

New England Wild Flower Society

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

**NEW ENGLAND WILD FLOWER SOCIETY, INC.
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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, 2016 and 2015, 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, 2016 and 2015, 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 10, 2017

NEW ENGLAND WILD FLOWER SOCIETY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 411,248	\$ 424,340
Short-Term Investments	47,193	357,120
Accounts Receivable, Net	79,135	108,320
Current Portion of Grants and Pledges Receivable, Net	425,000	200,000
Inventory	89,464	84,476
Prepaid Expenses	28,183	26,503
Total Current Assets	1,080,223	1,200,759
INVESTMENTS	5,622,075	5,216,671
GRANTS AND PLEDGES RECEIVABLE, Net of Current Portion	288,942	384,089
ASSETS HELD IN CHARITABLE REMAINDER TRUSTS	397,393	388,605
BENEFICIAL INTEREST IN THIRD-PARTY TRUST	81,716	78,036
COLLECTIONS (Note 11)	-	-
PROPERTY AND EQUIPMENT, Net	2,955,987	3,048,297
OTHER ASSETS	41,628	-
SOFTWARE DEVELOPMENT, Net	147,842	296,992
Total Assets	\$ 10,615,806	\$ 10,613,449

See accompanying Notes to Financial Statements.

LIABILITIES AND NET ASSETS	<u>2016</u>	<u>2015</u>
CURRENT LIABILITIES		
Accounts Payable	\$ 70,106	\$ 39,429
Accrued Expenses and Deferred Revenue	155,581	160,056
Current Portion of Annuities Payable	<u>7,204</u>	<u>7,204</u>
Total Current Liabilities	232,891	206,689
ANNUITIES PAYABLE, Net	29,717	41,211
DUE TO OTHER BENEFICIARIES OF CHARITABLE REMAINDER TRUSTS	<u>258,797</u>	<u>257,742</u>
Total Liabilities	521,405	505,642
NET ASSETS		
Unrestricted:		
Operating	(68,156)	(44,576)
Board Designated	-	43,777
Property and Equipment	2,955,987	3,048,297
Software Development	<u>147,842</u>	<u>296,992</u>
Total Unrestricted	3,035,673	3,344,490
Temporarily Restricted	2,422,573	2,129,776
Permanently Restricted	<u>4,636,155</u>	<u>4,633,541</u>
Total Net Assets	<u>10,094,401</u>	<u>10,107,807</u>
Total Liabilities and Net Assets	<u>\$ 10,615,806</u>	<u>\$ 10,613,449</u>

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:				
General and Administrative	535,623	-	-	535,623
Fundraising	206,745	-	-	206,745
Total Supporting Services	<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 Long Term Purposes	-	25,000	500	25,500
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.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING REVENUE AND SUPPORT				
Grants and Contributions	\$ 1,078,619	\$ 694,682	\$ -	\$ 1,773,301
Membership Dues	235,057	-	-	235,057
Program Fees, Services, and Other Income	304,055	-	-	304,055
Investment Return Designated for Current Operations	220,483	-	-	220,483
Gross Margin on Plant and Merchandise Sales	241,358	-	-	241,358
Admissions	88,498	-	-	88,498
Net Assets Released from Restrictions	145,468	(145,468)	-	-
Total Operating Revenue and Support	<u>2,313,538</u>	<u>549,214</u>	<u>-</u>	<u>2,862,752</u>
OPERATING EXPENSES				
Program Services:				
Conservation	812,497	-	-	812,497
Education	275,191	-	-	275,191
Horticulture	563,405	-	-	563,405
Member Services	129,484	-	-	129,484
Retail Shops	206,139	-	-	206,139
Sanctuaries	35,999	-	-	35,999
Total Program Services	<u>2,022,715</u>	<u>-</u>	<u>-</u>	<u>2,022,715</u>
Supporting Services and Other:				
General and Administrative	462,232	-	-	462,232
Fundraising	232,601	-	-	232,601
Total Supporting Services and Other	<u>694,833</u>	<u>-</u>	<u>-</u>	<u>694,833</u>
Total Operating Expenses	<u>2,717,548</u>	<u>-</u>	<u>-</u>	<u>2,717,548</u>
CHANGES IN NET ASSETS FROM OPERATIONS	(404,010)	549,214	-	145,204
NONOPERATING REVENUES (EXPENSES)				
Investment Returns, Net of Spending Policy	(10,704)	(248,188)	-	(258,892)
Contributions for Capital Expenditures	-	11,000	-	11,000
Endowment Contributions	-	-	2,000	2,000
Changes in Value of Split-Interest Agreements	1,749	(6,656)	(6,960)	(11,867)
Gain on Disposal of Property and Equipment	(4,125)	-	-	(4,125)
Net Assets Released from Capital and Equipment Restrictions	176,821	(176,821)	-	-
Total Nonoperating Revenues, Net	<u>163,741</u>	<u>(420,665)</u>	<u>(4,960)</u>	<u>(261,884)</u>
CHANGES IN NET ASSETS	<u>\$ (240,269)</u>	<u>\$ 128,549</u>	<u>\$ (4,960)</u>	<u>\$ (116,680)</u>

