

New England Wild Flower Society

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

**NEW ENGLAND WILD FLOWER SOCIETY, INC.
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	5
STATEMENTS OF CHANGES IN NET ASSETS	7
STATEMENTS OF FUNCTIONAL EXPENSES	8
STATEMENTS OF CASH FLOWS	10
NOTES TO FINANCIAL STATEMENTS	11



INDEPENDENT AUDITORS' REPORT

Board of Trustees
New England Wild Flower Society, Inc.
Framingham, Massachusetts

We have audited the accompanying financial statements of New England Wild Flower Society, Inc. (a Massachusetts corporation, nonprofit), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, changes in net assets, functional expenses, and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require 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 auditors' 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Trustees
New England Wild Flower Society, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New England Wild Flower Society, Inc. as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Boston, Massachusetts
April 18, 2018

NEW ENGLAND WILD FLOWER SOCIETY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 702,974	\$ 411,248
Short-Term Investments	279,389	47,193
Accounts Receivable, Net	96,822	79,135
Current Portion of Grants and Pledges Receivable, Net	210,000	425,000
Inventory	101,887	89,464
Prepaid Expenses	29,967	28,183
Total Current Assets	1,421,039	1,080,223
 INVESTMENTS	 6,332,720	 5,622,075
GRANTS AND PLEDGES RECEIVABLE , Net of Current Portion	3,047,241	288,942
ASSETS HELD IN CHARITABLE REMAINDER TRUSTS	424,739	397,393
BENEFICIAL INTEREST IN THIRD-PARTY TRUST	90,371	81,716
PROPERTY AND EQUIPMENT , Net	2,790,770	3,006,592
DEVELOPMENT OF WEBSITES , Net	133,375	138,865
Total Assets	\$ 14,240,255	\$ 10,615,806

See accompanying Notes to Financial Statements.

LIABILITIES AND NET ASSETS	<u>2017</u>	<u>2016</u>
CURRENT LIABILITIES		
Accounts Payable	\$ 54,104	\$ 70,106
Accrued Expenses and Deferred Revenue	145,599	155,581
Current Portion of Annuities Payable	6,784	7,204
Total Current Liabilities	<u>206,487</u>	<u>232,891</u>
ANNUITIES PAYABLE, Net	33,559	29,717
DUE TO OTHER BENEFICIARIES OF CHARITABLE REMAINDER TRUSTS	<u>267,993</u>	<u>258,797</u>
Total Liabilities	508,039	521,405
NET ASSETS		
Unrestricted:		
Operating	(102,832)	(109,784)
Board-Designated	265,989	-
Property and Equipment	2,790,770	3,006,592
Development of Websites, Net	133,375	138,865
Total Unrestricted	<u>3,087,302</u>	<u>3,035,673</u>
Temporarily Restricted	3,141,650	2,422,573
Permanently Restricted	<u>7,503,264</u>	<u>4,636,155</u>
Total Net Assets	<u>13,732,216</u>	<u>10,094,401</u>
Total Liabilities and Net Assets	<u>\$ 14,240,255</u>	<u>\$ 10,615,806</u>

NEW ENGLAND WILD FLOWER SOCIETY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING REVENUE AND SUPPORT				
Grants and Contributions	\$ 1,241,561	\$ 676,598	\$ -	\$ 1,918,159
Membership Dues	250,730	-	-	250,730
Program Fees, Services, and Other Income	185,818	-	-	185,818
Investment Return Designated for Current Operations	231,815	-	-	231,815
Gross Margin on Plant and Merchandise Sales	306,345	-	-	306,345
Admissions	106,575	-	-	106,575
Net Assets Released from Restrictions	640,942	(640,942)	-	-
Total Operating Revenue and Support	<u>2,963,786</u>	<u>35,656</u>	<u>-</u>	<u>2,999,442</u>
OPERATING EXPENSES				
Program Services:				
Conservation	751,029	-	-	751,029
Education	344,277	-	-	344,277
Horticulture	601,083	-	-	601,083
Member Services	220,527	-	-	220,527
Retail Shops	255,307	-	-	255,307
Sanctuaries	36,676	-	-	36,676
Total Program Services	<u>2,208,899</u>	<u>-</u>	<u>-</u>	<u>2,208,899</u>
Supporting Services:				
General and Administrative	524,051	-	-	524,051
Fundraising	136,212	-	-	136,212
Total Supporting Services	<u>660,263</u>	<u>-</u>	<u>-</u>	<u>660,263</u>
Total Operating Expenses	<u>2,869,162</u>	<u>-</u>	<u>-</u>	<u>2,869,162</u>
CHANGES IN NET ASSETS FROM OPERATIONS	94,624	35,656	-	130,280
NONOPERATING REVENUES (EXPENSES)				
Investment Returns, Net of Spending Policy	2,959	592,285	-	595,244
Contributions for Long-Term Purposes	-	125,000	2,854,397	2,979,397
Changes in Value of Split-Interest Agreements	(10,727)	14,093	12,712	16,078
Loss on Disposal of Property and Equipment	(83,184)	-	-	(83,184)
Net Assets Released from Capital and Equipment Restrictions	47,957	(47,957)	-	-
Total Nonoperating Revenues, Net	<u>(42,995)</u>	<u>683,421</u>	<u>2,867,109</u>	<u>3,507,535</u>
CHANGES IN NET ASSETS	<u>\$ 51,629</u>	<u>\$ 719,077</u>	<u>\$ 2,867,109</u>	<u>\$ 3,637,815</u>

See accompanying Notes to Financial Statements.

