



# Garden of Dreams Foundation

Financial Statements  
Year Ended August 31, 2022

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



# **Garden of Dreams Foundation**

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Financial Statements  
Year Ended August 31, 2022

# Garden of Dreams Foundation

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## Independent Auditor's Report

Board of Directors  
Garden of Dreams Foundation  
New York, New York

### *Opinion*

We have audited the financial statements of the Garden of Dreams Foundation (the Foundation), which comprise the statement of financial position as of August 31, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of August 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Foundation 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 opinion.

### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

BDO USA, P.C.

September 26, 2023

# Garden of Dreams Foundation

## Statement of Financial Position

*August 31, 2022*

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### Assets

Cash and cash equivalents	\$	3,488,504
Contributions receivable		507,129
Due from MSGE		4,973
Prepaid expenses and other current assets		78,154

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<b>Total Assets</b>	<b>\$</b>	<b>4,078,760</b>
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### Liabilities and Net Assets

#### Liabilities

Accounts payable and accrued expenses	\$	242,420
Deferred revenue		15,520
Due to MSGS		8,233

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<b>Total Liabilities</b>		<b>266,173</b>
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### Commitments and Contingencies

#### Net Assets

Without donor restrictions		3,632,427
With donor restrictions		180,160

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<b>Total Net Assets</b>		<b>3,812,587</b>
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<b>Total Liabilities and Net Assets</b>	<b>\$</b>	<b>4,078,760</b>
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*See accompanying notes to financial statements.*

# Garden of Dreams Foundation

## Statement of Activities

*Year ended August 31, 2022*

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and Support (Notes 2 and 3)</b>			
Contributions	\$ 1,430,033	\$ 423,000	\$ 1,853,033
Contributed nonfinancial assets	3,941,428	-	3,941,428
Special events net of direct expenses of \$10,333	340,286	-	340,286
Interest and other income	6,719	-	6,719
Net assets released from restrictions	280,000	(280,000)	-
<b>Total Revenues and Support</b>	<b>5,998,466</b>	<b>143,000</b>	<b>6,141,466</b>
<b>Expenses (Note 5)</b>			
Program services:			
Non-cash grants	2,497,163	-	2,497,163
Other program services	2,539,957	-	2,539,957
<b>Total Program Services</b>	<b>5,037,120</b>	<b>-</b>	<b>5,037,120</b>
Supporting services:			
Management and general	205,094	-	205,094
Fundraising	267,254	-	267,254
<b>Total Supporting Services</b>	<b>472,348</b>	<b>-</b>	<b>472,348</b>
<b>Total Expenses</b>	<b>5,509,468</b>		<b>5,509,468</b>
<b>Change in Net Assets</b>	<b>488,998</b>	<b>143,000</b>	<b>631,998</b>
<b>Net Assets, beginning of year</b>	<b>3,143,429</b>	<b>37,160</b>	<b>3,180,589</b>
<b>Net Assets, end of year</b>	<b>\$ 3,632,427</b>	<b>\$ 180,160</b>	<b>\$ 3,812,587</b>

*See accompanying notes to financial statements.*

# Garden of Dreams Foundation

## Statement of Cash Flows

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*Year ended August 31, 2022*

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**Cash Flows from Operating Activities**

Change in net assets	\$	631,998
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Changes in assets and liabilities:		
Increase in contributions receivable		(388,785)
Increase in prepaid and other current assets		(2,908)
Increase in accounts payable and accrued expenses		218,506
Increase in deferred revenue		7,192

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**Net Cash Provided by Operating Activities** 466,003

**Cash and Cash Equivalents, beginning of year** 3,022,501

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**Cash and Cash Equivalents, end of year** \$ 3,488,504

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*See accompanying notes to financial statements.*



# Garden of Dreams Foundation

## Notes to Financial Statements

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### 1. Organization and Purpose

The Garden of Dreams Foundation (the Foundation or Garden of Dreams) is a non-profit organization that works with Madison Square Garden Entertainment Corp. (MSGE), Sphere Entertainment Co. (SPHR), and Madison Square Garden Sports Corp. (MSGS) to bring life-changing opportunities to young people in need. Through these partnerships, the Foundation provides young people in our communities with life-changing access to educational and skills opportunities, mentoring programs, and memorable experiences that enhance their lives, help shape their futures, and create lasting joy. The Foundation focuses on young people facing illness or financial challenges, as well as children of uniformed personnel who have been lost or injured while serving our communities. MSG Entertainment Holdings, LLC, a wholly owned subsidiary of MSGE, is the sole member of the Foundation. Program services consist principally of cash and noncash grants, and other direct support to the Foundation's partner organizations, which work with children facing illness or financial challenges, as well as children of uniformed personnel who have been lost or injured while serving our communities.

