

**WEST MICHIGAN HORTICULTURAL
SOCIETY, INC. D.B.A. FREDERIK MEIJER
GARDENS & SCULPTURE PARK**

FINANCIAL STATEMENTS

Years Ended September 30, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

West Michigan Horticultural Society, Inc.
d.b.a. Frederik Meijer Gardens & Sculpture Park
Grand Rapids, Michigan

Opinion

We have audited the accompanying financial statements of West Michigan Horticultural Society, Inc. d.b.a. Frederik Meijer Gardens & Sculpture Park (Meijer Gardens), which comprise the statement of financial position as of September 30, 2022 and 2021, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Meijer Gardens as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Meijer Garden's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



Beene Garter
A Doeren Mayhew Firm
Grand Rapids, Michigan
February 14, 2023

FINANCIAL STATEMENTS

**WEST MICHIGAN HORTICULTURAL SOCIETY, INC.
D.B.A. FREDERIK MEIJER GARDENS & SCULPTURE PARK**

STATEMENTS OF FINANCIAL POSITION

September 30, 2022 and 2021

	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 10,003,661	\$ 19,708,524
Short term investments	18,683,737	11,941,087
Accounts receivable	273,880	105,221
Pledges receivable, current	699,233	685,500
Inventory	465,308	309,064
Prepaid taxes	-	189,106
Prepaid expenses	110,358	22,935
Other accounts receivable	2,062,657	-
TOTAL CURRENT ASSETS	32,298,834	32,961,437
Replacement reserve / Investments for property and equipment	9,256,224	4,157,188
Cash restricted for investment in collections, property and equipment and endowment	7,899,905	11,938,214
Other investments	1,032,723	978,791
Pledges receivable	1,437,775	17,998,690
Beneficial interest in net assets of The Frederik Meijer Gardens & Sculpture Foundation (Foundation)	143,354,220	172,096,206
Collections	57,644,349	51,636,675
Property and equipment	119,424,224	126,833,296
TOTAL ASSETS	\$ 372,348,254	\$ 418,600,497
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 1,566,541	\$ 4,148,285
Other accrued payables	418,100	341,555
Accrued taxes	65,539	-
Deferred revenue	3,076,075	2,348,264
TOTAL CURRENT LIABILITIES	5,126,255	6,838,104
Due to The Frederik Meijer Gardens & Sculpture Foundation	200,000	5,169,841
Other liabilities	1,115,457	1,095,989
TOTAL LIABILITIES	6,441,712	13,103,934
Net Assets		
Without donor restriction	214,822,971	197,148,171
With donor restriction	151,083,571	208,348,392
TOTAL NET ASSETS	365,906,542	405,496,563
TOTAL LIABILITIES AND NET ASSETS	\$ 372,348,254	\$ 418,600,497

See accompanying notes

**WEST MICHIGAN HORTICULTURAL SOCIETY, INC.
D.B.A. FREDERIK MEIJER GARDENS & SCULPTURE PARK**

STATEMENT OF ACTIVITIES

Year Ended September 30, 2022

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Revenues and Other Support			
Contributions	\$ 11,901,313	\$ 1,257,371	\$ 13,158,684
Admission and memberships	6,138,119	-	6,138,119
Gift Shop	1,576,636	-	1,576,636
Events	4,510,981	-	4,510,981
Educational programs	169,333	-	169,333
Culinary Arts & Events	5,202,355	-	5,202,355
Change in beneficial interest in net assets of the Foundation including transfers	-	(39,741,986)	(39,741,986)
Loss on disposal of property and equipment	(340)	-	(340)
Realized and unrealized loss on investments	(1,333,826)	-	(1,333,826)
Miscellaneous	305,772	6,307	312,079
Net assets released from restrictions	18,786,513	(18,786,513)	-
Total Revenues and Other Support	47,256,856	(57,264,821)	(10,007,965)
Expenses			
Program services			
Education	1,772,297	-	1,772,297
Gift Shop	1,301,370	-	1,301,370
Culinary Arts & Events	5,549,021	-	5,549,021
Collections and exhibitions	15,928,668	-	15,928,668
Membership development	647,588	-	647,588
Supporting services			
Management and general	3,063,547	-	3,063,547
Fund development	1,319,565	-	1,319,565
Total Expenses	29,582,056	-	29,582,056
Change in Net Assets	17,674,800	(57,264,821)	(39,590,021)
Net Assets - Beginning of Year	197,148,171	208,348,392	405,496,563
NET ASSETS - END OF YEAR	\$ 214,822,971	\$ 151,083,571	\$ 365,906,542

