

MASSACHUSETTS HORTICULTURAL SOCIETY

FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

YEAR ENDED SEPTEMBER 30, 2015

(With Summarized Comparative Information for 2014)

Smith  Sullivan
& Brown PC
CERTIFIED PUBLIC ACCOUNTANTS

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MASSACHUSETTS HORTICULTURAL SOCIETY

REPORT ON FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015

(With Summarized Comparative Information for 2014)

Mission Statement

Founded in 1829, the Massachusetts Horticultural Society is dedicated to encouraging the science and practice of horticulture and developing the public's enjoyment, appreciation, and understanding of plants and the environment.

MASSACHUSETTS HORTICULTURAL SOCIETY

REPORT ON FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2015
(With Summarized Comparative Information for 2014)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Massachusetts Horticultural Society
Wellesley, Massachusetts

We have audited the accompanying financial statements of Massachusetts Horticultural Society (a Massachusetts nonprofit organization), which comprise the statement of financial position as of September 30, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Massachusetts Horticultural Society as of September 30, 2015 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Board of Directors
Massachusetts Horticultural Society

Report on Summarized Comparative Information

We have previously audited Massachusetts Horticultural Society's fiscal year 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 20, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Smith, Sullivan & Brown, PC

Westborough, Massachusetts
December 17, 2015

MASSACHUSETTS HORTICULTURAL SOCIETY

STATEMENTS OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2015 AND 2014

ASSETS

	<u>2015</u>	<u>2014</u>
<u>CURRENT ASSETS:</u>		
Cash	\$ 369,308	\$ 297,565
Accounts Receivable, Program Services	7,403	2,059
Pledges Receivable	5,200	11,200
Prepaid Expenses	24,015	15,731
Total Current Assets	<u>405,926</u>	<u>326,555</u>
<u>PROPERTY AND EQUIPMENT:</u>		
Net of Accumulated Depreciation	<u>2,900,110</u>	<u>3,020,345</u>
<u>COLLECTIONS (Note 3)</u>		
	<u>623,289</u>	<u>573,789</u>
<u>NON-CURRENT ASSETS:</u>		
Long-Term Investments	1,275,980	1,220,855
Beneficial Interest in Remainder Trust	115,658	126,128
Beneficial Interest in Perpetual Trust	50,766	54,821
Pledges Receivable	-	4,700
Total Non-Current Assets	<u>1,442,404</u>	<u>1,406,504</u>
<u>TOTAL ASSETS</u>	<u>\$ 5,371,729</u>	<u>\$ 5,327,193</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES:</u>		
Accounts Payable	\$ 27,968	\$ 23,353
Accrued Expenses	25,678	22,699
Accrued Salaries and Related Costs	25,452	16,566
Deposits for Function Rentals	179,285	120,293
Deferred Membership Dues	129,169	138,771
Deferred Rental and Other Revenue	3,540	8,335
Retirement Obligation, Current Portion	7,283	6,725
Total Current Liabilities	<u>398,375</u>	<u>336,742</u>
<u>NON-CURRENT LIABILITIES:</u>		
Retirement Obligation, Net of Current Portion	9,965	17,245
Security Deposits	3,500	4,100
Total Non-Current Liabilities	<u>13,465</u>	<u>21,345</u>
<u>TOTAL LIABILITIES</u>	<u>411,840</u>	<u>358,087</u>
<u>NET ASSETS:</u>		
Unrestricted Net Assets	3,554,664	3,679,815
Temporarily Restricted Net Assets	373,697	253,708
Permanently Restricted Net Assets	1,031,528	1,035,583
Total Net Assets	<u>4,959,889</u>	<u>4,969,106</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 5,371,729</u>	<u>\$ 5,327,193</u>

MASSACHUSETTS HORTICULTURAL SOCIETY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(With Summarized Comparative Totals for 2014)

<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL ACTIVITIES</u>	
				<u>2015</u>	<u>2014</u>
<i>Program Revenue:</i>					
Membership Dues	\$ 318,579	\$ -	\$ -	\$ 318,579	\$ 319,425
Rental Income	433,167	-	-	433,167	435,037
Commission Income	24,086	-	-	24,086	27,560
Education Programs and Events	156,759	-	-	156,759	142,165
<i>Gifts, Grants and Contributions:</i>					
Contributions and Grants	131,433	430,796	-	562,229	265,137
Fund Raising Events, Net	67,073	3,508	-	70,581	44,611
Donated Goods and Services	181,550	-	-	181,550	228,827
<i>Other Revenues:</i>					
Investment Return	503	24,131	-	24,634	116,577
Change in Value of Beneficial Interest in Trusts	(10,470)	-	(4,055)	(14,525)	8,697
Gain on Settlement of Accounts Payable	-	-	-	-	43,590
Other Miscellaneous Revenue	6,492	-	-	6,492	24,758
<i>Reclassification of Net Assets:</i>					
Satisfaction of Donor Restrictions	338,446	(338,446)	-	-	-
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>1,647,618</u>	<u>119,989</u>	<u>(4,055)</u>	<u>1,763,552</u>	<u>1,656,384</u>
<u>FUNCTIONAL EXPENSES BEFORE DEPRECIATION:</u>					
Program Services	1,241,441	-	-	1,241,441	1,313,723
Administrive	231,613	-	-	231,613	189,528
Fund Raising	101,917	-	-	101,917	82,568
<u>TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION</u>	<u>1,574,971</u>	<u>-</u>	<u>-</u>	<u>1,574,971</u>	<u>1,585,819</u>
<u>CHANGE IN NET ASSETS BEFORE DEPRECIATION</u>	<u>72,647</u>	<u>119,989</u>	<u>(4,055)</u>	<u>188,581</u>	<u>70,565</u>
Depreciation Expense	(197,798)	-	-	(197,798)	(223,815)
<u>TOTAL CHANGE IN NET ASSETS</u>	<u>(125,151)</u>	<u>119,989</u>	<u>(4,055)</u>	<u>(9,217)</u>	<u>(153,250)</u>
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>3,679,815</u>	<u>253,708</u>	<u>1,035,583</u>	<u>4,969,106</u>	<u>5,122,356</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 3,554,664</u>	<u>\$ 373,697</u>	<u>\$ 1,031,528</u>	<u>\$ 4,959,889</u>	<u>\$ 4,969,106</u>

