

THE GARRISON INSTITUTE

**Financial Statements
for the year ended
December 31, 2018
(with Summarized Comparative Information
for the year ended December 31, 2017)**

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, 2018 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, 2018, 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 2017 financial statements, and our report dated May 8, 2018, 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, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Condon O'Meara McGinty + Davelly LLP

The Garrison Institute

STATEMENT OF FINANCIAL POSITION

As of December 31,	2018	2017
ASSETS		
Cash and cash equivalents	\$ 802,661	\$ 385,084
Accounts receivable	162,472	146,246
Grants receivable	-	40,783
Refundable security deposit	2,000	2,000
Property and equipment, at cost, net	60,309	92,249
TOTAL ASSETS	\$1,027,442	\$ 666,362
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 162,161	\$ 141,474
Unearned revenue	319,781	320,342
TOTAL LIABILITIES	481,942	461,816
Net assets:		
Without donor restrictions	500,500	159,546
With donor restrictions	45,000	45,000
TOTAL NET ASSETS	545,500	204,546
TOTAL LIABILITIES AND NET ASSETS	\$1,027,442	\$ 666,362

See notes to financial statements.

The Garrison Institute

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2018

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

Year Ended December 31,	2018		2017	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenue:				
Registration fees	\$3,169,702	\$ -	\$3,169,702	\$2,811,693
Foundation and corporations	746,052	45,000	791,052	845,022
Individual contributions	101,422	-	101,422	88,394
Contributed facilities	400,000	-	400,000	400,000
Scholarship donations	68,756	-	68,756	59,412
Special events	329,194	-	329,194	287,509
Program	477,602	-	477,602	435,403
Other	51,795	-	51,795	43,313
Net assets released from restrictions	45,000	(45,000)	-	-
	5,389,523	-	5,389,523	4,970,746
Expenses:				
Program services	4,257,283	-	4,257,283	2,179,971
Supporting activities				
Development	366,870	-	366,870	306,042
Management and general	424,416	-	424,416	2,464,710
	5,048,569	-	5,048,569	4,950,723
Increase in net assets	340,954	-	340,954	20,023
Net assets, beginning of year	159,546	45,000	204,546	184,523
Net assets, end of year	\$ 500,500	\$ 45,000	\$ 545,500	\$ 204,546

See notes to financial statements.

The Garrison Institute

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2018
(with Summarized Comparative Totals for the Year Ended December 31, 2017)

Expenses:	Contemplative Based			Supporting Activities				Total	Total	Total
	Retreats	Resilience	Fiscal Sponsor	Ecology	Program Services	Development	Management and General			
Salaries and benefits	\$1,241,838	\$ 167,921	\$ 18,658	\$ 37,316	\$1,465,733	\$ 130,605	\$ 279,868	\$1,876,206	\$1,908,048	
Other employee expenses	69,873	19,053	32,172	2,076	123,174	7,266	21,073	151,513	94,727	
Professional fees/contract services	16,032	9,765	29,610	465	55,872	22,078	28,116	106,066	206,821	
Direct program costs	1,395,592	17,880	305	3,650	1,417,427	-	250	1,417,677	1,296,466	
Food services	27,553	-	-	-	27,553	-	2,046	29,599	29,725	
Communications	70,734	1,630	154	3,309	75,827	6,759	4,041	86,627	121,398	
Consultants	32,326	3,887	417	835	37,465	169,719	13,784	220,968	193,264	
Vehicle	7,015	-	-	-	7,015	-	369	7,384	5,195	
Housekeeping	135,511	-	-	-	135,511	-	1,483	136,994	120,774	
Information technology	87,429	11,633	1,293	2,585	102,940	9,048	19,579	131,567	150,547	
Office and program supplies/equipment	33,070	2,337	260	519	36,186	6,953	6,525	49,664	56,982	
Building	685,153	9,136	9,136	9,136	712,561	9,136	39,687	761,384	670,655	
Other, including depreciation and amortization	54,316	4,313	463	927	60,019	5,306	7,595	72,920	96,121	
TOTAL	\$3,856,442	\$ 247,555	\$ 92,468	\$ 60,818	\$4,257,283	\$ 366,870	\$ 424,416	\$5,048,569	\$4,950,723	

See notes to financial statements.