See accompanying notes

**WEST MICHIGAN HORTICULTURAL SOCIETY, INC.
D.B.A. FREDERIK MEIJER GARDENS & SCULPTURE PARK**

STATEMENT OF ACTIVITIES (CONTINUED)

Year Ended September 30, 2021

	Without Donor Restriction	With Donor Restriction	Total
Revenues and Other Support			
Contributions	\$ 9,393,696	\$1,818,097	\$ 11,211,793
Admission and memberships	4,477,257	-	4,477,257
Gift Shop	1,139,699	-	1,139,699
Events	2,741,531	-	2,741,531
Educational programs	47,270	-	47,270
Culinary Arts & Events	1,956,099	-	1,956,099
Change in beneficial interest in net assets of the Foundation including transfers	-	\$35,218,351	35,218,351
Gain on disposal of property and equipment	2,300	-	2,300
Realized and unrealized gain on investments	223,725	-	223,725
Miscellaneous	296,118	2,566	298,684
Net assets released from restrictions	48,560,684	(48,560,684)	-
Total Revenues and Other Support	68,838,379	(11,521,670)	57,316,709
Expenses			
Program services			
Education	1,365,101	-	1,365,101
Gift Shop	971,120	-	971,120
Culinary Arts & Events	3,025,212	-	3,025,212
Collections and exhibitions	11,274,314	-	11,274,314
Membership development	529,463	-	529,463
Supporting services:			
Management and general	2,378,703	-	2,378,703
Fund development	972,277	-	972,277
Total Expenses	20,516,190	-	20,516,190
Change in Net Assets	48,322,189	(11,521,670)	36,800,519
Net Assets - Beginning of Year	148,825,982	219,870,062	368,696,044
NET ASSETS - END OF YEAR	\$ 197,148,171	\$ 208,348,392	\$ 405,496,563

See accompanying notes

**WEST MICHIGAN HORTICULTURAL SOCIETY, INC.
D.B.A. FREDERIK MEIJER GARDENS & SCULPTURE PARK**

STATEMENTS OF CASH FLOWS

Years Ended September 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	\$ (39,590,021)	\$ 36,800,519
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Change in discount on pledges receivable	(36,278)	(136,631)
Depreciation	6,723,931	4,357,370
Loss/(Gain) on disposal of property and equipment and collections	340	(2,300)
Change in value of other investments	(53,932)	(169,521)
Reinvested dividends and interest	(244,925)	(254,973)
Net realized and unrealized loss (gain) on investments	1,333,826	(223,725)
Change in beneficial interest in net assets of the Foundation, including contributions transferred	39,741,986	(35,218,352)
Change in deferred compensation liability	19,468	223,229
Donated property, equipment and collections included in support	-	(102,500)
Contributions restricted for investment in collections, property and equipment and endowment	(1,192,111)	(1,820,628)
Change in assets and liabilities		
Accounts receivable	(2,231,316)	(52,165)
Pledges receivable	(194,652)	829,367
Inventory	(156,244)	754
Prepaid taxes	189,106	-
Prepaid expenses	(87,423)	87,694
Accounts payable	(17,643)	522,260
Accrued payroll and withholding	76,545	115,269
Accrued taxes	65,539	-
Deferred revenue	727,811	(313,103)
NET CASH PROVIDED BY OPERATING ACTIVITIES	5,074,007	4,642,564

See accompanying notes

**WEST MICHIGAN HORTICULTURAL SOCIETY, INC.
D.B.A. FREDERIK MEIJER GARDENS & SCULPTURE PARK**

STATEMENTS OF CASH FLOWS (CONTINUED)

Years Ended September 30, 2022 and 2021

	2022	2021
Cash Flows from Investing Activities		
Purchase of property and equipment	\$ (1,879,300)	\$ (11,476,353)
Purchase of investments	(12,930,588)	(3,693,432)
Proceeds from sale of investments	-	4,143,724
Cash transferred to the Foundation, increasing the beneficial interest	(11,000,000)	-
Purchase of collections	(6,007,674)	(615,184)
NET CASH USED IN INVESTING ACTIVITIES	(31,817,562)	(11,641,245)
Cash Flows from Financing Activities		
Payments on amount due to the Foundation	(4,969,841)	(3,579,650)
Proceeds from contributions restricted for investment in collections, property and equipment and endowment	17,970,224	18,497,327
NET CASH PROVIDED BY FINANCING ACTIVITIES	13,000,383	14,917,677
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(13,743,172)	7,918,996
Cash and Cash Equivalents - Beginning of Year	31,646,738	23,727,742
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 17,903,566	\$ 31,646,738
Cash and cash equivalents	\$ 10,003,661	\$ 19,708,524
Cash restricted for investment in collections, and property and equipment	7,899,905	11,938,214
	\$ 17,903,566	\$ 31,646,738
Noncash Transactions		
Property and equipment included in accounts payable	\$ 635,896	\$ 3,199,997

