

**THE GARRISON INSTITUTE**

**Financial Statements  
for the year ended  
December 31, 2021  
(with Summarized Comparative Information  
for the year ended December 31, 2020)**

**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, 2021 and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Institute as of December 31, 2021 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.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Institute and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Institute's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Institute's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Institute's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***Report on Summarized Comparative Information***

We have previously audited the Institute's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 24, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Condon D'Neare McGinty & Donnelly LLP*

June 9, 2022

# The Garrison Institute

## STATEMENT OF FINANCIAL POSITION

As of December 31,	2021	2020
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 168,030	\$ 113,106
Grants and contributions receivable	90,430	34,500
Prepaid expenses and other assets	10,820	-
Property and equipment, at cost, net	321,825	292,624
<b>TOTAL ASSETS</b>	<b>\$ 591,105</b>	<b>\$ 440,230</b>
<b>LIABILITIES AND NET ASSETS (DEFICIT)</b>		
<b>LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 138,297	\$ 163,005
Refundable advances	-	291,136
Unearned revenue	71,620	-
SBA PPP loans	342,520	291,615
<b>TOTAL LIABILITIES</b>	<b>552,437</b>	<b>745,756</b>
Net assets (deficit):		
Without donor restrictions	(102,287)	(335,903)
With donor restrictions	140,955	30,377
<b>TOTAL NET ASSETS (DEFICIT)</b>	<b>38,668</b>	<b>(305,526)</b>
<b>TOTAL LIABILITIES AND NET ASSETS (DEFICIT)</b>	<b>\$ 591,105</b>	<b>\$ 440,230</b>

See notes to financial statements.

# The Garrison Institute

## STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2021

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

Year Ended December 31,	2021		2020	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Support and revenue:</b>				
Registration fees	\$ 297,261	\$ -	\$ 297,261	\$1,086,198
Foundation and corporations	1,458,954	45,561	1,504,515	1,108,137
Individual contributions	478,384	105,000	583,384	446,290
Government grant	291,615	-	291,615	-
Contributed facilities	400,000	-	400,000	400,000
Scholarship donations	1,185	-	1,185	34,907
Program	91,290	-	91,290	112,798
Other	9,910	-	9,910	3,285
Net assets released from restrictions	39,983	(39,983)	-	-
<b>Total support and revenue</b>	<b>3,068,582</b>	<b>110,578</b>	<b>3,179,160</b>	<b>3,191,615</b>
<b>Expenses:</b>				
Program services	1,776,669	-	1,776,669	3,079,272
Supporting activities				
Development	127,760	-	127,760	189,134
Management and general	930,537	-	930,537	448,274
<b>Total expenses</b>	<b>2,834,966</b>	<b>-</b>	<b>2,834,966</b>	<b>3,716,680</b>
<b>Increase (decrease) in net assets</b>	<b>233,616</b>	<b>110,578</b>	<b>344,194</b>	<b>(525,065)</b>
<b>Net assets (deficit), beginning of year</b>	<b>(335,903)</b>	<b>30,377</b>	<b>(305,526)</b>	<b>219,539</b>
<b>Net assets (deficit), end of year</b>	<b>\$ (102,287)</b>	<b>\$ 140,955</b>	<b>\$ 38,668</b>	<b>\$ (305,526)</b>

See notes to financial statements.

# The Garrison Institute

## STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2021  
(with Summarized Comparative Totals for the Year Ended December 31, 2020)

Expenses:	2021										Total	Total	Total	Total
	Contemplative Based					Supporting Activities								
	Retreats	Virtual	Resilience	Fellowships	Pathways to Planetary Health	Program Services	Development	Management and General						
Salaries and benefits	\$ 174,159	\$ 17,577	\$ 191,308	\$ -	\$ 48,686	\$ 431,730	\$ 61,452	\$ 694,357	\$1,187,539	\$1,778,796				
Other employee expenses	-	-	-	-	-	-	-	69,244	69,244	69,776				
Professional fees/contract services	20,595	8,238	19,468	8,238	11,446	67,984	8,238	20,595	96,817	83,355				
Direct program costs	76,754	35,746	62,697	198,890	50,405	424,492	117	4,654	429,263	581,909				
Communications	40,303	17,916	28,815	16,926	21,191	125,151	15,821	39,553	180,525	75,837				
Consultants	-	-	-	-	-	-	12,095	10,623	22,718	116,596				
Vehicle	190	-	-	-	-	190	-	2,009	2,199	7,640				
Housekeeping	6,942	-	-	-	-	6,942	-	-	6,942	68,140				
Information technology	34,348	13,091	14,037	13,091	23,512	98,080	13,091	32,728	143,899	149,138				
Office and program supplies/equipment	7,652	3,061	3,169	3,061	5,880	22,823	3,119	7,652	33,594	39,558				
Building	523,956	5,822	5,822	5,822	5,822	547,244	5,822	29,109	582,175	681,745				
Other, including depreciation and amortization	20,013	8,005	8,005	8,005	8,005	52,033	8,005	20,013	80,051	64,190				
TOTAL	\$ 904,912	\$ 109,456	\$ 333,321	\$ 254,033	\$ 174,947	\$1,776,669	\$ 127,760	\$ 930,537	\$2,834,966	\$3,716,680				

See notes to financial statements.