See accompanying Notes to Financial Statements.

**NEW ENGLAND WILD FLOWER SOCIETY, INC.
STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
NET ASSETS - DECEMBER 31, 2014	\$ 3,584,759	\$ 2,001,227	\$ 4,638,501	\$ 10,224,487
Changes in Net Assets	<u>(240,269)</u>	<u>128,549</u>	<u>(4,960)</u>	<u>(116,680)</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	<u>\$ 3,035,673</u>	<u>\$ 2,422,573</u>	<u>\$ 4,636,155</u>	<u>\$ 10,094,401</u>

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			Total
	Conservation	Education	Horticulture	Member Services	Retail Shops	Sanctuaries	Total Program Services	General and Administrative	Fundraising	
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	-	1,604	42	2,314	16,653	-	20,613	5,681	2,163	28,457
Meals and Entertainment	2,181	1,186	305	1,819	245	-	5,736	1,302	2,963	10,001
Dues and Subscriptions	673	-	2,109	-	126	-	2,908	4,577	435	7,920
Bad Debt Expense	-	-	-	-	-	-	-	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.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015

	Program Services						Supporting Services and Other			
	Conservation Activities	Education Activities	Horticulture	Member Services	Retail Shops	Sanctuaries	Total Program Services	General and Administrative	Fundraising	Total
PAYROLL AND RELATED										
Salaries	\$ 272,482	\$ 128,850	\$ 266,535	\$ 64,941	\$ 127,362	\$ 7,408	\$ 867,578	\$ 246,231	\$ 148,273	\$ 1,262,082
Payroll Taxes and Fringe Benefits	54,627	21,024	56,658	11,758	14,904	1,333	160,304	43,508	24,988	228,800
Total Payroll and Related	<u>327,109</u>	<u>149,874</u>	<u>323,193</u>	<u>76,699</u>	<u>142,266</u>	<u>8,741</u>	<u>1,027,882</u>	<u>289,739</u>	<u>173,261</u>	<u>1,490,882</u>
OTHER										
Professional and Consultant Services	264,914	63,794	20,901	1,392	1,888	-	352,889	73,861	2,228	428,978
Program Expense	13,975	11,124	16,587	18,106	9,487	2,098	71,377	11,069	11,943	94,389
Printing and Postage	15,379	9,061	2,596	20,956	595	31	48,618	3,397	13,106	65,121
Repairs and Maintenance	5,240	2,801	27,599	1,635	4,164	4,204	45,643	14,733	1,635	62,011
Utilities	3,999	3,899	24,904	2,201	4,224	844	40,071	2,500	2,201	44,772
Insurance	-	-	1,821	-	-	-	1,821	46,613	-	48,434
Program Supplies	5,970	1,354	33,636	1,146	4,274	528	46,908	5,070	1,486	53,464
Advertising	-	-	12,841	80	15,703	-	28,624	-	-	28,624
Travel & Conferences	6,770	2,190	4,750	485	2,088	1,164	17,447	399	2,377	20,223
Telephone	1,920	1,935	7,641	1,911	2,313	286	16,006	3,228	2,900	22,134
Miscellaneous	-	1,930	-	2,249	14,391	-	18,570	4,278	1,750	24,598
Meals and Entertainment	1,995	6,912	270	784	49	-	10,010	789	17,439	28,238
Bad Debts	-	-	-	-	-	-	-	-	-	-
Dues and Subscriptions	250	-	1,321	-	50	-	1,621	423	435	2,479
Depreciation	15,827	20,317	85,345	1,840	4,647	18,103	146,079	6,133	1,840	154,052
Amortization	149,149	-	-	-	-	-	149,149	-	-	149,149
Total Other	<u>485,388</u>	<u>125,317</u>	<u>240,212</u>	<u>52,785</u>	<u>63,873</u>	<u>27,258</u>	<u>994,833</u>	<u>172,493</u>	<u>59,340</u>	<u>1,226,666</u>
Total Expenses	<u>\$ 812,497</u>	<u>\$ 275,191</u>	<u>\$ 563,405</u>	<u>\$ 129,484</u>	<u>\$ 206,139</u>	<u>\$ 35,999</u>	<u>\$ 2,022,715</u>	<u>\$ 462,232</u>	<u>\$ 232,601</u>	<u>\$ 2,717,548</u>