See accompanying notes

**WEST MICHIGAN HORTICULTURAL SOCIETY, INC.
D.B.A. FREDERIK MEIJER GARDENS & SCULPTURE PARK**

NOTES TO FINANCIAL STATEMENTS

September 30, 2022 and 2021

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The West Michigan Horticultural Society, Inc. d.b.a. Frederik Meijer Gardens & Sculpture Park (Meijer Gardens) promotes the enjoyment, understanding, and appreciation of gardens, sculpture, the natural environment, and the arts. Revenues of Meijer Gardens are from admission fees, membership fees, Gift Shop sales, events, culinary arts and event services, educational programs, contributions, grants and sponsorships by individuals, corporations, and foundations.

During 2022, the construction for Welcoming the World: Honoring a Legacy of Love was concluded. This project spanned over five years with construction beginning in 2017. The purpose is to welcome new audiences and bring joy to all guests, all while promoting our mission of enjoyment, understanding, and appreciation of gardens, sculpture, the natural environment, and the arts. This is accomplished through education, creating unique exhibitions and continuing new and distinct visual experiences all four seasons of the year. The project accomplished this through a new welcome center, education center, transportation center, expanded amphitheater, new sculpture garden entry plaza, renovation to existing buildings, new outdoor picnic pavilion, and expanded and accessible parking, as well as a new endowment fund for ongoing support to maintain these facilities.

Financial Statement Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Meijer Gardens reports information regarding its financial position and activities as without donor restriction and with donor restriction depending on the existence and nature of any donor-imposed restrictions on contributions received as follows:

Net assets without donor restriction – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

**WEST MICHIGAN HORTICULTURAL SOCIETY, INC.
D.B.A. FREDERIK MEIJER GARDENS & SCULPTURE PARK**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022 and 2021

Net assets with donor restriction – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue with donor restrictions and are released from restrictions when the assets are placed in service. Meijer Gardens reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the same reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor-restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

Meijer Gardens considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents are held primarily at two financial institutions. The Meijer Gardens' cash balances exceed federally insured limits.

Accounts Receivable

Accounts receivable mainly represents amounts billed or billable to customers for culinary arts and event services, which are stated at the amount management expects to collect from balances outstanding at year-end. Management has reviewed the balances that comprise accounts receivable and determined such balances to be fully collectible. Accordingly, no provision for uncollectible accounts is included in the financial statements. If amounts become uncollectible, a provision for the potential loss will be charged to operations when that determination is made. All amounts are expected to be collected within one year. Accounts receivable at October 1, 2020 were \$176,320.

**WEST MICHIGAN HORTICULTURAL SOCIETY, INC.
D.B.A. FREDERIK MEIJER GARDENS & SCULPTURE PARK**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022 and 2021

Pledges Receivable

Unconditional pledges receivable are recognized as revenue in the period the pledge is received. Unconditional pledges that are expected to be collected in periods in excess of one year are recognized at the present value of the estimated future cash flows at the time the pledge is received using discount rates. Discount rates were changed in 2022 to the rates on U.S. Treasury Securities. Prior years used the average one-year LIBOR rate. The change in the present value due to the passage of time is recognized as contribution revenue. Management annually reviews these assets to determine the net realizable value of the pledges. Conditional pledges are recognized when the conditions upon which they depend are substantially met.

Pledges are stated at the amount management expects to collect from outstanding balances, discounted to present value. Management provides for probable uncollectible amounts through a charge to earnings and a credit 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 unconditional promises to give. Meijer Gardens considers promises to give to be fully collectible; accordingly, no allowance for doubtful promises to give has been recorded. If amounts become uncollectible, a provision for the potential loss will be charged to operations when that determination is made.

Inventory

Inventory consists of gift shop items as well as food and beverage items and is stated at the lower of cost or net realizable value, principally determined by the first-in, first-out method.

Replacement Reserve

Meijer Gardens has investments set aside as a replacement reserve for unforeseen and future replacement of investments in property and equipment.

Collections

The collections, which include sculptures, bonsai plants, art objects, and documentaries, have been capitalized since inception. If purchased, items are capitalized at cost, and if donated, they are capitalized at their appraised or fair value on the date received. Installation costs incurred to place collection pieces are included in the capitalized value of the item. If Meijer Gardens should cease operations or lose its tax-exempt status, the majority of the sculpture collections will be conveyed to the Meijer Foundation.

