THE GARRISON INSTITUTE

Financial Statements
for the year ended
December 31, 2016
(with Summarized Comparative Information
for the year ended December 31, 2015)

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Independent Auditor's Report

To the Board of Trustees of
The Garrison Institute

We have audited the accompanying financial statements of The Garrison Institute (the "Institute"), which comprise the statement of financial position as of December 31, 2016 and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to in the first paragraph on the previous page present fairly, in all material respects, the financial position of The Garrison Institute as of December 31, 2016, and the results of its activities and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Institute's 2015 financial statements, and our report dated October 6, 2016, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Condon O'Meara McGinty + Donnelly LLP

May 9, 2017

The Garrison Institute

STATEMENT OF FINANCIAL POSITION
(in US Dollars)

As of December 31,	2016	2015
ASSETS		
Cash and cash equivalents	$ 616,915	$ 176,897
Accounts receivable	102,635	26,474
Grants receivable	86,119	287,172
Prepaid expenses	3,320	6,714
Property and equipment, at cost, net	109,908	129,668
TOTAL ASSETS	**$ 918,897**	**$ 626,925**
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	$ 212,532	$ 136,565
Unearned revenue	521,842	163,910
TOTAL LIABILITIES	**734,374**	**300,475**
Net assets:		
Unrestricted	184,523	301,450
Temporarily restricted	-	25,000
TOTAL NET ASSETS	**184,523**	**326,450**
TOTAL LIABILITIES AND NET ASSETS	**$ 918,897**	**$ 626,925**

See notes to financial statements.

The Garrison Institute

STATEMENT OF ACTIVITIES

(in US Dollars)

(with Summarized Comparative Information for the Year Ended December 31, 2015)

Year Ended December 31,	2016			2015
	Unrestricted	Temporarily Restricted	Total	Total
Change in net assets:				
Support and revenue:				
Registration fees	$2,425,265	$ -	$2,425,265	$2,799,498
Foundation and corporations	991,279	-	991,279	1,102,151
Individual contributions	92,717	-	92,717	161,171
Contributed facilities	400,000	-	400,000	400,000
Scholarship donations	98,698	-	98,698	26,562
Special events	288,598	-	288,598	313,342
Program	423,073	-	423,073	325,400
Other	25,661	-	25,661	9,243
Net assets released from restrictions	25,000	(25,000)	-	-
	4,770,291	**(25,000)**	**4,745,291**	**5,137,367**
Expenses:				
Program operations	2,479,967	-	2,479,967	2,690,384
General operations	2,202,708	-	2,202,708	1,643,978
Development	204,543	-	204,543	152,832
	4,887,218	-	**4,887,218**	**4,487,194**
Increase (decrease) in net assets	**(116,927)**	**(25,000)**	**(141,927)**	**650,173**
Net assets (deficit), beginning of year	**301,450**	**25,000**	**326,450**	**(323,723)**
Net assets, end of year	**$ 184,523**	**$ -**	**$ 184,523**	**$ 326,450**

See notes to financial statements.

The Garrison Institute

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2016
(in US Dollars)
(with Summarized Comparative Information for the Year Ended December 31, 2015)

						Supporting Services			
Expenses:	Climate Mind and Behavior	Trauma	Retreats	Fiscal Sponsor	Total Programs	General Operations	Development	Total 2016	Total 2015
Salaries and benefits	$ 5,570	$ 231,465	$ 657,924	$ -	$ 894,959	$1,126,165	$ 990	$2,022,114	$1,659,060
Other employee expenses	-	25,650	3,638	5,296	34,584	57,842	1,693	94,119	106,998
Professional fees/contract services	17,340	10,181	2,291	31,531	61,343	65,621	-	126,964	110,775
Direct program costs	-	45,964	1,132,900	-	1,178,864	4,583	-	1,183,447	1,208,126
Food services	-	-	15,190	-	15,190	12,232	-	27,422	22,224
Communications	441	11,638	5,565	986	18,630	110,251	8,415	137,296	77,680
Consultants	-	29,658	220	-	29,878	4,400	192,732	227,010	191,682
Vehicle	-	-	-	-	-	7,590	-	7,590	4,896
Housekeeping	-	-	72,732	-	72,732	43,188	-	115,920	100,408
Information technology	-	-	-	-	-	146,179	233	146,412	131,808
Office and program supplies/equipment	-	2,264	2,227	-	4,491	47,899	480	52,870	55,064
Building	-	11,150	102,685	-	113,835	532,911	-	646,746	729,859
Other, including depreciation and amortization	-	344	55,037	80	55,461	43,847	-	99,308	88,614
TOTAL	$ 23,351	$ 368,314	$2,050,409	$ 37,893	$2,479,967	$2,202,708	$ 204,543	$4,887,218	$4,487,194

See notes to financial statements.