NEW ENGLAND WILD FLOWER SOCIETY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING REVENUE AND SUPPORT				
Grants and Contributions	\$ 921,848	\$ 483,865	\$ -	\$ 1,405,713
Membership Dues	252,921	-	-	252,921
Program Fees, Services, and Other Income	170,305	-	-	170,305
Investment Return Designated for Current Operations	230,223	-	-	230,223
Gross Margin on Plant and Merchandise Sales	267,544	-	-	267,544
Admissions	123,308	-	-	123,308
Net Assets Released from Restrictions	329,600	(329,600)	-	-
Total Operating Revenue and Support	<u>2,295,749</u>	<u>154,265</u>	<u>-</u>	<u>2,450,014</u>
OPERATING EXPENSES				
Program Services:				
Conservation	714,993	-	-	714,993
Education	302,666	-	-	302,666
Horticulture	565,896	-	-	565,896
Member Services	173,312	-	-	173,312
Retail Shops	230,200	-	-	230,200
Sanctuaries	29,323	-	-	29,323
Total Program Services	<u>2,016,390</u>	<u>-</u>	<u>-</u>	<u>2,016,390</u>
Supporting Services and Other:				
General and Administrative	535,623	-	-	535,623
Fundraising	206,745	-	-	206,745
Total Supporting Services and Other	<u>742,368</u>	<u>-</u>	<u>-</u>	<u>742,368</u>
Total Operating Expenses	<u>2,758,758</u>	<u>-</u>	<u>-</u>	<u>2,758,758</u>
CHANGES IN NET ASSETS FROM OPERATIONS	(463,009)	154,265	-	(308,744)
NONOPERATING REVENUES (EXPENSES)				
Investment Returns, Net of Spending Policy	5,052	219,498	-	224,550
Contributions for Capital Expenditures	-	25,000	-	25,000
Endowment Contributions	-	-	500	500
Changes in Value of Split-Interest Agreements	3,874	9,300	2,114	15,288
Gain on Disposal of Property and Equipment	30,000	-	-	30,000
Net Assets Released from Capital and Equipment Restrictions	115,266	(115,266)	-	-
Total Nonoperating Revenues, Net	<u>154,192</u>	<u>138,532</u>	<u>2,614</u>	<u>295,338</u>
CHANGES IN NET ASSETS	<u>\$ (308,817)</u>	<u>\$ 292,797</u>	<u>\$ 2,614</u>	<u>\$ (13,406)</u>

See accompanying Notes to Financial Statements.

**NEW ENGLAND WILD FLOWER SOCIETY, INC.
STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
NET ASSETS - DECEMBER 31, 2015	\$ 3,344,490	\$ 2,129,776	\$ 4,633,541	\$ 10,107,807
Changes in Net Assets	<u>(308,817)</u>	<u>292,797</u>	<u>2,614</u>	<u>(13,406)</u>
NET ASSETS - DECEMBER 31, 2016	3,035,673	2,422,573	4,636,155	10,094,401
Changes in Net Assets	<u>51,629</u>	<u>719,077</u>	<u>2,867,109</u>	<u>3,637,815</u>
NET ASSETS - DECEMBER 31, 2017	<u>\$ 3,087,302</u>	<u>\$ 3,141,650</u>	<u>\$ 7,503,264</u>	<u>\$ 13,732,216</u>

See accompanying Notes to Financial Statements.

NEW ENGLAND WILD FLOWER SOCIETY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017

	Program Services						Supporting Services			
	Conservation	Education	Horticulture	Member Services	Retail Shops	Sanctuaries	Total Program Services	General and Administrative	Fundraising	Total
PAYROLL AND RELATED										
Salaries	\$ 320,437	\$ 136,763	\$ 277,537	\$ 140,409	\$ 152,232	\$ 8,890	\$ 1,036,268	\$ 262,008	\$ 89,379	\$ 1,387,655
Payroll Taxes and Fringe Benefits	73,321	18,900	78,864	18,193	22,383	1,366	213,027	50,951	15,518	279,496
Total Payroll and Related	393,758	155,663	356,401	158,602	174,615	10,256	1,249,295	312,959	104,897	1,667,151
OTHER										
Professional and Consultant Services	226,444	122,998	43,759	290	606	-	394,097	78,354	-	472,451
Program Expense	11,172	17,592	28,471	17,242	23,909	2,302	100,688	7,896	8,440	117,024
Printing and Postage	7,162	11,503	3,579	32,339	167	-	54,750	3,151	8,828	66,729
Repairs and Maintenance	3,043	4,505	31,069	1,976	4,794	2,425	47,812	10,082	2,228	60,122
Utilities	5,651	3,011	18,664	2,142	3,618	865	33,951	2,336	2,142	38,429
Insurance	-	-	-	-	-	-	-	46,003	-	46,003
Program Supplies	8,544	684	21,211	1,329	6,732	360	38,860	5,034	433	44,327
Advertising	190	898	13,896	-	15,278	-	30,262	-	457	30,719
Travel & Conferences	23,490	2,783	7,610	1,258	2,793	613	38,547	276	1,098	39,921
Telephone	1,838	1,645	6,180	1,645	2,068	810	14,186	2,536	2,057	18,779
Miscellaneous	2,037	3,338	955	3,310	17,617	-	27,257	6,996	5,632	39,885
Bad Debt Expense	-	-	-	-	-	-	-	-	-	-
Depreciation	9,305	19,657	69,288	394	3,110	19,045	120,799	48,428	-	169,227
Amortization	58,395	-	-	-	-	-	58,395	-	-	58,395
Total Other	357,271	188,614	244,682	61,925	80,692	26,420	959,604	211,092	31,315	1,202,011
Total Expenses	\$ 751,029	\$ 344,277	\$ 601,083	\$ 220,527	\$ 255,307	\$ 36,676	\$ 2,208,899	\$ 524,051	\$ 136,212	\$ 2,869,162

See accompanying Notes to Financial Statements.