**WEST MICHIGAN HORTICULTURAL SOCIETY, INC.
D.B.A. FREDERIK MEIJER GARDENS & SCULPTURE PARK**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022 and 2021

Property and Equipment

Meijer Gardens follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of \$5,000. Donations of property and equipment are recorded at estimated fair value. Such donations are reported as support without donor restriction unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, specifically to acquire property and equipment, are reported as support with donor restriction. Absent donor stipulations regarding how long donated assets must be maintained, Meijer Gardens reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Meijer Gardens reclassifies net assets with donor restriction to net assets without donor restriction at that time.

Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the expected future cash flow from the use of the asset and its eventual disposition is less than the carrying amount of the asset, an impairment loss is recognized and measured using the asset's fair value. No such losses were recognized during 2022 or 2021.

Fair Value Measurements

U.S. generally accepted accounting principles establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements where there is no ability to liquidate or redeem the investments (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 Quoted prices in markets that are not considered active or financial instruments for which significant inputs include quoted prices of similar assets or liabilities, interest rates, credit risks, etc.
- Level 3 Investments held by others where Meijer Gardens has no ability to liquidate or redeem the investments.

**WEST MICHIGAN HORTICULTURAL SOCIETY, INC.
D.B.A. FREDERIK MEIJER GARDENS & SCULPTURE PARK**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022 and 2021

The fair value measurement level of an investment within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs.

Contributions

Contributions received are recorded as support with donor restrictions or support without donor restrictions depending on the existence and/or nature of any such restrictions.

Donor restricted contributions are reported as support with donor restriction and are then reclassified to net assets without donor restriction upon expiration of the donor restriction. Contributions are reported as revenue at the time the contribution is promised. Meijer Gardens recognizes as support without donor restrictions certain donor-restricted contributions when such restrictions are met in the same reporting period.

Revenue Recognition

Meijer Gardens recognizes revenue other than philanthropy through four primary revenue streams including membership, admissions, gift shop sales, and culinary arts and event services. Membership fees are collected prior to the start of the applicable service period. Revenue is recognized evenly over the service period. Deferred membership income on the statement of financial position represents payments received from members for which the service period has not yet occurred. Certain categories of membership may include an element of philanthropy. In this event, an estimate of that philanthropy is recognized in accordance with the standards applicable to contribution revenue. Admissions and gift shop revenue is recognized at the point in time when the sale has occurred. Security deposits from culinary arts and event services of Meijer Gardens' facilities is included in deferred revenue. Meijer Gardens makes its facilities available to the general public for special gatherings and events. The revenue resulting from these events is recognized as earned when the event takes place. Sponsorships relating to exhibitions and events to be held in future fiscal years are included as deferred revenue. As the events are held, the deferred revenue is recorded as revenue.

**WEST MICHIGAN HORTICULTURAL SOCIETY, INC.
D.B.A. FREDERIK MEIJER GARDENS & SCULPTURE PARK**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022 and 2021

The following table summarizes Meijer Gardens' disaggregated revenue based on timing of revenue recognition:

	2022	2021
Revenue recognized over time		
Membership	\$ 2,713,001	\$ 1,976,213
Total revenue recognized over time	2,713,001	1,976,213
Revenue recognized at a point in time		
Admissions	3,425,118	2,501,044
Gift shop sales	1,576,636	1,139,699
Events	4,510,981	2,741,531
Educational programs	169,333	47,270
Culinary arts and events	5,202,355	1,956,099
Total revenue recognized at a point in time	14,884,423	8,385,643
Revenue from contracts with customers	\$ 17,597,424	\$ 10,361,856

Donated Services and Materials

Donated services that create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would be typically purchased if not provided by donation are recorded at fair value in the period received. Meijer Gardens received donated services that met this criteria valued at \$13,674 and \$9,533 for the years ended September 30, 2022 and 2021, respectively.

In addition, many people have contributed significant amounts of time to Meijer Gardens without compensation. These services are not recognized as contributions in the financial statements.

Contributions of donated materials and supplies are also recorded at fair value when received. These donations valued at \$189,832 and \$143,255 for the years ended September 30, 2022 and 2021, respectively, have been recorded as contribution revenue and various expenses in the statements of activities. Additional amounts of approximately \$-0- and \$102,500 have been recognized as contributions on the statements of activities and capitalized in property and equipment, collections and investments on the statements of financial position for 2022 and 2021, respectively.