See accompanying Notes to Financial Statements.

NEW ENGLAND WILD FLOWER SOCIETY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ (13,406)	\$ (116,680)
Adjustments to Reconcile Changes in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	160,720	154,052
Amortization	149,150	149,149
Contributions for Endowment	(500)	(2,000)
Contributions for Capital Expenditures	(25,000)	(11,000)
Discount on Grants and Pledges Receivable	(4,853)	15,911
Net Realized and Unrealized (Gains) Losses on Investments	(340,799)	143,546
Changes in Value of Split-Interest Agreements	(15,288)	11,867
(Gain) Loss on Sale of Property and Equipment	(30,000)	4,125
Changes in Operating Assets and Liabilities:		
Accounts Receivable	29,185	(28,500)
Grants and Pledges Receivable	(125,000)	(453,000)
Inventory	(4,988)	(11,147)
Prepaid Expenses	(1,680)	5,044
Software Development	-	(530)
Other Assets	(41,628)	-
Accounts Payable	30,677	(19,126)
Accrued Expenses and Deferred Revenue	(4,475)	32,870
Annuity Payable	(7,619)	(7,792)
Net Cash Used by Operating Activities	(245,504)	(133,211)
 CASH FROM INVESTING ACTIVITIES		
Proceeds from Sale of Property and Equipment	30,000	-
Purchases of Property and Equipment	(68,410)	(196,427)
Purchases of Investments	(509,374)	(234,510)
Proceeds from Sales of Investments	754,696	787,386
Net Cash Provided by Investing Activities	206,912	356,449
 CASH FROM FINANCING ACTIVITIES		
Contributions for Capital Expenditures	25,000	11,000
Contributions for Endowment	500	2,000
Net Cash Provided by Financing Activities	25,500	13,000
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(13,092)	236,238
 Cash and Cash Equivalents - Beginning of Year	424,340	188,102
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 411,248	\$ 424,340

See accompanying Notes to Financial Statements.

**NEW ENGLAND WILD FLOWER SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

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.

At the end of 2016, the Society was nearing completion of a new five-year strategic plan, which the board of trustees approved in February 2017. The plan 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:

	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

NEW ENGLAND WILD FLOWER SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

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

Revenue Recognition (Continued)

	2015		
	<u>Plants</u>	<u>Merchandise</u>	<u>Total</u>
Gross Sales	\$ 355,858	\$ 98,807	\$ 454,665
Cost of Sales	<u>(155,562)</u>	<u>(57,745)</u>	<u>(213,307)</u>
Total	<u>\$ 200,296</u>	<u>\$ 41,062</u>	<u>\$ 241,358</u>

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.