The Garrison Institute

STATEMENT OF CASH FLOWS

Year Ended December 31,	2018	2017
Cash flows from operating activities		
Increase in net assets	\$ 340,954	\$ 20,023
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	41,745	44,288
Change in operating assets and liabilities:		
(Increase) in accounts receivable	(16,226)	(43,611)
Decrease in grants receivable	40,783	45,336
Decrease in prepaid expenses	-	1,320
Increase (decrease) in accounts payable and accrued expenses	20,687	(71,058)
(Decrease) in unearned revenue	(561)	(201,500)
Net cash provided by (used in) operating activities	427,382	(205,202)
Cash flows (used in) investing activities		
Purchases of property and equipment	(9,805)	(26,629)
Net increase (decrease) in cash and cash equivalents	417,577	(231,831)
Cash and cash equivalents, beginning of year	385,084	616,915
Cash and cash equivalents, end of year	\$ 802,661	\$ 385,084

See notes to financial statements.

The Garrison Institute
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2018

**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's mission is to apply the transformative power of contemplation to today's pressing social and environmental concerns, helping build a more compassionate, resilient future.

The Institute maintains its net assets as follows:

Without donor restrictions

Net assets that are not subject to donor-imposed restrictions and are available for the general operations of the Institute.

With donor restrictions

Temporary donor restrictions

The Institute reports gifts of cash and other assets as support with temporary donor restrictions if they are received with donor imposed restrictions 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, net assets with temporary donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The balance in the Institute's net assets with donor restrictions will be used to fund the Institute's mission.

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Natural expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques primarily consisting of salary and wages and time and effort reporting.

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 Garrison Institute**NOTES TO THE FINANCIAL STATEMENTS (continued)**December 31, 2018

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

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 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 a quality financial institution 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, 2017, 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 Institute has evaluated events and transactions for potential recognition or disclosure through May 15, 2019, which is the date the financial statements were available to be issued.

The Garrison Institute

NOTES TO THE FINANCIAL STATEMENTS (continued)

December 31, 2018

2. **LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS** As of December 31, 2018, financial assets and liquidity resources available within one year for general expenditures were as follows:

Cash and cash equivalents	\$ 802,661
Accounts receivable	<u>164,472</u>
Total financial assets	967,133
Less: assets with donor restrictions	<u>45,000</u>
Financial assets available for general expenditures	<u>\$ 922,133</u>

3. **PROPERTY AND EQUIPMENT:** Property and equipment, at cost, consists of the following:

As of December 31,	2018	2017	Estimated Useful Life
Equipment	\$ 398,113	\$ 388,308	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	695,398	685,593	
Less: accumulated depreciation and amortization	<u>635,089</u>	<u>593,344</u>	
PROPERTY AND EQUIPMENT, NET	\$ 60,309	\$ 92,249	

4. **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 5).

5. **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, 2018

-
- | | | |
|----|---|--|
| 6. | 403 (b)
PLAN: | The Institute maintains a 403(b) plan (the “Plan”) covering substantially all employees. Under the 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 2018 and 2017. Contributions to the Plan were included in salaries and benefits in the statement of activities and amounted to \$16,355 and \$24,066 during the years ended December 31, 2018 and 2017, respectively. Additionally, Plan participants may make voluntary contributions, subject to plan limitations. |
| 7. | NET ASSETS
RELEASED FROM
RESTRICTIONS: | Net assets released from donor restrictions during the year ended December 31, 2018 totaled \$45,000 and were used to fund the program described in note 1 to the financial statements. |
| 8. | RELATED PARTY
TRANSACTION | On October 1, 2018, the Institute entered into a license agreement with Garrison Institute International (“International”), a not-for-profit organization based in the Netherlands, to license to International the right to use the name “Garrison Institute” as well as the logo, trademarks and services of the Institute for non-profit purposes. International paid \$1 in full consideration for the rights granted by the Institute. International is responsible for all costs and expenses of its program. The Institute has no financial or operational responsibility to International. Two members of the Institute’s Board of Trustees are also members of the Board of International. The license is for five years and shall automatically renew for an additional five years unless either party terminates the license. |
| 9. | 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. |