**WEST MICHIGAN HORTICULTURAL SOCIETY, INC.
D.B.A. FREDERIK MEIJER GARDENS & SCULPTURE PARK**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022 and 2021

Employee Retention Credits

Under the provisions of the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) signed into law on March 27, 2020 and the subsequent extension of the CARES Act, Meijer Gardens was eligible for a refundable employee retention credit (“ERC”) subject to certain criteria. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States government, which extend and slightly expand the qualified wage caps on these credits through the expiration date of September 30, 2021. Based on these additional provisions, the tax credit is equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee has been increased to \$10,000 of qualified wages per quarter.

Meijer Gardens recognized \$2,062,657 of ERC during the year ended September 30, 2022. For fiscal year 2022, \$2,062,657 is included in the statement of activities in contributions. ERCs claimed and not received prior to year-end in the amount of \$2,062,657 are expected to be settled shortly and are included within accounts receivable in the statement of financial position.

The accounting policy used for the ERC was the contribution model.

Functional Allocation of Expenses

The costs of providing the various programs and other activities of Meijer Gardens have been summarized on a functional basis. Note 3 presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Wages and benefits are allocated based on direct effort. Utilities, some contracted services, and general insurance are allocated based on square footage of the building and space utilized. All other expenses are allocated by direct benefit to the department.

Advertising

Meijer Gardens expenses advertising costs as incurred. Advertising expense totaled \$584,230 and \$598,042 for the years ended September 30, 2022 and 2021, respectively.

Income Taxes

Meijer Gardens is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to Meijer Gardens’ tax-exempt purpose is subject to taxation as unrelated business income.

**WEST MICHIGAN HORTICULTURAL SOCIETY, INC.
D.B.A. FREDERIK MEIJER GARDENS & SCULPTURE PARK**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022 and 2021

Tax positions taken are assessed for uncertainty and a provision may be recorded if a tax position is not likely to be sustained upon examination.

Subsequent Events

Management has evaluated significant events or transactions occurring subsequent to September 30, 2022 for potential recognition or disclosure in these financial statements. The evaluation was performed through February 14, 2023 the date the financial statements were available for issuance.

Use of Estimates

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

Recently Issued Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, Leases (Topic 842), which provides guidance for accounting for leases. The new guidance requires companies to recognize the assets and liabilities for the rights and obligations created by leased assets, initially measured at the present value of the lease payments. The accounting guidance for lessors is largely unchanged. The ASU is effective for annual periods beginning after December 15, 2021.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326). The main provisions of this pronouncement include requiring financial assets to be presented at the net amount expected to be collected utilizing an allowance for credit losses. The ASU is effective for annual periods beginning after December 15, 2022.

Meijer Gardens is currently evaluating the impact this guidance will have on its financial statements.

**WEST MICHIGAN HORTICULTURAL SOCIETY, INC.
D.B.A. FREDERIK MEIJER GARDENS & SCULPTURE PARK**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022 and 2021

NOTE 2 - LIQUIDITY

The following reflects the financial assets of Meijer Gardens included in the accompanying statements of financial position as of September 30, 2022 and 2021. This amount has been reduced by those assets not available for general use or amounts with donor restrictions.

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 10,003,661	\$ 19,708,524
Short term investments	18,683,737	11,941,087
Accounts receivable	273,880	105,221
Pledges receivable	699,233	685,500
Replacement reserve	9,256,224	4,157,188
	<u>\$ 38,916,735</u>	<u>\$ 36,597,520</u>

In addition to the available funds stated above, Meijer Gardens operations are also funded by admissions, memberships, culinary arts and events, concerts and on-site gift shop and café. Meijer Gardens also receives annual contributions, investment earnings and annual distributions from The Frederik Meijer Garden & Sculpture Foundation (FMGSF). These annual distributions range from 4% to 5% of the invested fund. The value of the FMGSF is stated on the face of the statement of financial position.

NOTE 3 - FUNCTIONAL EXPENSES

The tables below present the expenses by both their nature and their function for the years ended September 30, 2022 and 2021.

