

THE GARRISON INSTITUTE

**Financial Statements
for the year ended
December 31, 2017
(with Summarized Comparative Information
for the year ended December 31, 2016)**

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, 2017 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, 2017, 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 2016 financial statements, and our report dated May 9, 2017, 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, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Condon O'Meara McGinty + Donnelly LLP

The Garrison Institute

STATEMENT OF FINANCIAL POSITION

As of December 31,	2017	2016
ASSETS		
Cash and cash equivalents	\$ 385,084	\$ 616,915
Accounts receivable	146,246	102,635
Grants receivable	40,783	86,119
Prepaid expenses	2,000	3,320
Property and equipment, at cost, net	92,249	109,908
TOTAL ASSETS	\$ 666,362	\$ 918,897
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 141,474	\$ 212,532
Unearned revenue	320,342	521,842
TOTAL LIABILITIES	461,816	734,374
Net assets:		
Unrestricted	159,546	184,523
Temporarily restricted	45,000	-
TOTAL NET ASSETS	204,546	184,523
TOTAL LIABILITIES AND NET ASSETS	\$ 666,362	\$ 918,897

See notes to financial statements.

The Garrison Institute

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2017

(with Summarized Comparative Totals for the Year Ended December 31, 2016)

Year Ended December 31,	2017		2016	
	Unrestricted	Temporarily Restricted	Total	Total
Support and revenue:				
Registration fees	\$2,811,693	\$ -	\$2,811,693	\$2,425,265
Foundation and corporations	800,022	45,000	845,022	991,279
Individual contributions	88,394	-	88,394	92,717
Contributed facilities	400,000	-	400,000	400,000
Scholarship donations	59,412	-	59,412	98,698
Special events	287,509	-	287,509	288,599
Program	435,403	-	435,403	423,072
Other	43,313	-	43,313	25,661
	4,925,746	45,000	4,970,746	4,745,291
Expenses:				
Program operations	2,179,971	-	2,179,971	2,479,967
Development	306,042	-	306,042	204,543
General operations	2,464,710	-	2,464,710	2,202,708
	4,950,723	-	4,950,723	4,887,218
Increase (decrease) in net assets	(24,977)	45,000	20,023	(141,927)
Net assets, beginning of year	184,523	-	184,523	326,450
Net assets, end of year	\$ 159,546	\$ 45,000	\$ 204,546	\$ 184,523

See notes to financial statements.

The Garrison Institute

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2017
(with Summarized Comparative Totals for the Year Ended December 31, 2016)

Expenses:	Climate Mind and Behavior	Trauma	Retreats	Fiscal Sponsor	Total Programs	Supporting Services			Total 2017	Total 2016
						Development	General Operations			
Salaries and benefits	\$ 975	\$ 166,552	\$ 572,716	\$ -	\$ 740,243	\$ 108,671	\$1,059,134		\$1,908,048	\$2,022,114
Other employee expenses	-	18,488	1,872	3,997	24,357	2,124	68,246		94,727	94,119
Professional fees/contract services	4,250	-	1,190	12,733	18,173	-	188,648		206,821	126,964
Direct program costs	-	61,753	1,188,703	19,666	1,270,122	8,643	17,701		1,296,466	1,183,447
Food services	-	-	19,993	-	19,993	-	9,732		29,725	27,422
Communications	-	65	2,494	-	2,559	2,678	116,161		121,398	137,296
Consultants	-	-	1,125	-	1,125	182,066	10,073		193,264	227,010
Vehicle	-	-	-	-	-	-	5,195		5,195	7,590
Housekeeping	-	-	66,281	-	66,281	-	54,493		120,774	115,920
Information technology	-	497	135	-	632	-	149,915		150,547	146,412
Office and program supplies/equipment	-	158	2,002	191	2,351	464	54,167		56,982	52,870
Building	-	2,678	2,567	-	5,245	-	665,410		670,655	646,746
Other, including depreciation and amortization	-	472	28,418	-	28,890	1,396	65,835		96,121	99,308
TOTAL	\$ 5,225	\$ 250,663	\$1,887,496	\$ 36,587	\$2,179,971	\$ 306,042	\$2,464,710		\$4,950,723	\$4,887,218

See notes to financial statements.

The Garrison Institute

STATEMENT OF CASH FLOWS

Year Ended December 31,	2017	2016
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 20,023	\$ (141,927)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	44,288	37,486
Change in operating assets and liabilities:		
(Increase) in accounts receivable	(43,611)	(76,161)
Decrease in grants receivable	45,336	201,053
Decrease in prepaid expenses	1,320	3,394
Increase (decrease) in accounts payable and accrued expenses	(71,058)	75,967
Increase (decrease) in unearned revenue	(201,500)	357,932
Net cash provided by (used in) operating activities	(205,202)	457,744
Cash flows (used in) investing activities		
Purchases of property and equipment	(26,629)	(17,726)
Net increase (decrease) in cash and cash equivalents	(231,831)	440,018
Cash and cash equivalents, beginning of year	616,915	176,897
Cash and cash equivalents, end of year	\$ 385,084	\$ 616,915

See notes to financial statements.

The Garrison Institute
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

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, 2017

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.

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, 2016, 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.

The Garrison Institute
NOTES TO THE FINANCIAL STATEMENTS (continued)
 December 31, 2017

1. **PRINCIPAL BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**
- Grants receivable are unconditional promises from external organizations and individuals to donate to the Institute. At December 31, 2017, the Institute's grants receivable is expected to be fully collected during 2018.
- The Institute has evaluated events and transactions for potential recognition or disclosure through May 8, 2018, 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,	2017	2016	Estimated Useful Life
Equipment	\$ 388,308	\$ 361,679	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	685,593	658,964	
Less: accumulated depreciation and amortization	593,344	549,056	
PROPERTY AND EQUIPMENT, NET	\$ 92,249	\$ 109,908	

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.

The Garrison Institute

NOTES TO THE FINANCIAL STATEMENTS (continued)

December 31, 2017

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 2017 and 2016. Contributions to the plan were included in salaries and benefits in the statement of activities and amounted to \$24,066 and \$20,386 during the years ended December 31, 2017 and 2016, respectively. Additionally, plan participants may make voluntary contributions, subject to plan limitations.
6. **NET ASSETS RELEASED FROM RESTRICTIONS:** There was no net assets released from donor restrictions during the year ended December 31, 2017.
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.