# The Garrison Institute

## STATEMENT OF CASH FLOWS

<b>Year Ended December 31,</b>	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities</b>		
<b>Increase (decrease) in net assets</b>	<b>\$ 344,194</b>	<b>\$ (525,065)</b>
Adjustments to reconcile increase (decrease) in net assets to net cash (used in) operating activities		
Depreciation and amortization	55,701	38,354
Forgiveness of SBA PPP loan	(291,615)	-
Change in operating assets and liabilities:		
Decrease in accounts receivable	-	48,212
(Increase) decrease in grants and contributions receivable	(55,930)	90,378
(Increase) in prepaid expenses and other assets	(10,820)	-
Decrease in refundable security deposit	-	2,000
Increase (decrease) in accounts payable and accrued expenses	(24,708)	54,884
Increase (decrease) in refundable advances	(291,136)	291,136
Increase (decrease) in unearned revenue	71,620	(785,402)
<b>Net cash (used in)     operating activities</b>	<b>(202,694)</b>	<b>(785,503)</b>
<b>Cash flows (used in) investing activities</b>		
Purchases of property and equipment	(84,902)	(236,165)
<b>Cash flows from financing activities</b>		
Proceeds from SBA PPP loans	342,520	291,615
<b>Net increase (decrease) in     cash and cash equivalents</b>	<b>54,924</b>	<b>(730,053)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>113,106</b>	<b>843,159</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 168,030</b>	<b>\$ 113,106</b>

See notes to financial statements.

**The Garrison Institute**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 December 31, 2021

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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 based on 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, 2021

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

Grants and contributions receivable at December 31, 2021 are expected to be collected as follows:

<u>Year</u>	<u>Amount</u>
2022	\$50,430
2023	<u>40,000</u>
Total	<u>\$90,430</u>

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 being that 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 monitors the collectability of its receivables and they 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, 2020, from which the summarized information was derived.

**The Garrison Institute**
**NOTES TO THE FINANCIAL STATEMENTS (continued)**
**December 31, 2021**
**1. PRINCIPAL  
BUSINESS  
ACTIVITY AND  
SUMMARY OF  
SIGNIFICANT  
ACCOUNTING  
POLICIES:  
(continued)**

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.

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 2021 was 46%.

The Covid-19 Pandemic continued to have a negative financial impact on the Institute during 2021. Due to mandated closures for event spaces such as theirs, the Institute remained closed for in person gatherings from Jan-Sept. 2021. The Institute did re-open as of Oct. 2021 for limited events through the end of the year and this included implementing a stringent health and safety protocol for their staff and guests. The Institute maintained a calendar of monthly digital events and offerings through their Virtual Sanctuary and their program initiatives. During the year the Institute also completed some larger upkeep and maintenance for the physical building and property.

The Institute has evaluated events and transactions for potential recognition or disclosure through June 9, 2022, which is the date the financial statements were available to be issued.

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

As of December 31, 2021 and 2020, 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,	2021	2020
Cash and cash equivalents	\$ 168,030	\$ 113,106
Grants and contributions receivable, current portion	50,430	34,500
Total financial assets	<u>\$ 218,460</u>	<u>\$ 147,606</u>

## The Garrison Institute

## NOTES TO THE FINANCIAL STATEMENTS (continued)

December 31, 2021

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

As of December 31,	2021	2020	Estimated Useful Life
Equipment	\$ 452,226	\$ 448,276	3-5 years
Furniture and fixtures	103,674	103,674	7 years
Leasehold improvements	<u>524,086</u>	<u>443,134</u>	10 years
Property and equipment, gross	1,079,986	995,084	
Less: accumulated depreciation and amortization	<u>758,161</u>	<u>702,460</u>	
PROPERTY AND EQUIPMENT, NET	\$ 321,825	\$ 292,624	

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 elected to record the proceeds as a liability until the loan was, in part or wholly, forgiven and the Institute was legally released. In May 2021, the PPP loan was fully forgiven and was recorded as a government grant in the 2021 statement of activities.

In February 2021, the Institute applied for and received a second PPP loan totaling \$342,520. 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. In April 2022, the second PPP loan was fully forgiven and will be recorded as a government grant in the 2022 financial statements.

## The Garrison Institute

## NOTES TO THE FINANCIAL STATEMENTS (continued)

December 31, 2021

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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 2021 and 2020. Contributions to the Plan were included in salaries and benefits in the statement of activities and amounted to \$9,116 and \$18,353 during the years ended December 31, 2021 and 2020, 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, 2021 totaled \$39,983 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 2021. The Board member received approximately \$80,000 for salaries and related benefits while being an employee during the year ended December 31, 2021.</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 2022 and beyond. These elements are imbedded in our 2022 break even board approved budget.   |

**The Garrison Institute**

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

December 31, 2021

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**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 \$102,287 at December 31, 2021. This was due to the COVID-19 Pandemic's impact on operations which resulted in a significant decrease in registration fees revenue for 2021. 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 involve:

--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.

-- Our fundraising efforts for 2021 met our budgeted estimates. We will continue to expand our types of fundraising efforts including more grant submissions and strengthening our individual pool of donors.

**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.