**WEST MICHIGAN HORTICULTURAL SOCIETY, INC.
D.B.A. FREDERIK MEIJER GARDENS & SCULPTURE PARK**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022

	Program Services					Supporting Services			2022 Total Expenses
	Education	Retail	Culinary Arts & Events	Collections & Exhibitions	Membership Development	Total Program Services	Management & General	Fund Development	
Wages and benefits	\$ 1,040,819	\$ 386,401	\$ 2,343,810	\$ 4,193,414	\$ 257,005	\$ 8,221,449	\$ 1,512,119	\$ 440,598	\$ 10,174,166
Cost of merchandise sold	-	771,501	1,042,224	-	-	1,813,725	-	-	1,813,725
Exhibitions and displays	3,437	-	-	645,456	-	648,893	-	114,485	763,378
Communications	1,214	-	-	712,167	109,078	822,459	12,928	2,153	837,540
Contracted services	66,203	12,625	261,535	1,172,922	17,365	1,530,650	275,628	2,626	1,808,904
Facility maintenance	25,931	12,383	109,018	316,531	88,185	552,048	420,472	15,662	988,182
Leases & Rents	7	1,076	8,036	46,817	3,239	59,175	9,174	503	68,852
Utilities	54,859	13,846	134,589	429,667	2,258	635,219	117,182	3,076	755,477
Insurance	29,997	7,459	75,500	380,263	1,595	494,814	73,538	2,563	570,915
Acquisitions/cataloging	8,378	32	886	61,218	580	71,094	12,913	11,404	95,411
Events	13,720	-	-	3,294,356	27,759	3,335,835	-	119,209	3,455,044
Postage	38	9,774	84	51,311	56,188	117,395	2,037	7,193	126,625
Supplies	105,841	2,232	115,903	31,894	2,884	258,754	7,196	556	266,506
Conferences and development	5,585	4,518	17,306	86,675	11,656	125,740	37,485	335,203	498,428
Depreciation	407,296	15,579	1,076,749	4,422,748	1,996	5,924,368	566,998	232,565	6,723,931
Miscellaneous	8,972	63,944	363,381	83,229	67,800	587,326	15,877	31,769	634,972
Total Functional Expenses	\$ 1,772,297	\$ 1,301,370	\$ 5,549,021	\$ 15,928,668	\$ 647,588	\$ 25,198,944	\$ 3,063,547	\$ 1,319,565	\$ 29,582,056

**WEST MICHIGAN HORTICULTURAL SOCIETY, INC.
D.B.A. FREDERIK MEIJER GARDENS & SCULPTURE PARK**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2021

	Program Services					Total Program Services	Supporting Services		2021 Total Expenses
	Education	Retail	Culinary Arts & Events	Collections & Exhibitions	Membership Development		Management & General	Fund Development	
Wages and benefits	\$ 809,320	\$ 323,394	\$ 1,267,805	\$ 3,406,307	\$ 276,421	\$ 6,083,248	\$ 1,245,269	\$ 342,646	\$ 7,671,163
Cost of merchandise sold	-	520,360	459,642	-	-	980,002	-	-	980,002
Exhibitions and displays	3,271	-	-	467,591	-	470,862	-	-	470,862
Communications	5,393	-	-	731,851	36,911	774,154	5,168	4,316	783,639
Contracted services	59,411	13,984	120,884	800,809	11,203	1,006,292	180,723	5,041	1,192,057
Facility maintenance	16,019	15,699	53,182	345,296	84,121	514,316	344,207	21,890	880,412
Leases & Rents	90	59	3,975	26,605	3,281	34,009	10,206	418	44,633
Utilities	62,023	9,448	108,525	383,765	3,872	567,632	58,303	5,607	631,543
Insurance	28,772	4,701	54,327	282,932	1,840	372,572	25,000	3,476	401,048
Acquisitions/cataloging	4,037	15	674	54,587	575	59,889	13,683	6,959	80,531
Events	4,849	-	-	2,113,248	2,886	2,120,984	-	164,205	2,285,189
Postage	112	450	44	17,246	38,246	56,098	1,292	7,147	64,537
Supplies	66,829	18,267	15,469	31,712	977	133,253	3,343	288	136,885
Conferences and development	3,039	84	1,273	122,116	1,424	127,935	12,358	144,869	285,162
Depreciation	298,977	34,291	881,936	2,420,600	15,735	3,651,539	466,811	239,020	4,357,370
Miscellaneous	2,958	30,369	57,476	69,649	51,972	212,424	12,339	26,394	251,157
Total Functional Expenses	\$ 1,365,101	\$ 971,120	\$ 3,025,212	\$ 11,274,314	\$ 529,463	\$ 17,165,210	\$ 2,378,703	\$ 972,277	\$ 20,516,190

**WEST MICHIGAN HORTICULTURAL SOCIETY, INC.
D.B.A. FREDERIK MEIJER GARDENS & SCULPTURE PARK**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022 and 2021

NOTE 4 - INVESTMENTS

The total investments reported on the statement of financial position are as follows at September 30:

	2022	2021
Investments at fair value	\$ 21,953,222	\$ 10,139,996
Certificates of deposit	6,462,060	6,452,044
Other investments not recorded at fair value	557,402	485,026
	\$ 28,972,684	\$ 17,077,066