MASSACHUSETTS HORTICULTURAL SOCIETY

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(With Summarized Comparative Totals for 2014)

	<u>PROGRAM</u>	<u>ADMINI-</u>	<u>FUND</u>	<u>TOTAL</u>	
	<u>EXPENSES</u>	<u>STRATIVE</u>	<u>RAISING</u>	<u>FUNCTIONAL EXPENSES</u>	
				<u>2015</u>	<u>2014</u>
Salaries and Wages	\$ 504,692	\$ 131,358	\$ 55,309	\$ 691,359	\$ 553,780
Payroll Taxes	45,091	11,736	4,941	61,768	61,719
Employee Benefits	41,639	10,838	4,563	57,040	77,554
Consultants and Professional Fees	27,623	27,323	7,041	61,987	114,679
Volunteer Services	119,000	13,050	-	132,050	228,827
Legal Fees	-	2,710	-	2,710	93
Insurance	44,443	11,567	4,871	60,881	80,692
Advertising	4,311	-	4,119	8,430	12,988
Maintenance and Repairs	120,497	3,766	1,255	125,518	75,102
Security, Rent and Utilities	124,000	3,875	1,292	129,167	130,898
Program Materials and Event Expenses	85,638	-	-	85,638	69,692
Membership Expenses	7,598	-	-	7,598	8,751
Printing and Postage	28,052	2,145	14,072	44,269	56,658
Website and Internet	19,628	5,109	2,151	26,888	33,628
Telephone	20,788	5,411	2,278	28,477	24,713
Dues and Subscriptions	1,602	519	25	2,146	5,032
Travel and Vehicle Expenses	16,577	-	-	16,577	21,319
Bank and Credit Card Fees	30,262	-	-	30,262	29,019
Miscellaneous Expenses	-	2,206	-	2,206	675
Total Functional Expenses Before Depreciation	1,241,441	231,613	101,917	1,574,971	1,585,819
Depreciation Expense	189,886	5,934	1,978	197,798	223,815
Total Functional Expenses	<u>\$ 1,431,327</u>	<u>\$ 237,547</u>	<u>\$ 103,895</u>	<u>\$ 1,772,769</u>	<u>\$ 1,809,634</u>

MASSACHUSETTS HORTICULTURAL SOCIETY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in Net Assets	\$ (9,217)	\$ (153,250)
<i>Adjustments to Reconcile the Above to Net Cash Provided (Used) by Operating Activities:</i>		
Gain on Settlement of Accounts Payable	-	(43,590)
Donated Collections	(49,500)	-
Donated Stock	(67,597)	-
Investment Return	(24,634)	(116,577)
Change in Value of Beneficial Interest in Remainder Trust	10,470	(4,618)
Change in Value of Beneficial Interest in Perpetual Trust	4,055	(4,079)
Depreciation Expense	197,798	223,815
<i>(Increase) Decrease in Current Assets:</i>		
Accounts Receivable, Program Services	(5,344)	27,054
Pledges Receivable	6,000	(9,600)
Contributions and Grants Receivable	-	75,000
Prepaid Expenses	(8,284)	(5,332)
<i>Increase (Decrease) in Current Liabilities:</i>		
Accounts Payable	4,615	(23,727)
Accrued Expenses	2,979	(20,048)
Accrued Salaries and Related Costs	8,886	4,438
Deposits for Function Rentals	58,992	5,046
Deferred Membership Dues	(9,602)	(1,781)
Deferred Rental and Other Revenue	(4,795)	1,260
<i>(Increase) Decrease in Non-Current Assets:</i>		
Pledges Receivable	4,700	(4,700)
<i>Increase (Decrease) in Non-Current Liabilities:</i>		
Security Deposits	(600)	500
Net Adjustment	<u>128,139</u>	<u>103,061</u>
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	<u>118,922</u>	<u>(50,189)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Purchases of Property and Equipment	(77,563)	(13,950)
Interest Income	106	215
Proceeds from Sale of Investments	<u>37,000</u>	<u>50,000</u>
Net Cash Flows from Investing Activities	<u>(40,457)</u>	<u>36,265</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Payments on Long-Term Retirement Obligation	<u>(6,722)</u>	<u>(6,210)</u>
Net Cash Flows from Financing Activities	<u>(6,722)</u>	<u>(6,210)</u>
<u>NET INCREASE (DECREASE) IN CASH BALANCES</u>	<u>71,743</u>	<u>(20,134)</u>
<u>CASH BALANCES - BEGINNING OF YEAR</u>	<u>297,565</u>	<u>317,699</u>
<u>CASH BALANCES - END OF YEAR</u>	<u>\$ 369,308</u>	<u>\$ 297,565</u>

