



**NATIONAL TROPICAL BOTANICAL GARDEN**

Financial Statements and Schedules

December 31, 2009 and 2008

(With Independent Auditors' Report Thereon)



**KPMG LLP**  
PO Box 4150  
Honolulu, HI 96812-4150

## **Independent Auditors' Report**

The Board of Trustees  
National Tropical Botanical Garden:

We have audited the accompanying balance sheets of National Tropical Botanical Garden (the Garden) as of December 31, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Garden's management. 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 that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Garden's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Tropical Botanical Garden as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**KPMG LLP**

June 21, 2010

## NATIONAL TROPICAL BOTANICAL GARDEN

### Balance Sheets

December 31, 2009 and 2008

<b>Assets (Note 7)</b>	<b>2009</b>	<b>2008</b>
Cash and cash equivalents	\$ 308,414	337,664
Pledges receivable (note 2)	78,612	127,412
Government contracts and grants receivable	213,084	204,463
Merchandise inventories	66,341	54,107
Prepaid expenses and other	249,686	295,721
Land, buildings, equipment, and library, net of accumulated depreciation (note 4)	40,709,353	40,905,421
Botanical art collection	465,220	465,220
Note receivable (note 5)	76,164	78,936
Land held for preservation	980,000	
Land held for investment (note 13)	1,335,000	1,335,000
Loy McCandless Marks Botanical Library (notes 8 and 13)	8,000,000	8,000,000
Long-term investments and other (note 3)	14,473,120	14,473,120
Beneficial interest in perpetual trust (note 8)	2,157,941	1,893,948
Total assets	\$ 69,112,935	68,171,012
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable, accrued expenses, and other	\$ 522,018	551,035
Liability under charitable remainder annuity trust agreements	5,564	10,464
Long-term debt (note 7)	3,375,000	4,645,000
Total liabilities	3,902,582	5,206,499
Net assets:		
Unrestricted	32,927,435	31,748,938
Temporarily restricted (note 12)	6,316,857	5,513,507
Permanently restricted (notes 3 and 13)	25,966,061	25,702,068
Total net assets	65,210,353	62,964,513
Commitments (notes 6, 7, 8, 10, 11, and 14)		
Total liabilities and net assets	\$ 69,112,935	68,171,012

See accompanying notes to financial statements.

**NATIONAL TROPICAL BOTANICAL GARDEN**

Statement of Activities

Year ended December 31, 2009

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenues, gains, and other support:				
Contributions and bequests (notes 2 and 8)	\$ 3,769,584	3,139,141	—	6,908,725
Tour and visitor center sales, net of costs of goods sold of \$190,351	1,431,222	—	—	1,431,222
Government contracts	1,134,028	—	—	1,134,028
Net realized and unrealized gain on investments (note 3)	36,105	809,277	263,993	1,109,375
Allerton fees and reimbursements (note 11)	754,197	—	—	754,197
Income from investments, net of management, custodial, and other fees of \$71,902 (note 3)	15,023	150,416	—	165,439
Other	204,124	—	—	204,124
Net assets released from restrictions (note 12):				
Satisfaction of program restrictions	2,831,576	(2,831,576)	—	—
Satisfaction of capital project restrictions	463,908	(463,908)	—	—
Total revenues, gains, and other support	<u>10,639,767</u>	<u>803,350</u>	<u>263,993</u>	<u>11,707,110</u>
Expenses (note 10):				
Gardens and preserves:				
Kampong	997,232	—	—	997,232
McBryde	994,090	—	—	994,090
Allerton	542,865	—	—	542,865
Kahanu	453,978	—	—	453,978
Limahuli	420,173	—	—	420,173
Research and education:				
Science and conservation	2,692,620	—	—	2,692,620
Visitor programs	751,082	—	—	751,082
Education	302,947	—	—	302,947
Administration and finance	1,647,646	—	—	1,647,646
Development	658,637	—	—	658,637
Total expenditures	<u>9,461,270</u>	<u>—</u>	<u>—</u>	<u>9,461,270</u>
Change in net assets	1,178,497	803,350	263,993	2,245,840
Net assets at beginning of year	<u>31,748,938</u>	<u>5,513,507</u>	<u>25,702,068</u>	<u>62,964,513</u>
Net assets at end of year	<u>\$ 32,927,435</u>	<u>6,316,857</u>	<u>25,966,061</u>	<u>65,210,353</u>

See accompanying notes to financial statements.