The investments are reflected on the statement of financial position as follows:

	2022	2021
Short term investments	\$ 18,683,737	\$ 11,941,087
Replacement reserve / Investments for property and equipment	9,256,224	4,157,188
Other investments	1,032,723	978,791
	\$ 28,972,684	\$ 17,077,066

**WEST MICHIGAN HORTICULTURAL SOCIETY, INC.
D.B.A. FREDERIK MEIJER GARDENS & SCULPTURE PARK**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022 and 2021

Meijer Gardens invests to maintain liquidity and achieve safety of principal by limiting credit and default risk. Current investments are held with two financial institutions; the majority of this being in municipal and corporate bonds which are backed by the institution's letter of credit and carry a short term credit rating A2/P2. Investments are reported at fair value. The levels within the fair value hierarchy at which Meijer Gardens' investments are valued at September 30, 2022 and 2021 are as follows:

	2022			Total
	Level 1	Level 2	Level 3	
Assets				
Money market funds	\$ 51,501	\$ -	\$ -	\$ 51,501
Brokered certificates of deposit	-	1,312,492	-	1,312,492
Mutual funds	475,321	-	-	475,321
Fixed income				
Municipal bonds	-	1,308,544	-	1,308,544
Asset Backed Securities	-	464,193	-	464,193
Comm Paper	-	8,822,343	-	8,822,343
Corporate bonds	-	9,518,828	-	9,518,828
Investments at Fair Value	\$ 526,822	\$ 21,426,400	\$ -	\$ 21,953,222
2021				
	Level 1	Level 2	Level 3	Total
Assets				
Money market funds	\$ 281,813	\$ -	\$ -	\$ 281,813
Brokered certificates of deposit	-	2,210,106	-	2,210,106
Mutual funds	493,765	-	-	493,765
U.S. Equities - Financial	-	-	-	-
Fixed income				
Municipal bonds	-	442,530	-	442,530
US Treasury	-	1,281,277	-	1,281,277
Corporate bonds	-	5,430,506	-	5,430,506
Investments at Fair Value	\$ 775,578	\$ 9,364,418	\$ -	\$ 10,139,996

**WEST MICHIGAN HORTICULTURAL SOCIETY, INC.
D.B.A. FREDERIK MEIJER GARDENS & SCULPTURE PARK**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022 and 2021

For the valuation of certain money market funds, mutual funds, and U.S. equities, Meijer Gardens used quoted prices in active markets for identical assets as of the valuation date (Level 1).

For the valuation of municipal bonds, certificates of deposit, and U.S. Treasury and corporate bonds, Meijer Gardens' investment manager provides a periodic valuation using quoted prices for identical or similar assets in markets that are not active (Level 2).

NOTE 5 - PLEDGES RECEIVABLE

Unconditional promises to give are due to be received as follows at September 30:

	2022	2021
Receivable in less than one year	\$ 992,703	\$ 17,349,664
Receivable in one to five years	963,000	1,033,500
Receivable in greater than five years	274,575	430,574
Less discounting of future promises	(93,270)	(129,548)
Net Receivable Greater Than One Year	1,144,305	1,334,526
Net Unconditional Pledges Receivable	\$ 2,137,008	\$ 18,684,190

Pledges receivable with donor-imposed restrictions that limit their use to long-term purposes are classified separately from assets available for current use. Pledges receivable in the statements of financial position include the following at September 30:

	2022	2021
Pledges receivable, current	\$ 699,233	\$ 685,500
Pledges receivable		
Restricted for investment in collections, property and equipment and endowment	1,131,825	17,909,938
Long-term portion	399,220	218,300
	1,531,045	18,128,238
Less discounting of future promises	(93,270)	(129,548)
	1,437,775	17,998,690
	\$ 2,137,008	\$ 18,684,190

**WEST MICHIGAN HORTICULTURAL SOCIETY, INC.
D.B.A. FREDERIK MEIJER GARDENS & SCULPTURE PARK**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022 and 2021

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows at September 30:

	2022	2021
Land	\$ 19,131,793	\$ 18,622,280
Land improvements	42,799,453	39,181,728
Building	91,290,876	85,559,034
Construction-in-progress	518,807	13,477,355
Plants	2,910,710	1,889,627
Furniture and fixtures	9,492,883	9,118,099
Technology	3,437,122	3,118,025
Equipment	4,045,491	3,445,456
	173,627,137	174,411,604
Accumulated depreciation	(54,202,912)	(47,578,308)
	\$ 119,424,224	\$ 126,833,296

NOTE 7 - BENEFICIAL INTEREST IN NET ASSETS OF THE FOUNDATION

The Frederik Meijer Gardens & Sculpture Foundation (Foundation) was formed for charitable purposes to hold and manage the endowment and other funds for the benefit of Meijer Gardens. Accordingly, Meijer Gardens is required to present its beneficial interest in the net assets of the Foundation, adjusted annually for the change in those net assets. The changes in net assets are primarily due to contributions and changes in the market value of the Foundation's investment portfolios. The valuation is considered to be a Level 3 measurement in the fair value hierarchy. The unrealized gains or losses on revaluation are recorded in the statements of activities.