**NEW ENGLAND WILD FLOWER SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

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

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.

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:

	2016	2015
Merchandise	\$ 66,625	\$ 62,739
Plants	27,839	26,737
Subtotal	94,464	89,476
Less: Inventory Reserve	(5,000)	(5,000)
Total	\$ 89,464	\$ 84,476

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, 2016 AND 2015

**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

Software Development

Software development for the Go Botany website is amortized over a five-year period using the straight-line method. Amortization expense for both the years ended December 31, 2016 and 2015 was \$149,149.

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. Contributed services in the amount of \$157,548 and \$232,203 were recorded for the years ended December 31, 2016 and 2015, respectively.

**NEW ENGLAND WILD FLOWER SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

**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.
- **Property and Equipment Net Assets** reflect and account for the activities relating to the Society's property and equipment.
- **Software Development Net Assets** reflect and account for the activities relating to the Society's software development.

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>2016</u>	<u>2015</u>
Purpose Restrictions	\$ 340,883	\$ 406,297
Time Restricted Trusts	124,721	115,861
Time Restricted Pledges	713,942	584,089
Accumulated Appreciation of Permanently Restricted Endowment (see Note 10)	1,218,482	998,984
Pooled Income	<u>24,545</u>	<u>24,545</u>
Total	<u>\$ 2,422,573</u>	<u>\$ 2,129,776</u>

Permanently Restricted Net Assets

Permanently restricted net assets are 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, 2016 AND 2015**

**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 10, 2017, 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, 2016 and 2015, 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:

	2016	2015
Program Receivables	\$ 68,548	\$ 102,142
Other Receivables	17,721	10,624
Less: Reserve for Bad Debt	(7,134)	(4,446)
Total	\$ 79,135	\$ 108,320

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:

	2016	2015
Grants and Pledges Receivable	\$ 725,000	\$ 712,766
Less: Discount (using rates 1.0-2.18%)	(11,058)	(15,911)
Total	\$ 713,942	\$ 696,855

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, 2016 AND 2015

NOTE 3 GRANTS AND PLEDGES RECEIVABLE (CONTINUED)

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

Year 1	\$ 425,000
Years 2-5	<u>300,000</u>
Total	<u><u>\$ 725,000</u></u>

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2016</u>	<u>2015</u>
Land	\$ 962,966	\$ 962,966
Buildings	3,164,044	3,129,471
Furniture, Fixtures, and Equipment	587,622	598,180
Land Improvements	<u>586,583</u>	<u>557,874</u>
Subtotal	5,301,215	5,248,491
Less: Accumulated Depreciation	<u>(2,345,228)</u>	<u>(2,200,194)</u>
Total	<u><u>\$ 2,955,987</u></u>	<u><u>\$ 3,048,297</u></u>

Depreciation expense for the years ended December 31, 2016 and 2015 was \$160,720 and \$154,052, 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.

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.

NEW ENGLAND WILD FLOWER SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 5 INVESTMENTS (CONTINUED)

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:

	2016		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
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	2,114,067	3,367,976	1,253,909
Exchange Traded Funds - Equity	589,858	604,744	14,886
Total Equity	2,703,925	3,972,720	1,268,795
 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	122,029	115,918	(6,111)
Total Fixed Income	1,053,813	1,090,979	37,166
Money Market Accounts	360,103	360,103	-
Stocks	230,002	245,466	15,464
Total	\$ 4,347,843	\$ 5,669,268	\$ 1,321,425

NEW ENGLAND WILD FLOWER SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 5 INVESTMENTS (CONTINUED)