**NATIONAL TROPICAL BOTANICAL GARDEN**

Statement of Activities

Year ended December 31, 2008

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenues, gains, and other support:				
Contributions and bequests (notes 2 and 8)	\$ 8,490,506	4,306,671	1,000,000	13,797,177
Net realized and unrealized loss on investments (note 3)	(4,385,481)	(1,169,576)	(930,807)	(6,485,864)
Government contracts	2,046,310	—	—	2,046,310
Tour and visitor center sales, net of costs of goods sold of \$236,200	1,523,912	—	—	1,523,912
Allerton fees and reimbursements (note 11)	940,572	—	—	940,572
Income from investments, net of management, custodial, and other fees of \$115,103 (note 3)	31,777	253,786	—	285,563
Other	393,388	—	—	393,388
Net assets released from restrictions (note 12):				
Satisfaction of program restrictions	2,238,507	(2,238,507)	—	—
Satisfaction of capital project restrictions	2,606,721	(2,606,721)	—	—
Total revenues, gains, and other support	<u>13,886,212</u>	<u>(1,454,347)</u>	<u>69,193</u>	<u>12,501,058</u>
Expenses (note 10):				
Gardens and preserves:				
McBryde	1,167,530	—	—	1,167,530
Kampong	1,165,462	—	—	1,165,462
Allerton	729,494	—	—	729,494
Limahuli	654,705	—	—	654,705
Kahanu	462,343	—	—	462,343
Research and education:				
Science and conservation	2,846,873	—	—	2,846,873
Visitor programs	812,013	—	—	812,013
Education	393,356	—	—	393,356
Administration and finance	1,994,751	—	—	1,994,751
Development	799,626	—	—	799,626
Total expenditures	<u>11,026,153</u>	<u>—</u>	<u>—</u>	<u>11,026,153</u>
Change in net assets	2,860,059	(1,454,347)	69,193	1,474,905
Net assets at beginning of year	<u>28,888,879</u>	<u>6,967,854</u>	<u>25,632,875</u>	<u>61,489,608</u>
Net assets at end of year	<u>\$ 31,748,938</u>	<u>5,513,507</u>	<u>25,702,068</u>	<u>62,964,513</u>

See accompanying notes to financial statements.

## NATIONAL TROPICAL BOTANICAL GARDEN

### Statements of Cash Flows

Years ended December 31, 2009 and 2008

	<b>2009</b>	<b>2008</b>
Cash flows from operating activities:		
Change in net assets	\$ 2,245,840	1,474,905
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net realized and unrealized loss (gain) on investments	(1,109,375)	6,485,864
Net loss on sale of land, buildings, and equipment	—	33,745
Depreciation	1,383,649	1,046,764
Decrease in pledges receivable	976,052	482,977
Increase in government contracts and grants receivable	(8,621)	(129,232)
Increase in merchandise inventories	(12,234)	(15,294)
Decrease in prepaid expenses and other	46,035	9,865
Decrease in accounts payable and accrued expenses	(29,017)	(84,749)
Change in charitable remainder annuity trust, net	(4,900)	(6,641)
Contribution of land	(980,000)	(5,400,000)
Contributions restricted for long-term investment	(446,979)	(5,054,567)
Contributions of marketable security investments	(504,522)	(1,855,423)
Net cash provided by (used in) operating activities	1,555,928	(3,011,786)
Cash flows from investing activities:		
Purchases of land, buildings, equipment, and library	(1,187,581)	(4,105,358)
Proceeds from note receivable	2,772	1,064
Proceeds from sale of land, buildings, and equipment	—	447,225
Proceeds from sale of investments	13,297,175	9,381,067
Purchases of investments	(12,874,523)	(7,528,380)
Net cash used in investing activities	(762,157)	(1,804,382)
Cash flows from financing activities:		
Proceeds from contributions restricted for:		
Investment in land, buildings, equipment, and library	446,979	4,054,567
Investment in endowment	—	1,000,000
Proceeds from long-term debt	—	925,000
Principal payments on long-term debt	(1,270,000)	(2,200,000)
Net cash provided by (used in) financing activities	(823,021)	3,779,567
Net decrease in cash and cash equivalents	(29,250)	(1,036,601)
Cash and cash equivalents at beginning of year	337,664	1,374,265
Cash and cash equivalents at end of year	\$ 308,414	337,664
Supplemental information:		
Interest paid, including amounts capitalized	\$ 130,779	239,404
Promissory note received as consideration on sale of land, buildings, equipment, and library	—	80,000

See accompanying notes to financial statements.