NEW ENGLAND WILD FLOWER SOCIETY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016

	Program Services						Supporting Services			
	Conservation	Education	Horticulture	Member Services	Retail Shops	Sanctuaries	Total Program Services	General and Administrative	Fundraising	Total
PAYROLL AND RELATED										
Salaries	\$ 252,302	\$ 106,726	\$ 271,992	\$ 97,955	\$ 137,429	\$ 3,842	\$ 870,246	\$ 274,999	\$ 136,882	\$ 1,282,127
Payroll Taxes and Fringe Benefits	50,749	43,783	60,587	12,507	16,420	648	184,694	49,169	24,225	258,088
Total Payroll and Related	303,051	150,509	332,579	110,462	153,849	4,490	1,054,940	324,168	161,107	1,540,215
OTHER										
Professional and Consultant Services	180,332	86,151	20,106	1,265	533	-	288,387	97,750	8,500	394,637
Program Expense	20,077	15,389	17,252	16,952	21,919	2,079	93,668	8,800	12,440	114,908
Printing and Postage	313	11,381	4,775	31,113	2,016	33	49,631	4,267	9,442	63,340
Repairs and Maintenance	5,203	7,211	26,251	1,780	2,934	2,705	46,084	7,856	1,738	55,678
Utilities	3,806	3,310	26,793	2,075	3,624	913	40,521	2,513	2,075	45,109
Insurance	-	-	1,986	-	-	-	1,986	42,082	-	44,068
Program Supplies	10,284	1,828	35,994	779	5,622	672	55,179	5,412	92	60,683
Advertising	1,950	-	13,228	-	13,311	-	28,489	-	-	28,489
Travel & Conferences	17,032	2,272	6,593	1,351	2,798	253	30,299	868	1,943	33,110
Telephone	1,775	1,775	6,999	1,775	2,163	274	14,761	2,605	2,220	19,586
Miscellaneous	2,854	2,790	2,456	4,133	17,024	-	29,257	11,560	5,561	46,378
Bad Debts	-	-	-	-	-	-	-	2,688	-	2,688
Depreciation	19,167	20,050	70,884	1,627	4,407	17,904	134,039	25,054	1,627	160,720
Amortization	149,149	-	-	-	-	-	149,149	-	-	149,149
Total Other	411,942	152,157	233,317	62,850	76,351	24,833	961,450	211,455	45,638	1,218,543
Total Expenses	\$ 714,993	\$ 302,666	\$ 565,896	\$ 173,312	\$ 230,200	\$ 29,323	\$ 2,016,390	\$ 535,623	\$ 206,745	\$ 2,758,758

See accompanying Notes to Financial Statements.

NEW ENGLAND WILD FLOWER SOCIETY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 3,637,815	\$ (13,406)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	169,227	160,720
Amortization	58,395	149,150
Contributions for Endowment	-	(500)
Contributions for Property and Equipment	(125,000)	(25,000)
Discount on Grants and Pledges Receivable	141,701	(4,853)
Net Realized and Unrealized Gains on Investments	(708,967)	(340,799)
Changes in Value of Split-Interest Agreements	(16,078)	(15,288)
Loss (Gain) on Sale of Property and Equipment	83,184	(30,000)
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(17,687)	29,185
Grants and Pledges Receivable	(2,685,000)	(125,000)
Inventory	(12,423)	(4,988)
Prepaid Expenses	(1,784)	(1,680)
Accounts Payable	(16,002)	30,677
Accrued Expenses and Deferred Revenue	(9,982)	(4,475)
Annuity Payable	(7,305)	(7,619)
Net Cash Provided (Used) by Operating Activities	490,094	(203,876)
CASH FROM INVESTING ACTIVITIES		
Proceeds from Sale of Property and Equipment	-	30,000
Purchases of Property and Equipment	(35,295)	(68,410)
Purchases of Development of Websites	(54,198)	(41,628)
Purchases of Investments	(459,720)	(509,374)
Proceeds from Sales of Investments	225,845	754,696
Net Cash Provided (Used) by Investing Activities	(323,368)	165,284
CASH FROM FINANCING ACTIVITIES		
Contributions for Property and Equipment	125,000	25,000
Contributions for Endowment	-	500
Net Cash Provided by Financing Activities	125,000	25,500
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	291,726	(13,092)
Cash and Cash Equivalents - Beginning of Year	411,248	424,340
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 702,974	\$ 411,248

See accompanying Notes to Financial Statements.

**NEW ENGLAND WILD FLOWER SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 1 OPERATIONS, NONPROFIT STATUS, AND SIGNIFICANT ACCOUNTING POLICIES

Operations

New England Wild Flower Society, Inc. (a Massachusetts nonprofit corporation) (the Society) was founded in 1900 and incorporated in March 1932. The Society conserves and promotes New England's native plants to ensure healthy, biologically diverse landscapes.

In February 2017, the Board of Trustees approved a new five-year strategic plan, which articulates the Society's leadership role in all aspects of native plant conservation, horticulture, and education and places the goals within the context of both international treaties and national partnerships.

The primary goals are:

- Achieve tangible outcomes in the conservation and recovery of native plants
- Develop, demonstrate, and advance scientific and practical knowledge about the region's native plants
- Inspire and educate people and develop resources to help them conserve, grow, and promote native plants
- Ensure our properties are models of stewardship
- Build an exemplary organization

Nonprofit Status

The Society is exempt from federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Society is also exempt from state income taxes. Donors may deduct contributions made to the Society within the requirements of the IRC.