The Garrison Institute

STATEMENT OF CASH FLOWS
(in US Dollars)

Year Ended December 31,	2016	2015
Cash flows from operating activities		
Increase (decrease) in net assets	**$ (141,927)**	**$ 650,173**
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities		
Depreciation and amortization	37,486	28,747
Change in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(76,161)	78,162
(Increase) decrease in grants receivable	201,053	(282,172)
(Increase) decrease in prepaid expenses	3,394	(6,714)
Increase (decrease) in accounts payable and accrued expenses	75,967	(197,312)
Increase (decrease) in unearned revenue	357,932	(174,096)
Net cash provided by operating activities	**457,744**	**96,788**
Cash flows (used in) investing activities		
Purchases of property and equipment	**(17,726)**	**(55,681)**
Net increase in cash and cash equivalents	**440,018**	**41,107**
Cash and cash equivalents, beginning of year	**176,897**	**135,790**
Cash and cash equivalents, end of year	**$ 616,915**	**$ 176,897**

See notes to financial statements.

1. PRINCIPAL BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Garrison Institute (the "Institute) is a not-for-profit organization incorporated in June 2001 under the laws of the State of New York. The Internal Revenue Service has determined that the Institute is exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code.

The Institute is dedicated to the application of contemplative traditions for the benefit of civil society.

The Institute reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The balance in the Institute's temporarily restricted net assets, if any, will be used to fund the program described in the preceding paragraph.

For purposes of the statement of cash flows, the Institute considers all highly liquid assets with an original maturity of three months or less to be cash equivalents.

The Institute capitalizes expenditures in excess of $1,000 and with a useful life greater than one year. Depreciation of property and equipment is being provided for by the straight-line method over the estimated useful lives of the related assets. Amortization of leasehold improvements is being provided for by the straight-line method over the estimated useful life of the improvement since the lease is with a related party. The cost of routine maintenance, repairs and minor renewals is expensed as incurred.

1. PRINCIPAL BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

The Institute's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, cash equivalents and receivables. The Institute places its cash and cash equivalents with what it believes to be quality financial institutions and the Institute has not incurred any losses on such accounts to date. The Institute's receivables are deemed collectible by management. The Institute believes no significant concentration of credit risk exists with respect to its cash, cash equivalents and receivables.

A significant portion of the Institute's revenue is received from one donor, a private family foundation, whose two principals are also on the Board of the Institute. The following is the approximate percentage of revenue received from the Foundation for the last ten years:

Year	Percentage
2016	19%
2015	14%
2014	33%
2013	22%
2012	27%
2011	42%
2010	29%
2009	45%
2008	45%
2007	46%

1. PRINCIPAL BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

The financial statements include certain prior year summarized comparative information in total, but not by net asset class or functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Institute's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

The Institute has not provided for an allowance for doubtful accounts. This is based on management's experience, the aging of the receivables, subsequent receipts and current economic conditions.

Grants receivable are unconditional promises from external organizations and individuals to donate to the Institute. At December 31, 2016, the Institute's grants receivable is expected to be fully collected during 2017.

Certain items in the 2015 financial statements have been reclassified for comparative purposes.

The Institute has evaluated events and transactions for potential recognition or disclosure through May 9, 2017, which is the date the financial statements were available to be issued.

2. PROPERTY AND EQUIPMENT:

Property and equipment, at cost, consists of the following:

As of December 31,	2016	2015	**Estimated Useful Life**
Equipment	$ 361,679	$ 343,953	3-5 years
Furniture and fixtures	103,674	103,674	7 years
Leasehold improvements	193,611	193,611	10 years
Property and equipment, gross	658,964	641,238	
Less: accumulated depreciation and amortization	549,056	511,570	
PROPERTY AND EQUIPMENT, NET	$ 109,908	$ 129,668	

3. LEASE:

The Institute leases its facilities from a related party under the terms of an agreement dated March 21, 2003. The lease requires $1 in annual rent and is for a period of forty-nine years expiring March 20, 2052 (see note 4).

4. CONTRIBUTED SERVICES:

Contributed services that meet the criteria of Statement of Financial Accounting Standards, *Accounting for Contributions Received and Contributions Made*, are recorded at their fair value when such services are rendered.

Contributed services meeting the criteria for recognition and recorded in the accompanying statement of activities consists of the Institute's use of the property and facilities, which has an estimated fair value of approximately $400,000 per year.

The Institute receives other contributed services that are not recognized because they do not meet the criteria for recognition.

5. RETIREMENT PLAN:

The Institute maintains a defined contribution plan covering substantially all employees. Under this plan, employer contributions are based on a percentage of the employees' salaries as may be determined by the Institute's Board of Trustees. The rate of contribution was 3% of the employee's eligible compensation for 2016 and 2015. Contributions to the plan were included in salaries and benefits in the statement of activities and amounted to $20,386 and $16,387 during the years ended December 31, 2016 and 2015, respectively. Additionally, plan participants may make voluntary contributions, subject to plan limitations.

6. NET ASSETS RELEASED FROM RESTRICTIONS:

Net assets released from donor restrictions during the year ended December 31, 2016 totaled $25,000 and were used to fund the program described in Note 1 to the financial statements.

7. TAX STATUS: The Institute is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Institute has been determined by the Internal Revenue Service to be a publicly supported organization and not a private foundation within the meaning of Section 509(a)(1) of the Internal Revenue Code.