	2015		
	Cost	Fair Value	Unrealized Appreciation
EQUITY			
Mutual Funds:			
Spartan Total Index FID Advantage	\$ 1,484,530	\$ 2,513,897	\$ 1,029,367
Spartan Intl Index FID Advantage	477,561	513,132	35,571
Total Mutual Funds - Equity	<u>1,962,091</u>	<u>3,027,029</u>	<u>1,064,938</u>
Exchange Traded Funds - Equity	557,231	526,367	(30,864)
Total Equity	<u>2,519,322</u>	<u>3,553,396</u>	<u>1,034,074</u>
FIXED INCOME			
Mutual Funds:			
Vanguard Bond Index Total MKT Investor	681,298	715,068	33,770
Vanguard Intermed TRV INVST GR INVEST	220,457	235,343	14,886
T. Rowe Price International Bond	<u>137,405</u>	<u>128,120</u>	<u>(9,285)</u>
Total Fixed Income	1,039,160	1,078,531	39,371
Money Market Accounts	657,635	657,635	-
Stocks	<u>226,100</u>	<u>284,229</u>	<u>58,129</u>
Total	<u>\$ 4,442,217</u>	<u>\$ 5,573,791</u>	<u>\$ 1,131,574</u>

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

	2016	2015
Interest and Dividends	\$ 113,974	\$ 105,137
Net Realized Gains	2,974	33,098
Net Unrealized Gains (Losses)	<u>337,825</u>	<u>(176,644)</u>
Total Investment Returns	454,773	(38,409)
Less: Investment Return Designated for Operations	<u>230,223</u>	<u>220,483</u>
Investment Returns, Net of Spending Policy	<u>\$ 224,550</u>	<u>\$ (258,892)</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 Under 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, 2016 AND 2015

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, 2016 and 2015, was \$36,921 and \$48,415, 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:

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

NEW ENGLAND WILD FLOWER SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 9 FAIR VALUE MEASUREMENTS (CONTINUED)

	2015		
	Level 1	Level 2	Level 3
Investments	<u>\$ 5,573,791</u>	<u>\$ -</u>	<u>\$ -</u>
Assets Held Under			
Charitable Remainder Trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 388,605</u>
Due to Other Beneficiaries of			
Charitable Remainder Trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (257,742)</u>
Beneficial Interest			
in Third-Party Trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,036</u>
Annuities Payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (48,415)</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, 2014	\$ 417,889
Changes in Value of Split-Interest Agreements	<u>(29,284)</u>
December 31, 2015	388,605
Changes in Value of Split-Interest Agreements	<u>8,788</u>
Assets Held Under Charitable Remainder Trust - December 31, 2016	<u>\$ 397,393</u>
Due to Other Beneficiaries of Charitable Remainder Trusts - December 31, 2014	\$ 274,777
Changes in Value of Split-Interest Agreements	<u>(17,035)</u>
December 31, 2015	257,742
Changes in Value of Split-Interest Agreements	<u>1,055</u>
Due to Other Beneficiaries of Charitable Remainder Trusts - December 31, 2016	<u>\$ 258,797</u>
Beneficial Interest in Third-Party Trust - December 31, 2014	\$ 79,403
Changes in Value of Split-Interest Agreements	<u>(1,367)</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>
Annuities Payable - December 31, 2014	\$ 57,956
Changes in Value of Split-Interest Agreements	<u>(1,749)</u>
Payments	<u>(7,792)</u>
Annuities Payable - December 31, 2015	48,415
Changes in Value of Split-Interest Agreements	<u>(3,875)</u>
Payments	<u>(7,619)</u>
Annuities Payable - December 31, 2016	<u>\$ 36,921</u>

NEW ENGLAND WILD FLOWER SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

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, 2016 and 2015.

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 \$332 and \$4,564 at December 31, 2016 and 2015, respectively.

The endowment net assets include a beneficial interest in third-party trust which is not subject to UPMIFA.