Estimates

The preparation of financial statements in accordance with U.S. GAAP 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 could differ from those estimates.

Revenue Recognition

Program fees, services, and other income are recorded as earned or as services are provided. Membership dues are recognized ratably over the term of the membership. The gross margin on plant and merchandise sales is recorded upon exchange of the goods sold and reported net of cost of sales (see inventory below) as follows:

	2017		
	Plants	Merchandise	Total
Gross Sales	\$ 443,181	\$ 106,923	\$ 550,104
Cost of Sales	(184,103)	(59,656)	(243,759)
Total	\$ 259,078	\$ 47,267	\$ 306,345

NEW ENGLAND WILD FLOWER SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

**NOTE 1 OPERATIONS, NONPROFIT STATUS, AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Revenue Recognition (Continued)

	2016		
	Plants	Merchandise	Total
Gross Sales	\$ 384,374	\$ 122,901	\$ 507,275
Cost of Sales	(168,183)	(71,548)	(239,731)
Total	\$ 216,191	\$ 51,353	\$ 267,544

Grants are recorded over the period covered by the grant as services are provided. Contributions are recorded when unconditionally pledged by the donors or upon receipt. Bequests are recognized when amounts to be received are known or reasonably estimable and collection is assured. The Society is and may be named principal or income beneficiary of certain trusts and wills in addition to those described in Note 6 and Note 7. The amounts to be received, if any, cannot be determined and are therefore not reflected in the accompanying financial statements.

Contributions restricted by donors with respect to time or purpose are recognized as temporarily restricted revenues and net assets when received or unconditionally pledged. When a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are released from restrictions in the accompanying statement of activities. The Society observes a policy of releasing net assets restricted for capital projects at the time the capital expenditures are incurred. Conditional contributions are recognized when the conditions on which they depend are substantially met. Donor-imposed restrictions whose restrictions are met in the same reporting period as the contribution is made are reported as unrestricted support.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, management considers all highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

Accounts Receivable

Accounts receivable consist primarily of noninterest-bearing amounts due from program services and credit card sales. We determine the allowance for uncollectible accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible.

Inventory

Merchandise inventories are valued using the retail inventory method, which involves pricing individual items at current selling prices and reducing such amounts so determined to lower of cost or market by the application of markup rates.

NEW ENGLAND WILD FLOWER SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

**NOTE 1 OPERATIONS, NONPROFIT STATUS, AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Inventory (Continued)

The Society records its plant inventories at the lower of cost or market using a first-in, first-out (FIFO) convention. Inventory consists of the following at December 31:

	2017	2016
Merchandise	\$ 81,347	\$ 66,625
Plants	25,540	27,839
Subtotal	106,887	94,464
Less: Inventory Reserve	(5,000)	(5,000)
Total	\$ 101,887	\$ 89,464

Fair Value Measurement

The Society has adopted the *Fair Value Measurements and Disclosures* standards. These standards define fair value, establish a framework for measuring fair value under U.S. GAAP, and mandate disclosures about fair value measurements. These standards establish a fair value framework that prioritizes the inputs and assumptions used to measure fair value.

The three levels of the fair value framework under these standards are as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical assets and liabilities at the measurement date.

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable.

A qualifying asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

Property and Equipment and Depreciation

Purchased property and equipment are recorded at cost (see Note 4) if the asset is tangible and complete, used in operations, has a useful life greater than one year, and a value greater than \$1,000. Donated property and equipment are recorded at fair market value at the time of donation. Renewals and betterments are capitalized, while repairs and maintenance are expensed as they are incurred. Building impairment loss is recorded to reflect declines in the net realizable value of property and equipment.

NEW ENGLAND WILD FLOWER SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

**NOTE 1 OPERATIONS, NONPROFIT STATUS, AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Property and Equipment and Depreciation (Continued)

Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Land Improvements	20
Building	40
Furniture, Fixtures and Equipment	3-10
Building Improvements	5-40

Development of Websites

Website development for the Go Botany website is amortized over a five-year period using the straight-line method. Amortization expense for the years ended December 31, 2017 and 2016 was \$58,395 and \$149,149, respectively. Additional website development costs relate to the Society's new website, which is currently in progress, therefore there is no amortization expense for the years ended December 31, 2017 and 2016.

Annuities Payable

Annuities payable represents obligations to donors under charitable gift agreements where donors receive fixed lifetime annuities in exchange for their gifts (see Note 8).

Expense Allocation

Expenses related directly to a program are distributed to that program, while other expenses are distributed based on management's estimate of the percentage attributable to each program.

Advertising Costs

Advertising costs are expensed as incurred by the Society.

Contributed Services

The Society reports revenue for the fair value of contributed services received where the services require specialized skills, are provided by individuals possessing those skills, and represent services that would have been purchased had they not been donated. The Society received services for the horticultural and conservation programs which includes serving as tour guides, identifying and logging field samples, monitoring the status of rare and endangered plants, collecting seeds, reviewing data and setting conservation priorities. Contributed services in the amount of \$230,078 and \$157,548 were recorded for the years ended December 31, 2017 and 2016, respectively.

**NEW ENGLAND WILD FLOWER SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

**NOTE 1 OPERATIONS, NONPROFIT STATUS, AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Net Assets

Unrestricted Net Assets

Unrestricted net assets are those net resources that bear no external restrictions and are generally available for use by the Society. The Society has grouped its unrestricted net assets into the following categories:

- **Operating Net Assets** represents funds available to carry on the general operations of the Society.
- **Board-Designated Net Assets** represents funds set aside by the Board for specific purposes according to the signed accounting policy. In 2017, \$265,989 is considered Board-designated for future capital improvements.
- **Property and Equipment Net Assets** reflects and accounts for the activities relating to the Society's property and equipment.
- **Development of Website's Net Assets** reflects and accounts for the activities relating to the development of the Society's website and Go Botany website.

