

**THE GARRISON INSTITUTE**

**Financial Statements  
for the year ended  
December 31, 2020  
(with Summarized Comparative Information  
for the year ended December 31, 2019)**

### **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, 2020 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, 2020, 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 2019 financial statements, and our report dated May 15, 2020, 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, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Cordon O'Meara McGinty & Donnelly LLP*

# The Garrison Institute

## STATEMENT OF FINANCIAL POSITION

As of December 31,	2020	2019
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 113,106	\$ 843,159
Accounts receivable	-	48,212
Grants and contributions receivable	34,500	124,878
Refundable security deposit	-	2,000
Property and equipment, at cost, net	292,624	94,813
<b>TOTAL ASSETS</b>	<b>\$ 440,230</b>	<b>\$1,113,062</b>
<b>LIABILITIES AND NET ASSETS (DEFICIT)</b>		
<b>LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 163,005	\$ 108,121
Refundable advances	291,136	-
Unearned revenue	-	785,402
SBA PPP loan	291,615	-
<b>TOTAL LIABILITIES</b>	<b>745,756</b>	<b>893,523</b>
Net assets (deficit):		
Without donor restrictions	(335,903)	143,711
With donor restrictions	30,377	75,828
<b>TOTAL NET ASSETS (DEFICIT)</b>	<b>(305,526)</b>	<b>219,539</b>
<b>TOTAL LIABILITIES AND NET ASSETS (DEFICIT)</b>	<b>\$ 440,230</b>	<b>\$1,113,062</b>

See notes to financial statements.

# The Garrison Institute

## STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2020

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

Year Ended December 31,	2020		2019	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Support and revenue:</b>				
Registration fees	\$1,086,198	\$ -	\$1,086,198	\$2,616,274
Foundation and corporations	1,084,444	23,693	1,108,137	506,427
Individual contributions	436,290	10,000	446,290	52,886
Contributed facilities	400,000	-	400,000	400,000
Scholarship donations	34,907	-	34,907	127,321
Special events	-	-	-	274,443
Program	112,798	-	112,798	470,556
Other	3,285	-	3,285	22,344
Net assets released from restrictions	79,144	(79,144)	-	-
	<b>3,237,066</b>	<b>(45,451)</b>	<b>3,191,615</b>	<b>4,470,251</b>
<b>Expenses:</b>				
Program services	3,079,272	-	3,079,272	4,028,648
Supporting activities				
Development	189,134	-	189,134	335,344
Management and general	448,274	-	448,274	432,220
	<b>3,716,680</b>	<b>-</b>	<b>3,716,680</b>	<b>4,796,212</b>
<b>(Decrease) in net assets</b>	<b>(479,614)</b>	<b>(45,451)</b>	<b>(525,065)</b>	<b>(325,961)</b>
<b>Net assets, beginning of year</b>	<b>143,711</b>	<b>75,828</b>	<b>219,539</b>	<b>545,500</b>
<b>Net assets (deficit), end of year</b>	<b>\$ (335,903)</b>	<b>\$ 30,377</b>	<b>\$ (305,526)</b>	<b>\$ 219,539</b>

See notes to financial statements.

# The Garrison Institute

## STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2020  
(with Summarized Comparative Totals for the Year Ended December 31, 2019)

2020

	Contemplative					Supporting Activities			Total	2019
	Retreats	Based Resilience	Fiscal Sponsor	Pathways to Planetary Health	Program Services	Development	Management and General	Total		
<b>Expenses:</b>										
Salaries and benefits	\$1,177,972	\$ 159,042	\$ 17,671	\$ 35,343	\$1,390,028	\$ 123,699	\$ 265,069	\$1,778,796	\$1,843,073	
Other employee expenses	44,444	6,562	2,313	1,345	54,664	4,706	10,406	69,776	61,759	
Professional fees/contract services	42,418	12,989	643	1,285	57,335	8,668	17,352	83,355	116,184	
Direct program costs	527,025	42,020	-	12,160	581,205	-	704	581,909	1,298,100	
Communications	8,182	1,134	4	406	9,726	4,398	61,713	75,837	91,888	
Consultants	69,422	8,606	954	1,908	80,890	20,233	15,473	116,596	176,629	
Vehicle	7,258	-	-	-	7,258	-	382	7,640	6,038	
Housekeeping	67,433	-	-	-	67,433	-	707	68,140	160,455	
Information technology	98,431	13,422	1,491	2,983	116,327	10,440	22,371	149,138	128,996	
Office and program supplies/equipment	27,703	1,750	194	389	30,036	4,037	5,485	39,558	50,092	
Building	613,571	8,751	8,751	8,751	639,824	8,751	33,170	681,745	808,167	
Other, including depreciation and amortization	39,222	4,025	433	866	44,546	4,202	15,442	64,190	54,831	
<b>TOTAL</b>	<b>\$2,723,081</b>	<b>\$ 258,301</b>	<b>\$ 32,454</b>	<b>\$ 65,436</b>	<b>\$3,079,272</b>	<b>\$ 189,134</b>	<b>\$ 448,274</b>	<b>\$3,716,680</b>	<b>\$4,796,212</b>	

