

THE GARRISON INSTITUTE

**Financial Statements
for the year ended
December 31, 2015
(with Summarized Comparative Information
for the year ended December 31, 2014)**

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, 2015 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, 2015, 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 2014 financial statements, and our report dated May 11, 2015, 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, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Condon O'Meara McGinty + Dorelly LLP

October 6, 2016

The Garrison Institute

STATEMENT OF FINANCIAL POSITION

(in US Dollars)

As of December 31,	2015	2014
ASSETS		
Cash and cash equivalents	\$ 176,897	\$ 135,790
Accounts receivable	26,474	104,636
Grants receivable	287,172	5,000
Prepaid expenses	6,714	-
Property and equipment, at cost, net	129,668	102,734
TOTAL ASSETS	\$ 626,925	\$ 348,160
LIABILITIES AND NET ASSETS (DEFICIT)		
Accounts payable and accrued expenses	\$ 136,565	\$ 333,877
Unearned revenue	163,910	338,006
TOTAL LIABILITIES	300,475	671,883
Net assets:		
Unrestricted (deficit)	301,450	(356,262)
Temporarily restricted	25,000	32,539
TOTAL NET ASSETS (DEFICIT)	326,450	(323,723)
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	\$ 626,925	\$ 348,160

See notes to financial statements.

The Garrison Institute

STATEMENT OF ACTIVITIES

(in US Dollars)

(with Summarized Comparative Information for the Year Ended December 31, 2014)

Year Ended December 31,	2015		2014	
	Unrestricted	Temporarily Restricted	Total	Total
Change in net assets:				
Support and revenue:				
Registration fees	\$2,799,498	\$ -	\$2,799,498	\$1,748,628
Foundation and corporations	1,102,151	-	1,102,151	1,636,115
Individual contributions	136,171	25,000	161,171	124,944
Government contributions	-	-	-	26,821
Contributed facilities	400,000	-	400,000	400,000
Scholarship donations	26,562	-	26,562	56,088
Special events	313,342	-	313,342	-
Program	325,400	-	325,400	223,019
Fees for services	500	-	500	19,340
Other	8,743	-	8,743	7,093
Net assets released from restrictions	32,539	(32,539)	-	-
	5,144,906	(7,539)	5,137,367	4,242,048
Expenses:				
Program operations	2,690,384	-	2,690,384	2,866,057
General operations	1,643,978	-	1,643,978	1,674,836
Development	152,832	-	152,832	160,730
	4,487,194	-	4,487,194	4,701,623
Increase (decrease) in net assets	657,712	(7,539)	650,173	(459,575)
Net assets (deficit), beginning of year	(356,262)	32,539	(323,723)	135,852
Net assets (deficit), end of year	\$ 301,450	\$ 25,000	\$ 326,450	\$ (323,723)

See notes to financial statements.

The Garrison Institute

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2015

(in US Dollars)

(with Summarized Comparative Information for the Year Ended December 31, 2014)

Expenses:	Climate Mind and Behavior	Trauma	Education	Retreats	Fiscal Sponsor	Total Programs	Supporting Services			Total 2015	Total 2014
							General	Operations	Development		
Salaries and benefits	\$ 4,711	\$ 129,889	\$ 3,411	\$ 597,985	\$ -	\$ 735,996	\$ 847,935	\$ 75,129	\$ 1,659,060	\$1,896,031	
Other employee expenses	13,081	24,843	-	6,937	-	44,861	46,360	15,777	106,998	113,457	
Professional fees/contract services	63,239	16,288	-	-	-	79,527	31,248	-	110,775	433,012	
Direct program costs	1,546	34,092	11,081	993,071	160,056	1,199,846	8,280	-	1,208,126	823,030	
Food services	-	-	-	14,726	-	14,726	7,498	-	22,224	169,783	
Communications	-	10,867	-	24,538	-	35,405	41,713	562	77,680	239,568	
Consultants	-	-	-	7,086	-	7,086	123,232	61,364	191,682	14,283	
Vehicle	-	-	-	1,008	-	1,008	3,888	-	4,896	11,669	
Housekeeping	-	-	-	87,417	-	87,417	12,991	-	100,408	63,487	
Information technology	-	30	-	5,721	-	5,751	126,057	-	131,808	65,909	
Office and program supplies/equipment	-	1,332	-	3,711	-	5,043	50,021	-	55,064	59,537	
Building	-	-	-	419,109	-	419,109	310,750	-	729,859	704,659	
Other, including depreciation and amortization	-	-	-	54,609	-	54,609	34,005	-	88,614	107,198	
TOTAL	\$ 82,577	\$ 217,341	\$ 14,492	\$2,215,918	\$ 160,056	\$2,690,384	\$1,643,978	\$ 152,832	\$4,487,194	\$4,701,623	