Temporarily Restricted Net Assets

The Society receives contributions and grants which are designated by donors for specific purposes or for specific periods of time. These contributions are recorded as temporarily restricted net assets until they are expended for their designated purposes or until the time restrictions have lapsed. In accordance with Massachusetts state laws concerning endowments, temporarily restricted net assets also include accumulated income and appreciation of permanently restricted net assets until appropriated in accordance with the Society's spending policy (see Note 10).

Temporarily restricted net assets are comprised of the following at December 31:

	<u>2017</u>	<u>2016</u>
Purpose Restrictions	\$ 785,168	\$ 340,883
Time Restricted Trusts	142,871	124,721
Time Restricted Pledges	402,844	713,942
Accumulated Appreciation of Permanently Restricted Endowment (see Note 10)	1,810,767	1,218,482
Pooled Income	-	24,545
Total	<u>\$ 3,141,650</u>	<u>\$ 2,422,573</u>

Permanently Restricted Net Assets

Permanently restricted net assets are pledges and contributions restricted by the donors against any expenditure of principal. Substantially, all income earned on principal may be used for general and, if required by the donor, certain specific purposes; accordingly, all such investment income has been allocated to temporarily restricted net assets.

NEW ENGLAND WILD FLOWER SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

**NOTE 1 OPERATIONS, NONPROFIT STATUS, AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year financial statement presentation.

Subsequent Events

Subsequent events have been evaluated through April 18, 2018, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements.

Accounting for Uncertainty in Income Taxes

The Society follows the *Accounting for Uncertainty in Income Taxes* standard, which requires the Society to report uncertain tax positions, related interest and penalties, and to adjust its assets and liabilities related to unrecognized tax benefits and accrued interest and penalties accordingly. As of December 31, 2017 and 2016, the Society determined there are no material unrecognized tax benefits to report.

NOTE 2 ACCOUNTS RECEIVABLE

Accounts receivable consist of program receivables and other receivables. The Society's accounts receivable at December 31 are as follows:

	2017	2016
Program Receivables	\$ 101,972	\$ 68,548
Other Receivables	1,984	17,721
Less: Reserve for Bad Debt	(7,134)	(7,134)
Total	\$ 96,822	\$ 79,135

NOTE 3 GRANTS AND PLEDGES RECEIVABLE

Grants and pledges receivable consist of grants and pledges made to the Society payable in future years. The Society's grants and pledges receivable at December 31 are as follows:

	2017	2016
Grants and Pledges Receivable	\$ 3,410,000	\$ 725,000
Less: Discount (Using Rates 1.0-2.18%)	(152,759)	(11,058)
Total	\$ 3,257,241	\$ 713,942

The reserve for bad debts is based on collection experience and other circumstances that may affect the ability of donors to meet their obligations. Amounts are written off when they are determined to be uncollectible.

NEW ENGLAND WILD FLOWER SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 3 GRANTS AND PLEDGES RECEIVABLE (CONTINUED)

In 2017 the Society was named a remainderman in a charitable remainder unitrust that upon termination calls for a distribution of the residual to the Society. If the residual is not sufficient to cover \$3,000,000, then the original donor has pledged to fund the difference. Accordingly, the Society has reflected this transaction as contribution revenue and a pledge receivable to recognize the intended assets to be transferred to the Society at the end of the trust period. For the year ended December 31, 2017 the Society recognized permanently restricted contribution income in the amount of \$2,854,397 related to this pledge.

Grants and pledges receivable are estimated to be collected as follows:

Year 1	\$ 210,000
Years 2-5	200,000
Over 5 years	<u>3,000,000</u>
Total	<u><u>\$ 3,410,000</u></u>

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2017	2016
Land	\$ 962,966	\$ 962,966
Buildings	3,021,176	3,164,044
Furniture, Fixtures, and Equipment	597,884	587,622
Land Improvements	<u>602,891</u>	<u>586,583</u>
Subtotal	5,184,917	5,301,215
Less: Accumulated Depreciation	<u>(2,394,147)</u>	<u>(2,294,623)</u>
Total	<u><u>\$ 2,790,770</u></u>	<u><u>\$ 3,006,592</u></u>

Depreciation expense for the years ended December 31, 2017 and 2016 was \$169,227 and \$160,720, respectively.

NOTE 5 INVESTMENTS

The Society records its investments at fair value. Interest, dividends, and mutual fund distributions are recorded when earned. Gains and losses are recognized as incurred upon sale or based on fair value changes during the period. Investment income is allocated to the endowment funds based on beginning of the year asset allocation (see Note 10).

Investments include endowment funds. Accordingly, these investments have been classified as noncurrent assets in the accompanying statement of financial position regardless of maturity or liquidity, consistent with the Society's intent.

NEW ENGLAND WILD FLOWER SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 5 INVESTMENTS (CONTINUED)

The Society's endowment has been invested in a portfolio of index mutual funds, which are not insured and are subject to ongoing market fluctuations. The Board approved the asset allocation recommendation of the investment committee that a consistent allocation of funds among asset classes would result in competitive performance and reduced costs.

The investment committee meets periodically to review the target allocation among asset classes and to decide the degree to which the total portfolio should be re-balanced toward those targets.

