

THE GARRISON INSTITUTE

**Financial Statements
for the year ended
December 31, 2019
(with Summarized Comparative Information
for the year ended December 31, 2018)**

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, 2019 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, 2019, 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 2018 financial statements, and our report dated May 15, 2019, 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, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Condon O'Meara Mackenty & Donnelly LLP

The Garrison Institute

STATEMENT OF FINANCIAL POSITION

As of December 31,	2019	2018
ASSETS		
Cash and cash equivalents	\$ 843,159	\$ 802,661
Accounts receivable	48,212	162,472
Grants receivable	124,878	-
Refundable security deposit	2,000	2,000
Property and equipment, at cost, net	94,813	60,309
TOTAL ASSETS	\$1,113,062	\$1,027,442
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 108,121	\$ 162,161
Unearned revenue	785,402	319,781
TOTAL LIABILITIES	893,523	481,942
Net assets:		
Without donor restrictions	143,711	500,500
With donor restrictions	75,828	45,000
TOTAL NET ASSETS	219,539	545,500
TOTAL LIABILITIES AND NET ASSETS	\$1,113,062	\$1,027,442

See notes to financial statements.

The Garrison Institute

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2019

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

Year Ended December 31,	2019		2018	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenue:				
Registration fees	\$2,616,274	\$ -	\$2,616,274	\$3,169,702
Foundation and corporations	475,599	30,828	506,427	791,052
Individual contributions	52,886	-	52,886	101,422
Contributed facilities	400,000	-	400,000	400,000
Scholarship donations	82,321	45,000	127,321	68,756
Special events	274,443	-	274,443	329,194
Program	470,556	-	470,556	477,602
Other	22,344	-	22,344	51,795
Net assets released from restrictions	45,000	(45,000)	-	-
	4,439,423	30,828	4,470,251	5,389,523
Expenses:				
Program services	4,028,648	-	4,028,648	4,257,283
Supporting activities				
Development	335,344	-	335,344	366,870
Management and general	432,220	-	432,220	424,416
	4,796,212	-	4,796,212	5,048,569
Increase (decrease) in net assets	(356,789)	30,828	(325,961)	340,954
Net assets, beginning of year	500,500	45,000	545,500	204,546
Net assets, end of year	\$ 143,711	\$ 75,828	\$ 219,539	\$ 545,500

See notes to financial statements.

The Garrison Institute

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2019
(with Summarized Comparative Totals for the Year Ended December 31, 2018)

Expenses:	Contemplative Based			Supporting Activities			Total		Total	Total	Total
	Retreats	Resilience	Fiscal Sponsor	Ecology	Transformational	Program Services	Development	Management and General			
Salaries and benefits	\$1,217,632	\$ 165,558	\$ 18,395	\$ 36,791	\$ 36,791	\$1,438,376	\$ 128,767	\$ 275,930	\$1,843,073	\$1,876,206	
Other employee expenses	31,374	7,059	9,558	939		48,930	3,285	9,544	61,759	151,513	
Professional fees/contract services	36,728	10,608	24,667	1,110		73,113	16,482	26,589	116,184	106,066	
Direct program costs	1,240,834	19,717	8,371	992		1,269,914	-	754	1,270,668	1,417,677	
Food services	25,303	-	-	-		25,303	-	2,129	27,432	29,599	
Communications	53,967	1,118	32	2,373		57,490	17,416	16,982	91,888	86,627	
Consultants	30,444	90	-	-		30,534	140,903	5,192	176,629	220,968	
Vehicle	5,736	-	-	-		5,736	-	302	6,038	7,384	
Housekeeping	158,891	-	-	-		158,891	-	1,564	160,455	136,994	
Information technology	85,137	11,610	1,290	2,580		100,617	9,030	19,349	128,996	131,567	
Office and program supplies/equipment	30,934	2,278	253	506		33,971	7,001	9,120	50,092	49,664	
Building	727,206	9,272	9,272	9,272		755,022	9,272	43,873	808,167	761,384	
Other, including depreciation and amortization	26,391	3,337	342	681		30,751	3,188	20,892	54,831	72,920	
TOTAL	\$3,670,577	\$ 230,647	\$ 72,180	\$ 55,244		\$4,028,648	\$ 335,344	\$ 432,220	\$4,796,212	\$5,048,569	

See notes to financial statements.

The Garrison Institute

STATEMENT OF CASH FLOWS

Year Ended December 31,	2019	2018
Cash flows from operating activities		
Increase (decrease) in net assets	\$ (325,961)	\$ 340,954
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities		
Depreciation and amortization	29,017	41,745
Change in operating assets and liabilities:		
(Increase) decrease in accounts receivable	114,260	(16,226)
(Increase) decrease in grants receivable	(124,878)	40,783
Increase (decrease) in accounts payable and accrued expenses	(54,040)	20,687
Increase (decrease) in unearned revenue	465,621	(561)
Net cash provided by operating activities	104,019	427,382
Cash flows (used in) investing activities		
Purchases of property and equipment	(63,521)	(9,805)
Net increase in cash and cash equivalents	40,498	417,577
Cash and cash equivalents, beginning of year	802,661	385,084
Cash and cash equivalents, end of year	\$ 843,159	\$ 802,661

See notes to financial statements.

The Garrison Institute
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2019

**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

The Institute reports gifts of cash and other assets as support with 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 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 have time restrictions and 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, 2019

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

Accounts and grants receivable at December 31, 2019 are expected to be collected during 2020.

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 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, 2018, 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, 2019

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

The Institute has evaluated events and transactions for potential recognition or disclosure through May 15, 2020, which is the date the financial statements were available to be issued.

Management believes that the COVID-19 pandemic may have material impact on its financial condition, results of operations and outlook for the year ending December 31, 2020. The extent to which the coronavirus may impact operations will depend on future developments, which are uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the global actions required to contain the coronavirus or treat its impact, and related factors.

2. **LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**
- As of December 31, 2019 and 2018, financial assets and liquidity resources available within one year of the statement of financial position date for general expenditures were as follows:

	2019	2018
Cash and cash equivalents	\$ 843,159	\$ 802,661
Accounts receivable	48,212	162,472
Grants receivable	124,878	-
Total	<u>\$ 1,016,249</u>	<u>\$ 965,133</u>

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

As of December 31,	2019	2018	Estimated Useful Life
Equipment	\$ 437,633	\$ 398,113	3-5 years
Furniture and fixtures	103,674	103,674	7 years
Leasehold improvements	<u>217,612</u>	<u>193,611</u>	10 years
Property and equipment, gross	758,919	695,398	
Less: accumulated depreciation and amortization	664,106	635,089	
PROPERTY AND EQUIPMENT, NET	<u>\$ 94,813</u>	<u>\$ 60,309</u>	

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.

The Garrison Institute
NOTES TO THE FINANCIAL STATEMENTS (continued)
 December 31, 2019

- 5. CONTRIBUTED SERVICES:
(continued)**

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.
- 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 2019 and 2018. Contributions to the Plan were included in salaries and benefits in the statement of activities and amounted to \$17,078 and \$16,355 during the years ended December 31, 2019 and 2018, 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, 2019 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.