## NATIONAL TROPICAL BOTANICAL GARDEN

Notes to Financial Statements

December 31, 2009 and 2008

### (1) Summary of Significant Accounting Policies

#### (a) *General*

National Tropical Botanical Garden (the Garden) was chartered by the 88th Congress on August 19, 1964 under Public Law 88-449. Its purpose is to establish and operate, for the benefit of the people of the United States, a tropical botanical garden, together with such related facilities as are appropriate and necessary for encouraging and conducting research in basic and applied tropical botany. The majority of the Garden's operations are conducted in the state of Hawaii. The Garden also operates a botanical garden in the state of Florida. The Garden has no power to issue shares of stock or to pay dividends.

#### (b) *Financial Statement Presentation*

Net assets and revenues, gains, and other support, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Garden and changes therein are classified and reported as follows:

*Unrestricted Net Assets* – Net assets not subject to donor-imposed stipulations

*Temporarily Restricted Net Assets* – Net assets subject to donor-imposed stipulations or law that may or will be met by either actions of the Garden and/or the passage of time

*Permanently Restricted Net Assets* – Net assets subject to donor-imposed stipulations that must be maintained permanently by the Garden. The donors of these assets permit the Garden to use the income earned on related investments for general or specific purposes.

#### (c) *Cash Equivalents*

For purposes of the statements of cash flows, the Garden considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

#### (d) *Merchandise Inventories*

Merchandise inventories consist of books and other botanical-related items and are recorded at the lower of cost (first-in, first-out) or market.

#### (e) *Investments – Marketable Securities*

Equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with unrealized gains and losses included in the statements of activities. Gains and losses on investments are reported in the accompanying statements of activities as increases or decreases in unrestricted net assets, unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

#### (f) *Land, Buildings, Equipment, and Library*

Land, buildings, equipment, and library are capitalized at cost, if purchased, or at fair market value at the date of the donation. Assets contributed for which the fair value is not determinable at the date of donation are recorded, as support, if and when such values are determined.

**NATIONAL TROPICAL BOTANICAL GARDEN**

Notes to Financial Statements

December 31, 2009 and 2008

The Garden reports gifts of land, buildings, equipment, and library as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Garden reports expirations of donor restrictions when the acquired long-lived assets are placed in service.

Depreciation of long-lived assets is calculated on the straight-line basis over estimated useful lives as follows:

	<u>Years</u>
Buildings and improvements	20
Computer group	3
Furniture, fixtures, and equipment	8
Library	10

**(g) Botanical Art Collection**

Art objects are capitalized at cost, if purchased, or at fair value, if determinable, at the date of donation.

**(h) Contributions**

Contributions and unconditional promises to give are recorded in the period received. Unconditional promises to give (contributions receivable) that are expected to be collected within one year are recorded at estimated net realizable value. Contributions receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contributions and bequests.

The Garden reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions.

**(i) Charitable Remainder Trusts**

The Garden reports charitable remainder trust arrangements, where a donor establishes and funds a trust with specified distributions to be made to designated beneficiaries over the trust's term, as contributions in the period in which the trust is established. The assets held in the trust are recorded at fair value and the obligations to beneficiaries are recorded as liabilities at the present value of the estimated future payments to be distributed.

## NATIONAL TROPICAL BOTANICAL GARDEN

Notes to Financial Statements

December 31, 2009 and 2008

**(j) Perpetual Trusts**

The Garden is also the beneficiary of certain perpetual trusts held and administered by others. The present values of the estimated future cash receipts from the trusts are recognized as assets and contribution revenues at the dates the trusts are established. Distributions from the trusts are recorded as investment return and the carrying value of the assets is adjusted for changes in the estimates of future receipts.

**(k) Fair Value Measurements**

On January 1, 2008 the Garden adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures* (ASC Topic 820), for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. ASC Topic 820 defines fair value as 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. ASC Topic 820 also establishes a framework for measuring fair value and expands disclosures about fair value measurements (see note 3).

On January 1, 2009, the Garden adopted the provisions of ASC Topic 820 to fair value measurements of nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis.

**(l) Long-Lived Assets**

In accordance with FASB ASC Subtopic 360-10, *Property, Plant, and Equipment – Overall*, long-lived assets, such as property, plant, and equipment, and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset be tested for possible impairment, the Garden first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques, including discounted cash flow models, quoted market values, and third-party independent appraisals, as considered necessary.

