The Organization recognized \$5,433,642 of SVOG revenue related to performance requirements being met and costs being incurred in compliance with the program during the year ended December 31, 2021. The revenue is included in federal grant income in the consolidated statements of activities and changes in net assets.

**NOTE 16 PAYCHECK PROTECTION PROGRAM LOAN**

**First Draw PPP Loan**

In 2020, the Gardens received a loan in the amount of \$3,062,100 to fund payroll, rent and utilities through the federal Paycheck Protection Program. This loan had stipulations that allowed the amounts owed to be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program administered by the U.S. Small Business Administration. The loan originated on April 6, 2020, at a 1% fixed interest rate. On May 27, 2021, the Gardens was notified that the SBA approved full forgiveness for the entire amount of its PPP Loan. Accordingly, the Gardens recognized \$3,062,100 of Paycheck Protection Program Loan Forgiveness revenue related to this agreement during the year ended December 31, 2021, which represents the entire amount of the PPP loan as management believes that all the related performance barriers have been met.

**DENVER BOTANIC GARDENS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 16 PAYCHECK PROTECTION PROGRAM LOAN (CONTINUED)**

**Second Draw PPP Loan**

In 2021, the Gardens received a loan in the amount of \$2,000,000 to fund payroll, rent and utilities through the federal Paycheck Protection Program. This loan had stipulations that allowed the amounts owed to be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program administered by the U.S. Small Business Administration. The loan originated on March 3, 2021, at a 1% fixed interest rate. On October 27, 2021 the Gardens was notified that the SBA approved full forgiveness for the entire amount of its PPP Loan. Accordingly, the Gardens recognized \$2,000,000 of Paycheck Protection Program Loan Forgiveness revenue related to this agreement during the year ended December 31, 2021, which represents the entire amount of the PPP loan as management believes that all the related performance barriers have been met.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.

**NOTE 17 EMPLOYEE RETENTION CREDIT**

The Gardens claimed the Employee Retention Credit (ERC) for the first three quarters of 2021. The ERC is a refundable payroll tax credit, provided under the CARES Act of 2020, and amended by the Relief Act of 2021, the American Rescue Plan Act of 2021, and the Infrastructure Investment and Jobs Act. The purpose of the ERC is to encourage employers to keep employees on their payroll. In order to be eligible for the ERC, the Gardens must satisfy certain conditions under the law. Therefore, the Gardens has classified this ERC as a conditional contribution for accounting purposes in accordance with ASC 958-605. The Gardens has determined that it has satisfied all of the conditions to be eligible for the ERC as of December 31, 2021, and therefore recognized \$4,671,745 of Employee Retention Credit revenue. The credit is also shown as a receivable as of December 31, 2022 and December 31, 2021 as the Gardens has not yet received full payment. During the year ended December 31, 2022, the Gardens received partial payment of the credit.

**NOTE 18 CONTINGENCIES**

The Gardens may become involved in claims and pending litigation arising from the normal course of its operations. In the opinion of management, the effect of such matters will not have a material adverse effect on the Garden's financials position or liquidity. Therefore, no provision has been made in the accompanying consolidated financial statements for losses, if any, that might result from the ultimate outcome of the matters.

**DENVER BOTANIC GARDENS, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 19 CONTRIBUTED NONFINANCIAL ASSETS**

**Contributed Nonfinancial Assets**

Contributed nonfinancial assets recognized within the consolidated statements of activities and changes in net assets are as follows for the years ended December 31:

<u>Nonfinancial Asset</u>	<u>2022 Revenue Recognized</u>	<u>2021 Revenue Recognized</u>	<u>Monetized or Utilized</u>	<u>Utilization in Function</u>	<u>Donor Restrictions</u>	<u>Valuation Technique</u>
Media and Advertising	\$ 155,007	\$ 104,216	Utilized	General and Administrative	None	Sales Prices of Comparable Goods
Goods	59,353	55,415	Utilized	All Programs	None	Sales Prices of Comparable Goods
	<u>214,360</u>	<u>159,631</u>				

**NOTE 20 SUBSEQUENT EVENTS**

The consolidated financial statements and related disclosures include evaluation of events up through May 19, 2023, which is the date the consolidated financial statements were available to be issued. On January 1, 2023, the Organization entered into a contract for construction services at one of its locations. Total project costs are estimated to be approximately \$3,200,000.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See [CLAGlobal.com/disclaimer](http://CLAGlobal.com/disclaimer). Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.