See notes to financial statements.

The Garrison Institute

STATEMENT OF CASH FLOWS

(in US Dollars)

Year Ended December 31,	2015	2014
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 650,173	\$ (459,575)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	28,747	45,103
Change in operating assets and liabilities:		
(Increase) decrease in accounts receivable	78,162	(44,869)
(Increase) decrease in grants receivable	(282,172)	35,873
(Increase) in prepaid expenses	(6,714)	-
Increase (decrease) in accounts payable and accrued expenses	(197,312)	82,989
Increase (decrease) in unearned revenue	(174,096)	216,036
Net cash provided by (used in) operating activities	96,788	(124,443)
Cash flows (used in) investing activities		
Purchases of property and equipment	(55,681)	-
Net increase (decrease) in cash and cash equivalents	41,107	(124,443)
Cash and cash equivalents, beginning of year	135,790	260,233
Cash and cash equivalents, end of year	\$ 176,897	\$ 135,790

See notes to financial statements.

The Garrison Institute
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

**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 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.

The Garrison Institute

NOTES TO THE FINANCIAL STATEMENTS (continued)

December 31, 2015

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 and cash equivalents and receivables. The Institute places its cash and cash equivalents with what it believes to be quality financial institutions. 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 and 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 Executive Committee of the Institute. The following is the approximate percentage of revenue received from the Foundation for the last ten years:

<u>Year</u>	<u>Percentage</u>
2015	14%
2014	33%
2013	22%
2012	27%
2011	42%
2010	29%
2009	45%
2008	45%
2007	46%
2006	47%

The Garrison Institute

NOTES TO THE FINANCIAL STATEMENTS (continued)

December 31, 2015

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, 2014, 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, 2015, the Institute's grants receivable is expected to be fully collected during 2016.

Certain items in the 2014 financial statements have been reclassified for comparative purposes.

The Institute has evaluated events and transactions for potential recognition or disclosure through October 6, 2016, 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,	2015	2014	Estimated Useful Life
Equipment	\$ 343,953	\$ 288,272	3-5 years
Furniture and fixtures	103,674	103,674	7 years
Leasehold improvements	<u>193,611</u>	<u>193,611</u>	10 years
Property and equipment, gross	641,238	585,557	
Less: accumulated depreciation and amortization	511,570	482,823	
PROPERTY AND EQUIPMENT, NET	\$ 129,668	\$ 102,734	

The Garrison Institute

NOTES TO THE FINANCIAL STATEMENTS (continued)

December 31, 2015

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| 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: | <p>Contributed services that meet the criteria of Statement of Financial Accounting Standards, <i>Accounting for Contributions Received and Contributions Made</i>, are recorded at their fair value when such services are rendered.</p> <p>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.</p> <p>The Institute receives other contributed services that are not recognized because they do not meet the criteria for recognition.</p> |
| 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 2015 and 2014. Contributions to the plan were included in salaries and benefits in the statement of activities and amounted to \$16,387 and \$20,064 during the years ended December 31, 2015 and 2014, 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, 2015 totaled \$32,539 and were used to fund the program described in Note 1 to the financial statements. |

The Garrison Institute**NOTES TO THE FINANCIAL STATEMENTS (continued)**December 31, 2015

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.