**(m) Use of Estimates**

The preparation of the financial statements, in accordance with U.S. generally accepted accounting principles, requires management of the Garden to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant items subject to such estimates and assumptions include the carrying amount of merchandise inventories; land, buildings, equipment, and library; land held for investment; receivables; and liability under charitable remainder annuity trust agreements. The current economic environment has increased the degree of uncertainty inherent in these estimates and assumptions.

**NATIONAL TROPICAL BOTANICAL GARDEN**

Notes to Financial Statements

December 31, 2009 and 2008

**(n) Recently Issued Accounting Standards**

In June 2009, the FASB issued a standard that establishes the ASC as the single source of authoritative U.S. generally accepted accounting principles (GAAP) recognized by the FASB to be applied by nongovernmental entities. The Garden adopted this standard as of and for the year ended December 31, 2009 and has eliminated or revised citations for previous standards in this report.

In May 2009, the FASB established general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued, which provide: (1) the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements; (2) the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements; and (3) the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. The Garden adopted the standards as of and for the year ended December 31, 2009 (see note 15).

**(2) Pledges Receivable**

Pledges receivable consisted of the following at December 31, 2009 and 2008:

	<b>2009</b>	<b>2008</b>
Contributions to be received within one year	\$ 723,240	1,356,516
Contributions to be received in one to five years	652,000	1,066,365
	1,375,240	2,422,881
Less discount to present value (at varying rates of 2.90% to 5.19%)	(34,723)	(106,312)
	\$ 1,340,517	2,316,569

As of December 31, 2009 and 2008, pledges receivable are classified as follows in the accompanying balance sheets:

	<b>2009</b>	<b>2008</b>
Pledges receivable	\$ 78,612	127,412
Long-term investments and other (see note 3)	1,261,905	2,189,157
Total pledges receivable, net	\$ 1,340,517	2,316,569

**NATIONAL TROPICAL BOTANICAL GARDEN**

Notes to Financial Statements

December 31, 2009 and 2008

**(3) Investments**

**(a) Summary of Investments and Other Assets**

As of December 31, 2009 and 2008, investments are classified as long-term and permanently restricted.

A summary of investments and other assets at December 31, 2009 and 2008 is as follows:

	<b>2009</b>	<b>2008</b>
Marketable securities:		
Cash and cash equivalents	\$ 4,333,566	1,640,564
Mutual funds	3,829,134	3,434,177
Common stocks	5,048,515	7,209,222
Marketable securities	13,211,215	12,283,963
Pledges receivable	1,261,905	2,189,157
	\$ 14,473,120	14,473,120

At December 31, 2009 and 2008, operating cash of \$1,700,000 and \$1,000,000, respectively, was reclassified as long-term investments for purposes of financial statement presentation.

Investments with a carrying value of \$4,084,673 and \$3,854,078 at December 31, 2009 and 2008, respectively, are held as security on a letter-of-credit facility issued by a bank (see note 7).

**(b) Fair Value Measurements**

On January 1, 2008, the Garden adopted the provisions under ASC 820-10, *Fair Value Measurements and Disclosures*, for fair value measurements of financial assets and liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. The Garden grouped its financial assets measured at fair value in three levels outlined in ASC 820-10 as follows:

- Level 1: Inputs to the valuation methodology are quoted prices, unadjusted, for identical assets or liabilities in active markets. A quoted price in an active market provides the most reliable evidence of fair value and shall be used to measure fair value whenever available.
- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; inputs to the valuation methodology include quoted prices for identical or similar assets or liabilities in markets that are not active; or inputs to the valuation methodology that are derived principally from or can be corroborated by observable market data by correlation or other means.

**NATIONAL TROPICAL BOTANICAL GARDEN**

Notes to Financial Statements

December 31, 2009 and 2008

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Level 3 assets and liabilities include financial instruments whose value is determined using discounted cash flow methodologies, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table presents assets that are measured at fair value on a recurring basis at December 31, 2009 and 2008:

	<b>Quoted prices in active markets for identical assets (Level 1)</b>	<b>Significant other observable inputs (Level 2)</b>	<b>Significant unobservable inputs (Level 3)</b>	<b>Total</b>
2009:				
Marketable securities:				
Cash and cash equivalents	\$ 4,333,566	—	—	4,333,566
Mutual funds	3,829,134	—	—	3,829,134
Common stocks	5,048,515	—	—	5,048,515
Beneficial interest in perpetual trust	—	2,157,941	—	2,157,941
	<u>\$ 13,211,215</u>	<u>2,157,941</u>	<u>—</u>	<u>15,369,156</u>
2008:				
Marketable securities:				
Cash and cash equivalents	\$ 1,640,564	—	—	1,640,564
Mutual funds	3,434,177	—	—	3,434,177
Common stocks	7,209,222	—	—	7,209,222
Beneficial interest in perpetual trust	—	1,893,948	—	1,893,948
	<u>\$ 12,283,963</u>	<u>1,893,948</u>	<u>—</u>	<u>14,177,911</u>