MASSACHUSETTS HORTICULTURAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

(With Summarized Comparative Information for 2014)

NOTE 1 ORGANIZATION

Massachusetts Horticultural Society (“Mass Hort” or the “Organization”) was founded in 1829 and later incorporated under the provisions of Massachusetts General Laws Chapter 180 and qualifies as a tax-exempt, not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code (“IRC”). Massachusetts Horticultural Society has been classified as an organization which is not a private foundation under IRC Section 509(a); accordingly, contributions made to this Organization qualify for the maximum charitable deduction for federal income tax purposes.

NOTE 2 PROGRAM SERVICES

The Gardens at Elm Bank:

Massachusetts Horticultural Society is located on 36 acres in the historic Elm Bank Reservation. Elm Bank is on the National Register of Historic Places for its Manor House, designed by Carrere and Hastings, the architects who designed the New York Public Library; its original owner, Benjamin Cheney, founder of American Express; and the landscapes created by the Olmsted Brothers firm in the early 1900’s.

The Gardens at Elm Bank offers adults and children from all backgrounds the opportunity to experience, enjoy and learn about plants and the environment. The campus offers a variety of beautiful gardens including the Welcome Garden at the entrance, the historic Italianate Garden designed by the Olmsted Brothers, the New England Trial Garden, one of three trial gardens in New England that tests varieties hardiness in our zone, the whimsical Weezie’s Children’s, the Bressingham Garden that demonstrates perennial plants for the New England Garden, and the Garden to Table Vegetable Garden that demonstrates raised vegetable garden beds and provides over a ton of produce for two local food pantries. Several plant societies and garden clubs have also installed permanent demonstration and display gardens at Elm Bank.

In 2015, Weezie’s Garden for Children underwent a major renovation, creating a new water feature, outdoor classroom, fairy garden, and vegetable garden.

The Gardens at Elm Bank are open for garden visitors, May through October, Tuesday through Sunday, from 10 a.m. to 4 p. m. Daily children’s programs and garden tours are offered. Members are free and other visitors pay admission.

Education:

Adult Education: Adult education includes a selection of horticultural/gardening/environmental lectures and workshops to educate adults, such as Hands on Hort, Art in the Garden, Landscape Design, Floral Design, and other educational offers. Thursday Night at the Hort is our evening lecture on a variety of horticultural issues.

Youth Education: Mass Hort’s educational programs for youth focus on the science of growing plants, healthy nutrition, and the importance of nature and the environment. The Mass Hort Plantmobile is a traveling plant science workshop that provides experiential educational programs for children in grades K-8. A member of the Mass Hort educational staff will come to your classroom to present each program. Our emphasis is on hands-on individual and group activities. Our program is based on the Massachusetts Science and Technology Frameworks. Each workshop is designed to deliver a positive and unique learning experience to students. Additionally, programming for young children at Mass Hort takes place during the season in Weezie’s Children’s Garden.

MASSACHUSETTS HORTICULTURAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

(With Summarized Comparative Information for 2014)

(Continued)

NOTE 2 (Continued)

Membership:

Membership in the Massachusetts Horticultural Society provides access to information, learning and horticultural experiences, while supporting one of America's oldest charitable institutions. Membership benefits include free admission to The Gardens at Elm Bank, our headquarters in Wellesley/Dover, MA, as well as a monthly electronic newsletter, *The Leaflet*, borrowing privileges at our circulating library, discounts to our horticultural lectures and workshops, a one-year magazine subscription for *Organic Gardening*, flower show tickets, a \$25 gift certificate from White Flower Farm and a \$25 gift certificate from Weston Nurseries, free/discounts admission to gardens and arboreta here at home and across the country with the American Horticultural Society reciprocal program and discounts at over seventy of our green partner nurseries.

Mass Hort Library:

Mass Hort's Horticultural Library is one of the oldest horticultural resource centers in the world and is renowned for its collection of books related to early agriculture, horticulture, and landscape design. The circulating library of over 20,000 books is available to all members and is a resource for every level of gardener. The collection includes 5,000 rare books and a manuscript collection stored offsite with the William B. Meyer Company. The Library is open Monday through Friday, 10 AM - 5 PM. The library sponsors many programs, including a book club and an author series.

In 2015, the Mass Hort library digitized its Botanical Print Collections, making it available online to students, scholars, writers, and the general public. Visiting the Digital Commonwealth site: <https://www.digitalcommonwealth.org/collections/commonwealth:k930hm897> people from all over the world can enjoy this beautiful collection, with prints dating from 1620 to 1969.

Spring Flower Show: *Mass Hort at the Flower Show*

Mass Hort runs the amateur competitions (branded *Mass Hort at the Flower Show*) at the Boston Flower and Garden Show that is owned and operated by Paragon Group. Mass Hort manages the show's amateur competitions in design and horticulture, including floral design, amateur horticulture, photography, and miniature gardens. It's a 133-year tradition for Mass Hort and our largest horticulture outreach effort, with over 67,000 people visiting the show.