See notes to financial statements.

# The Garrison Institute

## STATEMENT OF CASH FLOWS

<b>Year Ended December 31,</b>	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities</b>		
<b>(Decrease) in net assets</b>	<b>\$ (525,065)</b>	<b>\$ (325,961)</b>
Adjustments to reconcile (decrease) in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	38,354	29,017
Change in operating assets and liabilities:		
Decrease in accounts receivable	48,212	114,260
(Increase) decrease in grants and contributions receivable	90,378	(124,878)
Decrease in refundable security deposit	2,000	-
Increase (decrease) in accounts payable and accrued expenses	54,884	(54,040)
Increase in refundable advances	291,136	-
Increase (decrease) in unearned revenue	(785,402)	465,621
<b>Net cash provided by (used in) operating activities</b>	<b>(785,503)</b>	<b>104,019</b>
<b>Cash flows (used in) investing activities</b>		
Purchases of property and equipment	(236,165)	(63,521)
<b>Cash flows from financing activities</b>		
Proceeds from SBA PPP loan	291,615	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(730,053)</b>	<b>40,498</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>843,159</b>	<b>802,661</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 113,106</b>	<b>\$ 843,159</b>

See notes to financial statements.

**The Garrison Institute**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 December 31, 2020

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**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 wisdom that arises from contemplation and insights derived from science to today's pressing social and environmental issues to create 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 and purpose 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, 2020

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

Grants and contributions receivable at December 31, 2020 are expected to be collected during 2021.

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, 2019, 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, 2020

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

A significant portion of the Institute's support and revenue is received from one donor, a private family foundation, whose two principals are also on the Board of the Institute. The approximate percentage of support and revenue received from the Foundation for 2020 was 34%.

The Covid-19 Pandemic has greatly affected the Institute as we closed our doors in late March 2020 due to safety and health concerns. At the onset of the Pandemic, the Institute responded, closing our retreat facility to in-person programs, furloughing and eventually laying off staff. We moved our programming to virtual retreats and events with our limited but highly skilled staff and created very thoughtful programs for our community through our Virtual Sanctuary, including our celebrated noontime meditations, Black, Indigenous, People of Color offerings, virtual retreats with contemplative teachers and webinars with field experts and thought leaders. The Institute did re-open briefly (July to mid November) with a rigorous safety plan approved by the Department of Health but once again closed its doors to keep both our staff and guests safe and healthy. We took the remainder of 2020 and into 2021 to maintain our physical building and invest in our digital platforms to continue our virtual work.

To note, the depth of our new programming increased our audience, and their donations sustaining our fundraising capacity into 2021. We have applied for and received two Paycheck Protection Program loans, one which was fully forgiven during May 2021 and the other which we also anticipate being forgiven and turned into a grant.

The Institute has evaluated events and transactions for potential recognition or disclosure through June 24, 2021, which is the date the financial statements were available to be issued.

2. **LIQUIDITY AND  
AVAILABILITY OF  
FINANCIAL ASSETS**

As of December 31, 2020 and 2019, financial assets and liquidity resources available within one year of the statement of financial position date for general expenditures were as follows:

As of December 31,	2020	2019
Cash and cash equivalents	\$ 113,106	\$ 843,159
Accounts receivable	-	48,212
Grants and contributions receivable	34,500	124,878
Total	<u>\$ 147,606</u>	<u>\$ 1,016,249</u>

**The Garrison Institute**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**December 31, 2020**

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

As of December 31,	2020	2019	Estimated Useful Life
Equipment	\$ 448,276	\$ 437,633	3-5 years
Furniture and fixtures	103,674	103,674	7 years
Leasehold improvements	<u>443,134</u>	<u>217,612</u>	10 years
Property and equipment, gross	995,084	758,919	
Less: accumulated depreciation and amortization	702,460	664,106	
<b>PROPERTY AND EQUIPMENT, NET</b>	<b>\$ 292,624</b>	<b>\$ 94,813</b>	

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 FACILITIES:** Contributed goods and 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 goods are received or services are rendered.