NEW ENGLAND WILD FLOWER SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

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, 2014	\$ -	\$ 1,247,172	\$ 4,638,501	\$ 5,885,673
Contributions			2,000	2,000
Change in Value of Interest in Charitable Remainder Trust	-	-	(6,960)	(6,960)
Investment Income:				
Interest and Dividends	-	105,220	-	105,220
Net Realized and Unrealized Gains	(4,564)	(132,925)	-	(137,489)
Appropriation of Endowment Assets for Spending Policy	<u>-</u>	<u>(220,483)</u>	<u>-</u>	<u>(220,483)</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 Losses	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	<u>\$ (332)</u>	<u>\$ 1,218,482</u>	<u>\$ 4,636,155</u>	<u>\$ 5,854,305</u>

NEW ENGLAND WILD FLOWER SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 10 ENDOWMENT FUNDS (CONTINUED)

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

	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	95,419	-
Herbert J. and Esther M. Atkinson Conservation Fellowship Fund	104,784	-
Lovejoy Conservation Fellowship Fund	100,000	14,309
Seeds of Hope Endowment Fund	500,000	24,122
Robert P.T. Coffin Sanctuary	2,000	2,655
Sanctuaries Endowment Fund	1,000	184
Nasami Sanctuary Legacy Fund	37,285	2,296
Mildred Cloudman Endowment Fund	92,623	17,148
Gayle O. Chorske Memorial Fund	9,600	1,113
Pierce Woodland Garden Endowment Fund	65,020	4,710
Chester B. Allen, Jr. Native Plant Propagation and Horticulture Internship	202,125	32,012
Vermont Endowment Fund	1,000	185
Total	<u>\$ 4,636,155</u>	<u>\$ 1,218,482</u>

NEW ENGLAND WILD FLOWER SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 10 ENDOWMENT FUNDS (CONTINUED)

	2015	
	Permanently Restricted	Temporarily Restricted
New England Flora Endowment Fund	\$ 363,085	\$ 52,059
Homer C. Lucas Endowment Fund	100,758	116,627
Arthur D. Norcross Endowment Fund	100,000	100,132
Marylee Everett Conservation Fellowship Endowment Fund	100,000	2,182
Oscar M. Root Endowment Fund	128,219	10,419
Kathryn S. Taylor Endowment Fund	28,535	58,799
Garden in the Woods Endowment Fund	422,515	370,440
General Endowment Fund	430,441	173,418
Eshqua Bog Endowment Fund	5,696	1,857
Permanent Conservation Endowment Fund	1,745,550	57,385
Assets Held Under Charitable Remainder Trust Herbert J. and Esther M. Atkinson Conservation Fellowship Fund	93,305	-
	104,784	-
Lovejoy Conservation Fellowship Fund	100,000	9,871
Seeds of Hope Endowment Fund	500,000	3,774
Robert P.T. Coffin Sanctuary	2,000	2,474
Sanctuaries Endowment Fund	1,000	138
Nasami Sanctuary Legacy Fund	37,285	759
Mildred Cloudman Endowment Fund	92,623	12,887
Gayle O. Chorske Memorial Fund	9,600	698
Pierce Woodland Garden Endowment Fund	65,020	2,003
Chester B. Allen, Jr. Native Plant Propagation and Horticulture Internship	202,125	22,923
Vermont Endowment Fund	1,000	139
Total	<u>\$ 4,633,541</u>	<u>\$ 998,984</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 consists of approximately 1,500 varieties of plants native to North America. At Garden in the Woods, an accredited living museum, these 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, 2016 AND 2015

NOTE 11 COLLECTIONS AND PATENTS (CONTINUED)

The Society has a library of approximately 4,100 volumes of material related to botany and horticulture; approximately 34,200 images of native plants, regional flora, and habitats; approximately 3,740 specimen sheets of New England native plants; and 252 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, 2016 and 2015.

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 \$716 is included in depreciation expense in the accompanying statement of functional expenses for both the years ended December 31, 2016, and 2015.

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 \$36,343 and \$37,324 for the years ended December 31, 2016 and 2015, 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, 2016, contribution and grant revenue from one donor comprised 17% of total grant and contribution revenue. At December 31, 2016, amounts due from this grantor comprised 32% of total grants and pledges receivable.

NOTE 14 CONDITIONAL GRANT

At December 31, 2016, the Society has a conditional contribution receivable in the amount of \$300,000 which has not yet been recorded. The Society will recognize the contribution revenue when the conditions are substantially met.