The Foundation supports the young people and their families who are part of these organizations through four guiding pillars—Education, Inspiration, Grants, and Joy:

- *Education* - Through scholarships for college and trade schools, Garden of Dreams inspires students to envision and begin to shape their futures.
- *Inspiration* - Garden of Dreams runs formal, meaningful programs where young people in our communities have an opportunity to be inspired and mentored by, and develop relationships with, MSGE and MSGS employees and talent in the workplaces.
- *Grants* - Through direct financial support for brick-and-mortar improvements to community facilities, as well as for community-based sports, entertainment, and media projects, Garden of Dreams enhances the environment of young people where they live and grow.
- *Joy* - Garden of Dreams utilizes our unmatched line-up of events and assets at Madison Square Garden, Radio City Music Hall, HULU Theater at Madison Square Garden, and the Beacon Theatre to provide unforgettable experiences to young people that foster healing and joy. Far more than a singular moment in time, these ongoing experiences inspire courage and connection that offer both celebration and hope for the future.

### 2. Summary of Significant Accounting Policies

#### *Basis of Presentation*

The Foundation's financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP). Net assets and the changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* - This class consists of net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation.

*Net Assets with Donor Restrictions* - This class consists of net assets subject to donor-imposed restrictions that will be met by actions of the Foundation and/or the passage of time.

# Garden of Dreams Foundation

## Notes to Financial Statements

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Revenues are reported as increases in net assets without donor restrictions unless their use is limited by explicit donor-imposed restrictions or by law. Expenses are reported as decreases in net assets.

### ***Revenue Recognition***

Contributions, including unconditional promises to give, are recognized as revenue in the period received or pledged.

Donor-restricted support, if any, is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a donor restriction is met (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions in the statement of financial position and reported as net assets released from restrictions in the statement of activities. For the year ended August 31, 2022, net assets with donor restrictions of \$423,000 were contributed to the Foundation, of which \$280,000 was released from restrictions in satisfaction of program restrictions. As of August 31, 2022, net assets with donor restrictions of \$143,000 were restricted for specified program use in future periods.

Deferred revenue primarily relates to the Foundation's receipt of cash contributions from a donor in advance. Deferred revenue is reduced, and the related contributions are recognized as revenue.

### ***Contributed Nonfinancial Assets***

Amounts are reported in the financial statements for voluntary donations of services if those services create or enhance nonfinancial assets or require specialized skills provided by individuals possessing those skills and would typically be purchased if not provided by donation. During the year ended August 31, 2022, the Foundation received \$3,941,428 in contributions-in-kind that are reported as contributions and expenses in Note 5. The amount includes \$1,314,587 and \$129,678 recognized in revenue and expenses from MSGE, as well as support the Foundation's programs, respectively. Additionally, there are other categories of contributed nonfinancial assets that include donated tickets, meals, and other toys and gifts. Similar to support from MSGE, these are recognized as revenue and expenses to support the programs the Foundation is enacting.

A substantial number of other volunteers have donated significant amounts of their time in supporting the Foundation's activities. No amounts have been reflected in the accompanying financial statements for these donated services since they do not meet the criteria for recognition.

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# Garden of Dreams Foundation

## Notes to Financial Statements

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The following summarizes the Foundation's contributed nonfinancial assets for the year ended August 31, 2022:

	Revenue Recognized	Donor Restrictions	Valuation Techniques and Inputs
Support from MSGE - Salaries	\$ 1,314,587	No associated donor restrictions	Valued based on prevailing rates for professional time
Support from MSGE - Overhead	129,678	No associated donor restrictions	Valued based on allocation for overhead costs
<b>Total MSGE</b>	<b>1,444,265</b>		
Tickets and Suites	2,325,788	No associated donor restrictions	Valued based on prevailing market price for the ticketed events
Meal donations	113,276	No associated donor restrictions	Valued based on market prices associated with the food served
Other Toys and Gifts	58,099	No associated donor restrictions	Valued based on prevailing rates for professional time
<b>Total</b>	<b>\$ 3,941,428</b>		

### **Grants**

Grants are reported as an expense and a liability of the Foundation when approved by the Foundation's management, as well as the Foundation's Board of Directors, and communicated to the grantee unless conditions imposed on the grantee have not been fulfilled. Such conditional grants are recorded when the conditions have been satisfied.

### **Use of Estimates**

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

### **Cash and Cash Equivalents**

The Foundation considers all highly liquid financial instruments with original maturities of three months or less to be cash equivalents. The carrying value of cash and cash equivalents, which includes money market funds, either approximates fair value due to the short-term maturity of these instruments or is at fair value. The Foundation maintains its cash balance at financial institutions in excess of amounts insured under the Federal Deposit Insurance Corporation.

### **Income Taxes**

The Foundation is exempt from federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). Accordingly, there is no provision for income taxes recorded in the accompanying financial statements. As of August 31, 2022, tax years 2019 through 2022 are subject to examination by the federal tax authorities.