Honorary Medals Horticultural Awards:

At the turn of the 20th century, the Massachusetts Horticultural Society began the practice of conferring honorary medals on those individuals and institutions it regarded as important contributors to the art and science of horticulture. This 115 year old tradition honors excellence in horticulture. Over ten awardees receive various medals: George Robert White Medal of Honor, Jackson Dawson Memorial Award, Thomas Roland Medal, and Gold and Silver medals.

MASSACHUSETTS HORTICULTURAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

(With Summarized Comparative Information for 2014)

(Continued)

NOTE 2 *(Continued)*

The Gardeners' Fair:

Held in May, at The Gardens at Elm Bank, The Gardeners' Fair offers plants and horticulture related products focusing on fulfilling the gardener's spring and summer needs to get their garden, deck, and/or yard ready for the growing season. The goal of this event is horticultural outreach and establishing Mass Hort as the "source" of information for the garden.

The Festival of Trees and Snow Village:

This annual community outreach and fundraising event showcases beautifully decorated Christmas trees and an exhibit of model trains and holiday village vignettes. Visitors purchase raffle tickets and all trees are raffled off at the end of the event. In 2014, the additional of a wonderful donated gift of trains and villages delighted people of all ages with its magical display.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies which affect significant elements of the Organization's financial statements are described below to enhance the usefulness of the financial statements to the reader. The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates; however, adherence to generally accepted accounting principles has, in management's opinion, resulted in reliable and consistent financial reporting by the Organization.

Basis of Accounting:

The Organization's policy is to maintain its books and prepare its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when a liability has been incurred.

Fair Value of Financial Instruments:

The Organization reports required types of financial instruments in accordance with fair value accounting standards. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. These standards require an entity to maximize the use of observable inputs (such as quote prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. In addition, the Organization reports certain investments using the net asset value per share as determined by investment managers under the so called "practical expedient". The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met. Fair value measurement standards also require the Organization to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 reporting, depending on lock-up and notice periods associated with the underlying funds.

MASSACHUSETTS HORTICULTURAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

(With Summarized Comparative Information for 2014)

(Continued)

NOTE 3 *(Continued)*

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

- Level 1 - Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments which are generally included in this category include listed equity and debt securities publicly traded on an exchange.
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in markets that are not active; observable inputs other than quoted prices for the asset or liability (for example, interest rate and yield curves); and inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- Level 3 - Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation. Level 3 also includes practical expedient investments with notice periods for redemption of more than 90 days.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The primary use of fair value measures in the Organization's financial statements are:

- Recurring measurement of investments
- Recurring measurement of beneficial interests in trusts

There have been no changes to this valuation methodology.

Financial Statement Presentation:

As required by the *FASB Accounting Standards Codification*TM, the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. These classifications are related to the existence or absence of donor-imposed restrictions as follows:

Unrestricted Net Assets - consists of assets, public support and program revenues which are available and used for operations and programs. Unrestricted net assets represents the portion of net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Contributions are considered available for unrestricted use unless specifically restricted by the donor. In addition, unrestricted net assets of the Organization may include funds which represent unrestricted resources designated by the Board of Trustees for specific purposes.

MASSACHUSETTS HORTICULTURAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

(With Summarized Comparative Information for 2014)

(Continued)

NOTE 3 *(Continued)*

Temporarily Restricted Net Assets - includes funds with donor-imposed restrictions which permit the donee organization to expend the assets as specified and is satisfied either by the passage of time or by actions of the Organization. Resources of this nature originate from gifts, grants, bequests, contracts and investment income earned on restricted funds.

Permanently Restricted Net Assets - includes resources which have a permanent donor-imposed restriction which stipulates that the assets are to be maintained permanently, but permits the Organization to expend part or all of the income derived from the donated assets.

The accompanying financial statements include certain FY 2014 comparative information. With respect to the Statement of Activities, such prior year information is not presented by net asset class and, in the Statement of Functional Expenses, FY 2014 expenses by line item are in total rather than by functional category. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2014, from which the summarized information was derived.

Receivables:

Accounts Receivable, Program Services primarily represents amounts due under rental agreements and catering commissions. *Pledges Receivable* represent multi-year promises to give related to specific fund raising initiatives.

Receivables are classified as current if they are scheduled for payment within one year, and non-current when the expected payment date exceeds one year. Management periodically reviews specific grants, commitments and agreements to determine if any balances are uncollectible. Management believes that all receivables are collectible; therefore, no allowance for doubtful amounts has been established. If balances due are determined to be uncollectible in subsequent periods, they will be charged to activities at that time. For the years presented, there were no losses on uncollectible accounts, grants or pledges receivable.

Property and Equipment:

Property, equipment, furnishing and improvement purchases in excess of \$500 are capitalized at cost, if purchased, or if donated, at fair value on the date of receipt. Expenditures for maintenance repairs and renewals are charged to expense as incurred, whereas, major betterments are capitalized as additions to property and equipment. Depreciation of property and equipment is computed using the straight-line method, and is charged against income over the estimated useful lives of the assets as expressed in terms of years.

Collections:

Mass Hort possesses a collection of rare books which were acquired through purchases and contributions beginning with the Organization's inception in 1829. The Organization's collection is held for education, research and furtherance of the Organization's goals.

MASSACHUSETTS HORTICULTURAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

(With Summarized Comparative Information for 2014)

(Continued)

NOTE 3 (Continued)

The Organization's policy for recognizing future donations of collection items is to capitalize the collection item and record corresponding contribution revenue in the period received. Additions to the collection are recorded at cost, if purchased, or at fair value if donated. As of September 30, 2015 and 2014, the carrying cost of the rare book collection amounted to \$573,789.