The target allocation is as follows:

Liquid Reserves	0 - 20%
Fixed Income	20 - 60%
Equities	40 - 80%
Alternative Investments	0 - 20%

The following is a summary of the investment portfolio and unrealized appreciation (depreciation) as of December 31:

	2017		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
EQUITY			
Mutual Funds:			
Spartan Total Index FID Advantage	\$ 1,394,243	\$ 2,854,503	\$ 1,460,260
Spartan Intl Index FID Advantage	560,116	705,510	145,395
Total Mutual Funds - Equity	1,954,359	3,560,013	1,605,655
Exchange Traded Funds - Equity	719,289	821,914	102,625
Total Equity	2,673,648	4,381,927	1,708,279
FIXED INCOME			
Mutual Funds:			
Vanguard Bond Index Total MKT Investor	699,432	735,238	35,805
Vanguard Intermed TRV INVST GR INVEST	235,121	251,932	16,811
T. Rowe Price International Bond	127,282	133,655	6,373
Total Fixed Income	1,061,834	1,120,824	58,990
Money Market Accounts	835,610	835,610	-
Stocks	256,047	273,749	17,701
Total	\$ 4,827,139	\$ 6,612,109	\$ 1,784,970

NEW ENGLAND WILD FLOWER SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 5 INVESTMENTS (CONTINUED)

	2016		
	Cost	Fair Value	Unrealized Appreciation
EQUITY			
Mutual Funds:			
Spartan Total Index FID Advantage	\$ 1,583,971	\$ 2,806,627	\$ 1,222,656
Spartan Intl Index FID Advantage	530,096	561,349	31,253
Total Mutual Funds - Equity	<u>2,114,067</u>	<u>3,367,976</u>	<u>1,253,909</u>
Exchange Traded Funds - Equity	589,858	604,744	14,886
Total Equity	<u>2,703,925</u>	<u>3,972,720</u>	<u>1,268,795</u>
FIXED INCOME			
Mutual Funds:			
Vanguard Bond Index Total MKT Investor	701,548	730,618	29,070
Vanguard Intermed TRV INVST GR INVEST	230,236	244,443	14,207
T. Rowe Price International Bond	<u>122,029</u>	<u>115,918</u>	<u>(6,111)</u>
Total Fixed Income	1,053,813	1,090,979	37,166
Money Market Accounts	360,103	360,103	-
Stocks	<u>230,002</u>	<u>245,466</u>	<u>15,464</u>
Total	<u>\$ 4,347,843</u>	<u>\$ 5,669,268</u>	<u>\$ 1,321,425</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended December 31:

	2017	2016
Interest and Dividends	\$ 118,092	\$ 113,974
Net Realized Gains	20,745	2,974
Net Unrealized Gains (Losses)	<u>688,222</u>	<u>337,825</u>
Total Investment Returns	827,059	454,773
Less: Investment Return Designated for Operations	<u>231,815</u>	<u>230,223</u>
Investment Returns, Net of Spending Policy	<u>\$ 595,244</u>	<u>\$ 224,550</u>

NOTE 6 ASSETS HELD UNDER CHARITABLE REMAINDER TRUSTS

The Society has been designated as trustee for two trusts, which are presented in the statement of financial position as "Assets Held in Charitable Remainder Trusts." The fair value of assets held by the trusts is reported as an asset. The asset is offset by a liability presented in the statement of financial position as "Due to Other Beneficiaries of Charitable Remainder Trusts" for the estimated payments due to those other beneficiaries.

The interests in the charitable remainder trusts are valued using investment market values, as well as discount rates and assumptions about donor life expectancies.

NEW ENGLAND WILD FLOWER SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 7 BENEFICIAL INTEREST IN NET ASSETS OF THIRD-PARTY TRUST

The Society has an interest in a trust managed by an independent third-party trustee, which is presented in the statement of financial position as “Beneficial Interest in Third-Party Trust.” The Society has legally enforceable rights or claims to such assets, including the right to income therefrom. However, the trust documents governing the distributions of income provide that should the Society depart from its original exempt purposes, the trustee could remove the Society as beneficiary.

The interest in the charitable remainder trust is valued using investment market values, as well as a discount rate and assumption about the donor’s life expectancy.

NOTE 8 ANNUITIES PAYABLE

The Society has entered into several charitable gift annuity agreements where donors make contributions to the Society in exchange for fixed lifetime annuities (also see Note 1). The estimated present value of the future payments to the donors is recorded as a liability. The balance of the liability as of December 31, 2017 and 2016, was \$40,343 and \$36,921, respectively.

The value and future minimum payments of annuities payable are determined based upon the life expectancy of the donor and discounted using a rate of 2.00%.

NOTE 9 FAIR VALUE MEASUREMENTS

The Society uses fair value measurements to record fair value adjustments to assets to determine fair value disclosures. For additional information on how the Society measures fair value refer to Note 1.

The following table presents the Society’s fair value hierarchy for those assets and (liabilities) measured at fair value on a recurring basis as of December 31:

	2017		
	Level 1	Level 2	Level 3
Investments	\$ 6,612,109	\$ -	\$ -
Assets Held Under Charitable Remainder Trusts	\$ -	\$ -	\$ 424,739
Due to Other Beneficiaries of Charitable Remainder Trusts	\$ -	\$ -	\$ (267,993)
Beneficial Interest in Third-Party Trust	\$ -	\$ -	\$ 90,371
Annuities Payable	\$ -	\$ -	\$ (40,343)

NEW ENGLAND WILD FLOWER SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 9 FAIR VALUE MEASUREMENTS (CONTINUED)

	2016		
	Level 1	Level 2	Level 3
Investments	<u>\$ 5,669,268</u>	<u>\$ -</u>	<u>\$ -</u>
Assets Held Under Charitable Remainder Trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 397,393</u>
Due to Other Beneficiaries of Charitable Remainder Trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (258,797)</u>
Beneficial Interest in Third-Party Trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,716</u>
Annuities Payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (36,921)</u>