# Garden of Dreams Foundation

## Notes to Financial Statements

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### *Commitments and Contingencies*

Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

### *Accounting Pronouncement Recently Adopted*

#### *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU is intended to increase transparency on how contributed nonfinancial assets (also referred to as gifts-in-kind) received by nonprofits are to be used and how they are valued. The provisions of ASU 2020-07 were adopted by the Foundation beginning September 1, 2021. Effective September 1, 2021, the Foundation elected the retrospective approach in adopting ASU 2020-07 to all contributed nonfinancial assets under the scope of the guidance.

#### *Accounting for Leases*

In February 2016, the FASB issued ASU 2016-02, *Accounting for Leases*, which applies a right-of-use (ROU) model that requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset and a liability to make lease payments. For leases with a term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize an ROU asset or lease liability. At inception, lessees must classify all leases as either finance or operating based on five criteria. Balance sheet recognition of finance and operating leases is similar, but the pattern of expense recognition in the income statement, as well as the effect on the statement of cash flows, differs depending on the lease classification. In addition, lessees and lessors are required to provide certain qualitative and quantitative disclosures to enable users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The FASB issued ASU 2020-05, which deferred the effective date for the Foundation until annual periods beginning after December 15, 2021. The Foundation's adoption of this ASU did not have a material impact on the financial statements.

### **3. Related Party Transactions**

The accompanying statement of activities for the year ended August 31, 2022 includes cash contributions received from MSGE of \$23,000.

During the year ended August 31, 2022, the Foundation reimbursed MSGE for expenses that MSGE incurred on behalf of the Foundation. These amounts included \$12,349 for expenses in connection with the Foundation's program services, and there were no expenses reimbursed to MSGE associated with fundraising efforts. In addition, the Foundation has a due-from-MSGE balance of \$4,973 and a due-to-MSGES balance of \$8,233 for cash reimbursements between the related parties as of August 31, 2022.

Some of the Foundation's fundraising special events are hosted at MSGE venues. In these situations, MSGE will remit to the Foundation the amount of contributions from the event collected on behalf of the Foundation, less fundraising expenses from the event. The accompanying statement of

# Garden of Dreams Foundation

## Notes to Financial Statements

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activities for the year ended August 31, 2022 includes contributions from special events, net of expenses, of \$340,286.

During the year ended August 31, 2022, the Foundation received the services of MSGE employees along with the use of facilities and office overhead services from MSGE, including office space, office supplies, usage of office equipment and furniture, telephone services, mailing services, electricity, and computer support. The Foundation recognized expenses of \$1,444,265 related to these services from MSGE for the year ended August 31, 2022.

MSGE-contributed services were recorded within the following expense lines of the accompanying statement of activities:

*August 31, 2022*

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	MSGE- Contributed Employee Services	MSGE- Contributed Overhead Services	Total
Other program services	\$ 985,940	\$ 97,258	\$ 1,083,198
Management and general services	131,459	12,968	144,427
Fundraising services	197,188	19,452	216,640
<b>Total</b>	<b>\$ 1,314,587</b>	<b>\$ 129,678</b>	<b>\$ 1,444,265</b>

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#### 4. Liquidity and Availability of Resources

The Foundation's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

*August 31, 2022*

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Cash and cash equivalents	\$ 3,488,504
Contributions receivable, current portion	507,129
	3,995,633
Less: those unavailable for general expenditures due to donor-imposed restrictions, current portion	(180,160)
<b>Total Financial Assets Available to Management for General Expenditures Within One Year</b>	<b>\$ 3,815,473</b>

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## Garden of Dreams Foundation

### Notes to Financial Statements

#### 5. Functional Expenses

Expenses by functional classification consist of the following:

*Year ended August 31, 2022*

	Program Services			Supporting Services			Total
	Non-Cash Grants	Other Program Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Grants	\$ 2,497,163	\$ 979,778	\$ 3,476,941	\$ -	\$ -	\$ -	\$ 3,476,941
Compensation	-	985,940	985,940	131,459	197,188	328,647	1,314,587
Rent and other office expenses	-	8,717	8,717	-	-	-	8,717
Communications, meetings, and events	-	292,611	292,611	57,332	705	58,037	350,648
Other services	-	272,911	272,911	16,303	69,361	85,664	358,575
	\$ 2,497,163	\$ 2,539,957	\$ 5,037,120	\$ 205,094	\$ 267,254	\$ 472,348	\$ 5,509,468

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# Garden of Dreams Foundation

## Notes to Financial Statements

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### **6. Subsequent Events**

The Foundation has evaluated subsequent events through September 26, 2023, which is the date the financial statements were available to be issued, and has determined that there are no subsequent events requiring adjustments to, or disclosure in, the financial statements.