During FY 2015, Mass Hort acquired through contribution a model train collection. The fair value of this collection was \$49,500, which was capitalized and recorded as *Donated Goods and Services* (contribution revenue) in the current year.

The Organization maintains a collection of historically significant glass slides, seed catalogs and a print collection in furtherance of public service and not for financial gain. Management has determined that this collection has no resale value and are of value only to Mass Hort; therefore, the Organization has not capitalized this collection.

The Organization also maintains a circulating library for the benefit of its members. The cost of books purchased for the library is capitalized and included with property and equipment.

Long-Term Investments:

The Organization maintains an investment portfolio which includes publicly traded securities in the form of fixed income and marketable equity securities. As required by *FASB Accounting Standards Codification*TM, investments are reported at their fair value, including unrealized gains and losses. Cash held in brokerage accounts is reported as investments for purposes of these financial statements. Investments are classified as either short-term or long-term, depending upon the underlying intention. All investments in the accompanying financial statements are classified within Level 1 of the fair value hierarchy.

Beneficial Interests in Remainder Trust and Perpetual Trust:

As required by the *FASB Accounting Standards Codification*TM, the Organization's *Beneficial Interest in Remainder Trust* and *Beneficial Interest in Perpetual Trust* are reported at fair value, which is estimated as Mass Hort's ownership percentage of the underlying trust assets, and are classified within Level 3 of the fair value hierarchy.

The change in the value of the *Beneficial Interest in Perpetual Trust* is reported as an increase or decrease in permanently restricted net assets, while the revaluation adjustment for the *Beneficial Interest in Remainder Trust* is reported as a change in the unrestricted net assets. Income earned on assets held in the *Beneficial Interest in Perpetual Trust* is recognized as investment income during the year received.

Endowment Funds:

Mass Hort holds the following three donor-restricted endowment funds: the Educational Endowment, the Weezie Garden Endowment and a General Endowment. As required by the Commonwealth of Massachusetts, the Organization follows the guidance of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). UPMIFA establishes law for the management of investment of donor-restricted endowment funds.

MASSACHUSETTS HORTICULTURAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

(With Summarized Comparative Information for 2014)

(Continued)

NOTE 3 *(Continued)*

The Board of Trustees' interpretation of state law is that the Organization, absent explicit donor stipulations to the contrary, may appropriate as much of the net appreciation as is prudent considering the Organization's long and short-term needs, present and anticipated financial requirements, expected total return on its investments, price-level trends, and general economic conditions.

In accordance with UPMIFA, the Organization considers the following factors in making a determination of whether to invest or appropriate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Income and appreciation earned on General Endowment investments are classified as temporarily restricted until appropriated for expenditure by the Board of Directors based on the above factors. Income and appreciation earned on the Weezie Garden and Educational Endowment investments are classified as temporarily restricted until appropriated for expenditure by the Board of Directors based on the satisfaction of purpose-related restrictions as eligible costs are incurred.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level of the original corpus which is reported as a permanently restricted net asset. As required by the *FASB Accounting Standards Codification*TM, deficiencies of this nature are reported in unrestricted net assets. The Organization has a spending policy of appropriating for distribution each year an amount from the General Endowment appreciation to supplement operating income based on the above criteria. Distributions of investment appreciation on the Weezie Garden and Education Endowments are appropriated as eligible expenditures are incurred.

The Organization takes a conservative approach to investing its endowment funds, which are maintained in fixed income securities, marketable equity securities and cash and are reported as *Long-Term Investments* in the accompanying Statements of Financial Position.

Contributions, Gifts and Grants:

As required by the *FASB Accounting Standards Codification*TM, contributions are required to be recorded as receivables and revenues and the Organization is required to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Contributions may include gifts of cash, bequests, collection items, stocks or promises to give.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value.

MASSACHUSETTS HORTICULTURAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

(With Summarized Comparative Information for 2014)

(Continued)

NOTE 3 (Continued)

Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved when such amounts are considered material. Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction until the restriction expires, at which time temporarily restricted net assets are reclassified to unrestricted net assets.

Program Revenue Recognition:

Membership Dues and Deferred Membership Dues - Membership dues are assessed annually, with staggered membership expirations; therefore, a portion of the revenue generated from the membership renewals is recognized as *Membership Dues* on a monthly basis, with the unexpired portion recorded as *Deferred Membership Dues*, a liability, in the accompanying financial statements.

Rental Income - is primarily derived from the use of Mass Hort's facilities for various functions and a youth camp. Fees for function rental services represent exchange transactions and are considered earned on the date of the event. Deposits received for events to be held in future years are reported as *Deposits for Function Rental* in the accompanying Statements of Financial Position. Mass Hort also receives rent from leasing buildings on its property. The primary sources of rental income for the years presented were from one commercial lease and one residential lease. The Organization leased the first floor of the education building to a commercial entity under a three-year renewable lease, expiring June 30, 2016, with a 120 day cancellation clause by either party. For the years presented, annual rental revenue under this agreement was \$52,872, payable in monthly installments of \$4,406. In addition, for the years ended September 30, 2015 and 2014, the Organization rented a residence on an annual basis with a 90-day cancellation policy for \$42,900 and \$42,000, payable in monthly installments of \$3,575 and \$3,500, respectively. Revenue derived from all rental revenue accounts for 25% and 26% of total support and revenue for the years ended September 30, 2015 and 2014, respectively.