The following summarizes changes in fair value of the Society's assets and liabilities classified as Level 3 for the years ended December 31:

Assets Held Under Charitable Remainder Trust - December 31, 2015	\$ 388,605
Changes in Value of Split-Interest Agreements December 31, 2016	<u>8,788</u>
Changes in Value of Split-Interest Agreements	<u>397,393</u>
Assets Held Under Charitable Remainder Trust - December 31, 2017	<u>27,346</u>
	<u>\$ 424,739</u>
Due to Other Beneficiaries of Charitable Remainder Trusts - December 31, 2015	\$ 257,742
Changes in Value of Split-Interest Agreements December 31, 2016	<u>1,055</u>
Changes in Value of Split-Interest Agreements	<u>258,797</u>
Due to Other Beneficiaries of Charitable Remainder Trusts - December 31, 2017	<u>9,196</u>
	<u>\$ 267,993</u>
Beneficial Interest in Third-Party Trust - December 31, 2015	\$ 78,036
Changes in Value of Split-Interest Agreements	<u>3,680</u>
Beneficial Interest in Third-Party Trust - December 31, 2016	<u>81,716</u>
Changes in Value of Split-Interest Agreements	<u>8,655</u>
Beneficial Interest in Third-Party Trust - December 31, 2017	<u>\$ 90,371</u>
Annuities Payable - December 31, 2015	\$ 48,415
Changes in Value of Split-Interest Agreements Payments	<u>(3,875)</u>
Annuities Payable - December 31, 2016	<u>(7,619)</u>
Changes in Value of Split-Interest Agreements Payments	<u>36,921</u>
Annuities Payable - December 31, 2017	<u>10,727</u>
	<u>(7,305)</u>
	<u>\$ 40,343</u>

NEW ENGLAND WILD FLOWER SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 9 FAIR VALUE MEASUREMENTS (CONTINUED)

An income approach valuation technique is used for assets held under charitable remainder trusts, due to other beneficiaries of charitable remainder trusts, and beneficial interest in net assets of third parties.

NOTE 10 ENDOWMENT FUNDS

The endowment funds are allocated between the permanently restricted historic dollar value of the original gifts, temporarily restricted appreciation and unrestricted depreciation, if any (see Note 1) as of December 31, 2017 and 2016.

The Society has adopted an investment policy for endowment assets. Under this policy, as approved by the board, the primary long-term financial objective is to preserve the value of the endowment investment portfolio.

The Society has also adopted an investment spending policy related to its endowment assets. The board designates only a portion of the Society's cumulative investment return for support of operations. The remainder is retained to support operations of future years and to offset potential market declines. Massachusetts state law allows the trustees to appropriate as much of the net asset appreciation of donor-restricted endowments as is prudent considering the Society's long and short-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions. Under the Society's spending policy, up to 5% of the most recent 13 quarters' average of the fair value of the investments is appropriated to support operations. However, the board may approve spending in excess of the spending policy based on individual facts and circumstances as deemed prudent by the board.

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Society to retain as a fund of perpetual duration. The Society recognized deficiencies of this nature of \$-0- and \$332 at December 31, 2017 and 2016, respectively.

The endowment net assets include a beneficial interest in third-party trust which is not subject to UPMIFA. In addition, the Society has not included endowment assets that are in pledges receivable in the endowment fund disclosures as they have yet to be collected by the Society.

NEW ENGLAND WILD FLOWER SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 10 ENDOWMENT FUNDS (CONTINUED)

Changes in endowment net assets by class are as follows for the years ended December 31:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment</u>
Endowment Net Assets, December 31, 2015	\$ (4,564)	\$ 998,984	\$ 4,633,541	\$ 5,627,961
Contributions	-	-	500	500
Change in Value of Interest in Charitable Remainder Trust	-	-	2,114	2,114
Investment Income:				
Interest and Dividends	-	112,962	-	112,962
Net Realized and Unrealized Gains	8,587	332,404	-	340,991
Appropriation of Endowment Assets for Spending Policy	<u>(4,355)</u>	<u>(225,868)</u>	<u>-</u>	<u>(230,223)</u>
Endowment Net Assets, December 31, 2016	(332)	1,218,482	4,636,155	5,854,305
Contributions	-	-	-	-
Change in Value of Interest in Charitable Remainder Trust	-	-	12,712	12,712
Investment Income:				
Interest and Dividends	-	116,206	-	116,206
Net Realized and Unrealized Losses	332	707,894	-	708,226
Appropriation of Endowment Assets for Spending Policy	<u>-</u>	<u>(231,815)</u>	<u>-</u>	<u>(231,815)</u>
Endowment Net Assets, December 31, 2017	<u>\$ -</u>	<u>\$ 1,810,767</u>	<u>\$ 4,648,867</u>	<u>\$ 6,459,634</u>

NEW ENGLAND WILD FLOWER SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 10 ENDOWMENT FUNDS (CONTINUED)

The endowment funds consisted of the following as of December 31:

	2017	
	Permanently Restricted	Temporarily Restricted
New England Flora Endowment Fund	\$ 363,085	\$ 113,213
Homer C. Lucas Endowment Fund	100,758	148,650
Arthur D. Norcross Endowment Fund	100,000	129,612
Marylee Everett Conservation Fellowship Endowment Fund	100,000	17,234
Oscar M. Root Endowment Fund	128,219	30,841
Kathryn S. Taylor Endowment Fund	28,535	71,664
Garden in the Woods Endowment Fund	423,015	483,066
General Endowment Fund	430,441	262,371
Eshqua Bog Endowment Fund	5,696	2,970
Permanent Conservation Endowment Fund	1,745,550	322,969
Assets Held Under Charitable Remainder Trust	108,131	-
Herbert J. and Esther M. Atkinson Conservation Fellowship Fund	104,784	15,435
Lovejoy Conservation Fellowship Fund	100,000	26,056
Seeds of Hope Endowment Fund	500,000	77,983
Robert P.T. Coffin Sanctuary	2,000	3,133
Sanctuaries Endowment Fund	1,000	306
Nasami Sanctuary Legacy Fund	37,285	6,363
Mildred Cloudman Endowment Fund	92,623	28,429
Gayle O. Chorske Memorial Fund	9,600	2,215
Pierce Woodland Garden Endowment Fund	65,020	11,876
Chester B. Allen, Jr. Native Plant Propagation and Horticulture Internship	202,125	56,074
Vermont Endowment Fund	1,000	307
Total	<u>\$ 4,648,867</u>	<u>\$ 1,810,767</u>

NEW ENGLAND WILD FLOWER SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 10 ENDOWMENT FUNDS (CONTINUED)

	2016	
	Permanently Restricted	Temporarily Restricted
New England Flora Endowment Fund	\$ 363,085	\$ 68,827
Homer C. Lucas Endowment Fund	100,758	125,408
Arthur D. Norcross Endowment Fund	100,000	108,215
Marylee Everett Conservation Fellowship Endowment Fund	100,000	6,309
Oscar M. Root Endowment Fund	128,219	16,019
Kathryn S. Taylor Endowment Fund	28,535	62,326
Garden in the Woods Endowment Fund	423,015	402,468
General Endowment Fund	430,441	197,808
Eshqua Bog Endowment Fund	5,696	2,162
Permanent Conservation Endowment Fund	1,745,550	130,206
Assets Held Under Charitable Remainder Trust Herbert J. and Esther M. Atkinson Conservation Fellowship Fund	95,419	-
Lovejoy Conservation Fellowship Fund	104,784	-
Seeds of Hope Endowment Fund	100,000	14,309
Robert P.T. Coffin Sanctuary	500,000	24,122
Sanctuaries Endowment Fund	2,000	2,655
Nasami Sanctuary Legacy Fund	1,000	184
Mildred Cloudman Endowment Fund	37,285	2,296
Gayle O. Chorske Memorial Fund	92,623	17,148
Pierce Woodland Garden Endowment Fund	9,600	1,113
Chester B. Allen, Jr. Native Plant Propagation and Horticulture Internship	65,020	4,710
Vermont Endowment Fund	202,125	32,012
Total	1,000	185
	<u>\$ 4,636,155</u>	<u>\$ 1,218,482</u>

Donors have established funds for the Society in community foundations around New England, which are not included in the accompanying statement of financial position, because the community foundations generally maintain variance power over usage and distribution of funds. These funds generally receive small donations on an annual basis.

NOTE 11 COLLECTIONS AND PATENTS

The botanic collection at the Society's Garden in the Woods consists of approximately 1,500 varieties of plants native to North America, with a focus on plants from the ecoregions of New England. The Garden also has a nationally accredited collection of 21 species of trilliums. At Garden in the Woods, plants are displayed in naturalistic arrangements intended to inspire in visitors a greater appreciation of wild flora and to educate them about the conservation of native plants.

NEW ENGLAND WILD FLOWER SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 11 COLLECTIONS AND PATENTS (CONTINUED)

The Society has a library of approximately 3,500 volumes of material related to botany and horticulture; approximately 35,000 images of native plants, regional flora, and habitats; approximately 3,740 specimen sheets of New England native plants; and 320 plant taxa in the seed bank. These materials serve the members of the Society, the staff, and general public. In accordance with U.S. GAAP, none of these collections are capitalized and there were no acquisitions expensed during the years ended December 31, 2017 and 2016.

The Society holds a U.S. Plant Patent No.: US PP15187 P3 for *Polemonium Reptans* named "Stairway to Heaven." The patent is dated September 28, 2004, and is being amortized over 15 years. The cost of the patent was \$10,516 and is included in property and equipment. Amortization of \$16 and \$716 is included in depreciation expense in the accompanying statement of functional expenses for both the years ended December 31, 2017, and 2016.

NOTE 12 PENSION PLAN

The Society has a defined contribution pension plan covering eligible employees under Section 403(b) of the IRC. Any employee at least 21 years of age is eligible to participate. Upon completion of two years of service, the Society matches 100% of employee contributions up to 5% of employee compensation. Employees are eligible to make voluntary contributions to the plan within statutory limits. All contributions to the plan are immediately vested. Pension costs charged to operations amounted to \$40,948 and \$36,343 for the years ended December 31, 2017 and 2016, respectively.

NOTE 13 CONCENTRATIONS

The Society maintains its cash balances in various banks in Massachusetts and is insured within the limits of the Federal Deposit Insurance Corporation (FDIC). At certain times during the year, cash balances exceeded the insured amounts. The Society has not experienced any losses in such accounts. The Society's management believes the Society is not exposed to any significant credit risk on cash and cash equivalents.

For the year ended December 31, 2017 the nonoperating revenues of contributions for long-term investment that are permanently restricted was from a single donor. The full amount is also reflected in long-term grants and pledges receivable as of December 31, 2017.

NOTE 14 CONDITIONAL GRANT

At December 31, 2017, the Society has a conditional contribution receivable in the amount of \$200,000 which has not yet been recorded. The Society will recognize the contribution revenue when the conditions are substantially met.