The fair value of the beneficial interest in net assets of the Foundation is based upon the fair value of the underlying investments in the Foundation. The underlying Foundation assets cannot be liquidated or redeemed by Meijer Gardens. As such, no quoted prices or active markets are available for this asset (Level 3). Management reviews the values provided by the Foundation.

**WEST MICHIGAN HORTICULTURAL SOCIETY, INC.
D.B.A. FREDERIK MEIJER GARDENS & SCULPTURE PARK**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022 and 2021

Following is a reconciliation of activity for the years ended September 30, 2022 and 2021 for Level 3 assets measured at fair value:

Balance at September 30, 2020	\$ 136,877,855
Transfer of Contributions to Foundation from Meijer Gardens	273,054
Change in beneficial interest	<u>34,945,297</u>
Balance at September 30, 2021	172,096,206
Transfer of Cash to the Foundation from Meijer Gardens	11,000,000
Change in beneficial interest	<u>(39,741,986)</u>
Balance at September 30, 2022	<u>\$ 143,354,220</u>

NOTE 8 - NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restriction consist of cash, investments, pledges receivable, and other assets restricted by donors for the following purposes as of September 30:

	2022	2021
With donor restriction		
Collections	\$ 2,446,403	\$ 3,214,219
Welcoming the World: Honoring a Legacy of Love	5,145,068	32,971,653
Unappropriated earnings on beneficial interest	15,620,277	55,362,263
Other	137,880	66,314
Frederik Meijer Gardens & Sculpture Foundation	<u>127,733,943</u>	<u>116,733,943</u>
Total With Donor Restriction	<u>\$ 151,083,571</u>	<u>\$ 208,348,392</u>

During 2022, Meijer Gardens released donor restricted net assets of \$16,836,981 relating to Welcoming the World projects and \$1,949,532 in Collections placed into service. During 2021, Meijer Gardens released donor restricted net assets of \$48,476,114 relating to Welcoming the World projects and \$84,570 for Collections placed in service.

**WEST MICHIGAN HORTICULTURAL SOCIETY, INC.
D.B.A. FREDERIK MEIJER GARDENS & SCULPTURE PARK**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2022 and 2021

NOTE 9 - RELATED PARTY TRANSACTIONS

Approximately 59% and 49% of Meijer Gardens' aggregate contributions for the years ended September 30, 2022 and 2021, respectively, were provided by related party donors. These same contributors also account for -0-% and 86% of pledges receivable as of September 30, 2022 and 2021, respectively.

NOTE 10 - RETIREMENT AND COMPENSATION PLANS

Substantially all Meijer Gardens' employees are eligible to participate in the Frederik Meijer Gardens & Sculpture Park 403(b) Plan. Employee contributions to the Plan are voluntary, while management provides for a discretionary matching contribution to the Plan to be made on behalf of participating employees.

Meijer Gardens established the Frederik Meijer Gardens & Sculpture Park Executive Deferred Compensation Plan for the benefit of select members of executive management. The Plan is qualified under IRC Section 457(b). Members of executive management are selected for participation in the Plan at the discretion of the board of directors. Contributions may be made to the Plan in the form of employee elective deferrals, as well as employer discretionary contributions, subject to deferred compensation limitations. Meijer Gardens also established a supplemental executive deferred compensation agreement. The agreement provides for deferred compensation, vesting through the participants' anticipated retirement date.

Total discretionary matching and discretionary contribution expense relating to these plans for the years ended 2022 and 2021 was approximately \$291,100 and \$223,500, respectively.

NOTE 11 - UNRELATED BUSINESS INCOME TAX

A provision of \$255,000 and \$0 was required for federal and state unrelated business income tax in 2022 and 2021. Cash paid for income taxes was \$0 for the years ended September 30, 2022 and 2021.

NOTE 12 - RISKS AND UNCERTAINTIES

Meijer Gardens has a beneficial interest in the investment securities held by the Foundation. Such investments are exposed to various risks such as fluctuation in interest rates, the securities market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.