Education Programs and Events - Revenue from the various programs and events held by Mass Hort is considered an exchange transaction and, therefore, is recognized at the time of the event. Revenue received in advance of an event is deferred until the event date and is included in *Deferred Rental and Other Revenue* in the accompanying Statements of Financial Position.

Donated Goods and Services:

As required by the *FASB Accounting Standards Codification*TM, Massachusetts Horticultural Society maintains a policy whereby the value of the donated goods and services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recognized as revenue on the Statement of Activities and are reported as expenses on the Statement of Functional Expenses.

MASSACHUSETTS HORTICULTURAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

(With Summarized Comparative Information for 2014)

(Continued)

NOTE 3 *(Continued)*

Functional Expenses:

Massachusetts Horticultural Society allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases used in conjunction with the Organization's cost allocation plan. Supporting services are those related to operating and managing Massachusetts Horticultural Society and its programs on a day-to-day basis.

Supporting services have been sub-classified as follows:

Administrative - includes all activities related to Massachusetts Horticultural Society's internal management and accounting for program services.

Fund Raising - includes all activities related to maintaining contributor information, writing grant proposals, distribution of materials and other similar projects related to the procurement of donated funds. Direct costs of special fund raising events are netted from the gross event proceeds, while indirect costs are reported as fund raising expenses on the Statement of Functional Expenses. Total fund raising expenses, including both direct and indirect event costs, amounted to \$116,488 and \$97,735, for the years ended September 30, 2015 and 2014, respectively.

Advertising:

Mass Hort uses print advertising and other media to promote its programs and events and to solicit for new members. Advertising costs are expensed as incurred.

Tax Position:

The Organization currently evaluates all tax positions, and makes a determination regarding the likelihood of those positions being upheld under review. The primary tax positions made by the Organization are the existence of Unrelated Business Income Tax and the Organization's status as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. For the years presented, the Organization has not recognized any tax benefits or loss contingencies for uncertain tax positions based on this evaluation.

NOTE 4 PROPERTY AND EQUIPMENT

The following is a summary of the Organization's property and equipment as of September 30, 2015 and 2014:

<u>Asset Category</u>	<u>Est. Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	
				<u>2015</u>	<u>2014</u>
Circulating Library	10	\$ 103,365	\$ 56,785	\$ 46,580	\$ 46,580
Equipment	3 - 7	598,303	563,506	34,797	47,383
Furniture and Fixtures	4 - 30	187,157	175,235	11,922	5,525
Leasehold Improvements (Elm Bank)	30	<u>5,897,224</u>	<u>3,090,413</u>	<u>2,806,811</u>	<u>2,920,857</u>
Total		<u>\$6,786,049</u>	<u>\$3,885,939</u>	<u>\$2,900,110</u>	<u>\$3,020,345</u>

MASSACHUSETTS HORTICULTURAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

(With Summarized Comparative Information for 2014)

(Continued)

NOTE 4 *(Continued)*

During FY 2015, the Organization disposed of fully depreciated property and equipment with an original cost totaling \$313,005 that were no longer in use. As the assets were fully depreciated, there was no gain or loss recognized upon disposition.

The Organization occupies the Elm Bank Reservation under an agreement with the Massachusetts Department of Conservation and Recreation. The parties agreed that the Organization could occupy the grounds rent-free if it restored certain existing buildings and structures on the property. Upon the completion of the Elm Bank renovations in 2003, the Organization's right to occupy the property was extended through April 10, 2065, with an option to extend for a 30-year term.

NOTE 5 LONG-TERM INVESTMENTS

As of September 30, 2015 and 2014, investment costs and unrealized gains and losses consisted of the following components:

<u>Investment Type</u>	<u>September 30, 2015</u>			
	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>
Cash	\$ 282,714	\$ -	\$ -	\$ 282,714
Fixed Income Securities	499,732	5,392	-	505,124
Marketable Equity Securities	<u>370,294</u>	<u>117,848</u>	<u>-</u>	<u>488,142</u>
Total	<u>\$1,152,740</u>	<u>\$123,240</u>	<u>\$ -</u>	<u>\$1,275,980</u>
<u>Investment Type</u>	<u>September 30, 2014</u>			
	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>
Cash	\$ 76,426	\$ -	\$ -	\$ 76,426
Fixed Income Securities	481,202	8,329	-	489,531
Marketable Equity Securities	<u>460,194</u>	<u>194,704</u>	<u>-</u>	<u>654,898</u>
Total	<u>\$1,017,822</u>	<u>\$203,033</u>	<u>\$ -</u>	<u>\$1,220,855</u>

The fair value of Fixed Income and Marketable Equity Securities traded on national securities exchanges is determined by the closing price on the last business day of the fiscal year.