Contributed goods and 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. **SBA PPP LOAN:** During 2020, the Institute applied for and received \$291,615 under the Paycheck Protection Program ("PPP") which is a business loan program established under the Coronavirus Aid, Relief, and Economic Security Act. The Institute has elected to record the proceeds as a liability until the loan is, in part or wholly, forgiven and the Institute is legally released. Any amounts not forgiven are subject to interest at a fixed rate of 1% for a two year-term. During May 2021, the PPP loan was fully forgiven.

In February 2021, the Institute applied for and received a second PPP loan totaling \$342,520.

## The Garrison Institute

## NOTES TO THE FINANCIAL STATEMENTS (continued)

December 31, 2020

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- |     |   |  |
|-----|---|--|
| 7.  | <b>403(b)<br/>PLAN:</b>                               | 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 2020 and 2019. Contributions to the Plan were included in salaries and benefits in the statement of activities and amounted to \$18,353 and \$17,078 during the years ended December 31, 2020 and 2019, respectively. Additionally, Plan participants may make voluntary contributions, subject to Internal Revenue Service limitations.   |
| 8.  | <b>NET ASSETS<br/>RELEASED FROM<br/>RESTRICTIONS:</b> | Net assets released from donor restrictions during the year ended December 31, 2020 totaled \$79,144 and were used to fund the program described in note 1 to the financial statements.  |
| 9.  | <b>RELATED PARTY<br/>TRANSACTIONS</b>                 | <p>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.</p> <p>A voting member of the Board of Trustees was also an employee during 2020. The Board member received approximately \$110,000 for salaries and related benefits while being an employee during the year ended December 31, 2020.</p> |
| 10. | <b>FINANCIAL<br/>CONDITION:</b>                       | In 2020, the Institute responded quickly to the Covid-19 Pandemic, closing our retreat facility, furloughing staff, pivoting to online programming and applying for a Paycheck Protection Program loan. The depth of our programming increased our audience, and their donations to the Institute, leading to the largest number of individual donors in our history. During 2020, we used the quiet time to invest in the restoration of our physical facility, to better prepare it for its re-opening. At the same time, we also have made some significant changes to our overall strategy to ensure we remain a thriving, resilient organization going forward for 2021 and beyond. These elements are imbedded in our 2021 break even board approved budget.   |

**The Garrison Institute**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

December 31, 2020

**10. FINANCIAL  
CONDITION:  
(continued)**

Overall, we believe that these activities will lead to a healthier financial future. As shown in the accompanying financial statements, the Institute's net assets without donor restrictions deficit was \$(335,903) at December 31, 2020. This was due to the COVID-19 Pandemic's impact on operations which resulted in a significant decrease in registration fees revenue for 2020. Management of the Institute has developed a strategic plan through 2023 including financial projections, changes to staff structure and key milestones intended to re-center the Institute with its mission and re-invigorate its Program Initiatives.

Key elements of our strategy involves:

--The Budget has a reduced, more streamlined dynamic staff of seven full time paid employees (26 previously) and then when needed, extra contracted staff (lower costs, no benefits, overhead expenses) will be brought in to supplement. This allows us to match our program income and expenses, and for our retreat business now to significantly contribute to overhead instead of causing more of it.

--We have shifted our program mix from a heavy reliance on retreat income to a larger percentage of fees for services, providing resilience and other trainings to hospitals, social service agencies, humanitarian aid organizations, etc.

--We have and continue to invest in more robust digital platforms and virtual programming. These have lower costs and higher margins. This fee for service model is not only bringing in more sustainable income but has also been very attractive to donors.

--Building off of our 2020 fundraising success, in combination with the clearer program services, we have already seen our Fundraising efforts surpassing Quarter 1 estimates for 2021. We are expanding the types of funding sources by applying for more grants and strengthening our individual pool of donors.

**The Garrison Institute****NOTES TO THE FINANCIAL STATEMENTS (continued)**December 31, 2020

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**11. 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.