MASSACHUSETTS HORTICULTURAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

(With Summarized Comparative Information for 2014)

(Continued)

NOTE 5 (Continued)

Long-Term Investments are classified as follows for the years presented:

<u>Investment Classification</u>	<u>2015</u>	<u>2014</u>
Unrestricted Investments	\$ 45,292	\$ 52,315
Donor-Restricted Investments	101,677	27,183
Endowment Investments	<u>1,129,011</u>	<u>1,141,357</u>
Total Long-Term Investments	<u>\$1,275,980</u>	<u>\$1,220,855</u>
<u>Components of Investment Return</u>	<u>2015</u>	<u>2014</u>
Interest and Dividends	\$ 31,946	\$ 35,100
Investment Fees	(11,118)	(11,043)
Net Realized Gain on Investments	83,599	45,194
Net Unrealized Gain (Loss) on Investments	<u>(79,793)</u>	<u>47,111</u>
Net Investment Return	<u>\$ 24,634</u>	<u>\$116,362</u>

NOTE 6 RESTRICTED NET ASSETS

Temporarily Restricted:

Temporarily restricted net assets include unexpended contributions and grants temporarily restricted by donors and accumulated investment income earned on restricted funds for the following purposes as of September 30, 2015 and 2014:

<u>Nature of Restriction</u>	<u>2015</u>	<u>2014</u>
Endowment Appreciation	\$148,383	\$160,595
Staff Compensation	77,857	39,201
Garden-To-Table Program	7,838	4,905
Garden-To-Table Cold Frame	2,500	2,500
Weezie's Children's Garden Interns	23,310	27,182
Weezie's Grant	11,707	-
Bridge/Conservatory	78,637	-
Capital Improvements and Repair	16,880	16,115
Fountain Maintenance	2,500	2,500
Other Program Restrictions	<u>4,085</u>	<u>710</u>
Total	<u>\$373,697</u>	<u>\$253,708</u>

MASSACHUSETTS HORTICULTURAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

(With Summarized Comparative Information for 2014)

(Continued)

NOTE 6 *(Continued)*

Net assets released from temporary donor restrictions by incurring expenses which satisfied the restricted purposes, by the passage of time or by the occurrence of events specified by the donors were as follows for the years presented:

<u>Nature of Restriction</u>	<u>2015</u>	<u>2014</u>
Staff Compensation	\$135,949	\$ 96,840
Capital Improvements	15,974	26,800
Garden-To-Table	30,756	58,431
Appropriations from General Endowment	25,000	25,000
Appropriations from Educational Endowment	-	12,000
Weezie's Grant	84,293	-
Flower Show	22,500	20,000
Weezie's Children's Garden Interns	4,174	5,832
Other Projects	<u>19,800</u>	<u>13,240</u>
Total	<u>\$338,446</u>	<u>\$258,143</u>

Permanently Restricted:

Permanently restricted net assets consisted of the following funds as of September 30, 2015 and 2014:

<u>Purpose</u>	<u>2015</u>	<u>2014</u>
Educational Endowment	\$ 230,297	\$ 230,297
General Endowment	396,357	396,357
Weezie's Children's Garden Endowment	<u>354,108</u>	<u>354,108</u>
Total Endowment	980,762	980,762
Beneficial Interest in Perpetual Trust	<u>50,766</u>	<u>54,821</u>
Total Permanently Restricted	<u>\$1,031,528</u>	<u>\$1,035,583</u>

All endowment net assets represent donor designated funds. The following schedule summarizes the change in endowment net assets for the years ended September 30, 2015 and 2014:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Net Assets</u>
Endowment Net Assets, September 30, 2013	\$ 89,329	\$980,762	\$1,070,091
Investment Income	22,383	-	22,383
Investment Gains	85,883	-	85,883
Appropriation for Expenditure	<u>(37,000)</u>	<u>-</u>	<u>(37,000)</u>
Endowment Net Assets, September 30, 2014	160,595	980,762	1,141,357
Investment Income	19,887	-	19,887
Investment Gains (Losses)	(7,099)	-	(7,099)
Appropriation for Expenditures	<u>(25,000)</u>	<u>-</u>	<u>(25,000)</u>
Endowment Net Assets, September 30, 2015	<u>\$148,383</u>	<u>\$980,762</u>	<u>\$1,129,145</u>

MASSACHUSETTS HORTICULTURAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

(With Summarized Comparative Information for 2014)

(Continued)

NOTE 6 *(Continued)*

Beneficial Interest in Remainder Trust and Beneficial Interest in Perpetual Trust:

The following schedule summarizes the change in the *Beneficial Interest in Remainder Trust* and *Beneficial Interest in Perpetual Trust* for the years ended September 30, 2015 and 2014, which is classified within Level 3 of the fair value hierarchy:

	<u>Remainder</u> <u>Trust</u>	<u>Perpetual</u> <u>Trust</u>	<u>Total</u>
Balance as of September 30, 2013	\$121,510	\$50,742	\$172,252
Change in Value of Beneficial Interest	<u>4,618</u>	<u>4,079</u>	<u>8,697</u>
Balance as of September 30, 2014	126,128	54,821	180,949
Change in Value of Beneficial Interest	<u>(10,470)</u>	<u>(4,055)</u>	<u>(14,525)</u>
Balance as of September 30, 2015	<u>\$115,658</u>	<u>\$50,766</u>	<u>\$166,424</u>

NOTE 7 FUND RAISING ACTIVITIES

The Organization sponsors special fund raising events to generate contributions as well as to gain public awareness for its programs and charitable purpose. The results of fund raising events are summarized below:

<u>Event</u>	<u>September 30, 2015</u>				
	<u>Gross</u> <u>Proceeds</u>	<u>Direct</u> <u>Costs</u>	<u>Net Event</u> <u>Revenues</u>	<u>Indirect</u> <u>Costs</u>	<u>Net</u> <u>Proceeds</u>
Festival of Trees	\$77,494	\$10,421	\$67,073	\$5,143	\$61,930
Garden-To-Table "Spirit and Bounty"	<u>5,680</u>	<u>2,172</u>	<u>3,508</u>	<u>-</u>	<u>3,508</u>
Total	<u>\$83,174</u>	<u>\$12,593</u>	<u>\$70,581</u>	<u>\$5,143</u>	<u>\$65,438</u>

<u>Event</u>	<u>September 30, 2014</u>				
	<u>Gross</u> <u>Proceeds</u>	<u>Direct</u> <u>Costs</u>	<u>Net Event</u> <u>Revenues</u>	<u>Indirect</u> <u>Costs</u>	<u>Net</u> <u>Proceeds</u>
Festival of Trees	\$50,830	\$12,929	\$37,901	\$4,189	\$33,712
Garden-To-Table "Spirit and Bounty"	<u>6,710</u>	<u>-</u>	<u>6,710</u>	<u>1,025</u>	<u>5,685</u>
Total	<u>\$57,540</u>	<u>\$12,929</u>	<u>\$44,611</u>	<u>\$5,214</u>	<u>\$39,397</u>

MASSACHUSETTS HORTICULTURAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

(With Summarized Comparative Information for 2014)

(Continued)

NOTE 8 DONATED GOODS AND SERVICES

Donated Services:

For the years presented, the Organization recognized the following in-kind services as expenses and offsetting support in its financial statements:

<u>Description</u>	<u>2015</u>	<u>2014</u>
Garden and Grounds Volunteers	\$ 86,000	\$120,280
Flower Show Volunteers	30,000	25,680
Other Event Volunteers	3,000	6,792
Librarian and Librarian Assistant	-	18,360
Office Administration	13,050	52,715
Legal	-	5,000
Total	<u>\$132,050</u>	<u>\$228,827</u>

Donated Collections:

During FY 2015, a generous gift of a snow village and train model collection valued at \$49,500 was made to the Organization.

NOTE 9 PENSION PLAN

The Organization maintains a defined contribution plan for all eligible employees. The plan is qualified under Internal Revenue Code Section 403(b) and the Employee Retirement Income Security Act. All full-time employees are eligible to participate after six months of service. Participants are required to complete 1,000 or more hours of service annually to maintain eligibility.

The Organization, at the discretion of the finance and investment committee, may make additional contributions. Contributions may be made during any subsequent year in recognition of service with the Organization. All contributions are used to purchase certain mutual funds or a fixed annuity chosen by participants. The Organization's contribution to the plan for the years ended September 30, 2015 and 2014 was \$7,954 and \$8,906, respectively.

The Organization also makes non-qualified retirement payments for two former employees who had worked for an extensive period prior to, or who retired before becoming eligible for participation in the 403(b) plan. In recognition of their past contributions to the Organization, they are each provided annual retirement benefits of \$7,800 for the duration of their lifetime. A one-time expense and liability was recognized at the respective retirement dates based upon available actuarial information. As of September 30, 2015 and 2014, the estimated present value of the deferred compensation obligation for one of these individuals was \$17,248 and \$23,970, respectively, and is reflected as *Retirement Obligation* in the accompanying Statements of Financial Position and further classified as current and non-current. The original obligation as recorded for the other individual has been satisfied; therefore, retirement payments to this individual are expensed as incurred.

MASSACHUSETTS HORTICULTURAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

(With Summarized Comparative Information for 2014)

(Continued)

NOTE 10 SETTLEMENT OF ACCOUNTS PAYABLE

During the year ended September 30, 2014, Management determined that old, outstanding amounts due to various vendors were no longer owed, as the vendors had accepted a reduced amount in settlement of the obligations. This determination reduced the Organization's accounts payable balance by \$43,590 in FY 2014, and is presented as *Gain on Settlement of Accounts Payable* in the accompanying Statement of Activities.

NOTE 11 CONCENTRATIONS

Cash and Investments:

The Organization is subject to concentrations in credit risk relating primarily to cash and investments. For each of the years presented, the majority of the Organization's cash deposits and investments are held primarily in one financial institution. Cash deposits are insured by the Federal Deposit Insurance Corporation ("FDIC") under the applicable limits; however, at times cash balances may exceed federally insured limits. As of September 30, 2015 and 2014, the Organization had cash balances of \$119,858 and \$68,830, respectively, in excess of FDIC insured limits; however, the Organization has not experienced any losses on uninsured cash balances and Management considers credit risk on cash to be low.

The Organization invests in professionally managed money market and mutual funds that contain various types of marketable securities. The Organization's investments are exposed to various risks, such as fluctuations in market value, and credit risk. Thus, it is at least reasonably possible that changes in the near term could materially affect investment balances. The Organization's investment performance is reviewed by the Board of Directors on a periodic basis. To minimize risk, the Organization's cash accounts are placed with high credit quality financial institutions and the investment portfolio is diversified among fixed income and marketable equity securities.

Pledges Receivable:

As of September 30, 2015 and 2014, approximately 100% of *Pledges Receivable* are due from members of the Board of Trustees.

NOTE 12 SUBSEQUENT EVENTS

Management is required to consider events subsequent to the financial statement date for potential adjustment to or disclosure in the financial statements. Therefore, Management has evaluated subsequent events through December 17, 2015, the date which the financial statements were available for issue, and noted no events which met the recognition criteria.