**NATIONAL TROPICAL BOTANICAL GARDEN**

Notes to Financial Statements

December 31, 2009 and 2008

**(4) Land, Buildings, Equipment, and Library**

A summary of land, buildings, equipment, and library as of December 31, 2009 and 2008 is as follows:

	<b>2009</b>	<b>2008</b>
Kampong Garden:		
Land	\$ 5,754,427	5,754,427
Buildings	2,172,945	2,168,145
Furniture, fixtures, and equipment	259,520	239,020
Total Kampong Garden	8,186,892	8,161,592
Hawaii:		
Land and land improvements	20,310,667	19,715,730
Building and building improvements	18,789,309	18,434,580
Furniture, fixtures, and equipment	4,391,467	4,009,058
Library	293,859	286,894
Construction in progress	264,100	440,859
Total Hawaii	44,049,402	42,887,121
	52,236,294	51,048,713
Less accumulated depreciation	11,526,941	10,143,292
	\$ 40,709,353	40,905,421

**(5) Note Receivable**

At December 31, 2009, the Garden had a promissory note receivable from Double Green, LLC for \$76,164, which bears interest at 6.0% per annum with principal and interest payments of \$1,724 due quarterly and final payment due in 2028. Certain members of Double Green, LLC are also members of the Garden's board of trustees.

The following summarizes the maturities of the note receivable as of December 31, 2009:

Year ending December 31:	
2010	\$ 2,379
2011	2,524
2012	2,679
2013	2,844
2014	3,018
Thereafter	62,720
	\$ 76,164

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Notes to Financial Statements

December 31, 2009 and 2008

**(6) Leases**

In 2002, the Garden entered into a lease agreement as lessor for real property located in Maui, Hawaii with a member of the board of trustees, as tenant. The lease provides for no rent payments to be received from the tenant and terminates on the earlier of July 2, 2010, one year after the death of the tenant, or under an early termination provision as defined in the lease agreement.

**(7) Long-Term Debt**

Long-term debt at December 31, 2009 and 2008 consists of the following:

	<b>2009</b>	<b>2008</b>
Mortgage note payable to a member of the board of trustees, noninterest-bearing until termination of the lease agreement (see note 6), at which time interest accrues at 6.00% per annum, due in 2010, secured by real property in Maui, Hawaii and a letter-of-credit facility with a bank for \$1,800,000 (secured by certain investments) (see note 3)	\$ 1,700,000	1,700,000
Borrowings under a nonrevolving credit agreement with a bank, monthly payments of interest only at 7.50% per annum; remaining principal and interest due on May 30, 2011; secured by substantially all assets of the Garden. On March 30, 2010, the loan agreement was modified to adjust the interest rate to 0.50% over the bank's prime rate	1,250,000	2,520,000
Unsecured borrowings under a line of credit with a bank for working capital, with interest at 0.25% over the bank's prime lending rate per annum (4.625% at December 31, 2009) with an expiration of September 1, 2010. A portion of the line of credit in the amount of \$325,000 is encumbered by a standby letter of credit securing the loan from Kauai Island Utility Cooperative	125,000	125,000
Noninterest-bearing note payable to Kauai Island Utility Cooperative with monthly payments of principal of \$3,125, commencing on April 17, 2010. The note matures on March 17, 2018	300,000	300,000
Total long-term debt	\$ 3,375,000	4,645,000

## NATIONAL TROPICAL BOTANICAL GARDEN

### Notes to Financial Statements

December 31, 2009 and 2008

The aggregate maturities of long-term debt are as follows:

Year ending December 31:	
2010	\$ 1,856,250
2011	1,287,500
2012	37,500
2013	37,500
2014	37,500
Thereafter	<u>118,750</u>
	<u>\$ 3,375,000</u>

In 2007, the Garden entered into a nonrevolving credit agreement with a bank, which permits the Garden to borrow up to \$6,497,000 with interest at 7.5% per annum. The agreement expires in 2011. At December 31, 2009, the Garden had \$1,777,000 available under this facility. On March 30, 2010, the agreement was modified to adjust the interest rate to 0.5% over the bank's prime rate.

At December 31, 2009 and 2008, the Garden had an unsecured \$500,000 line-of-credit facility with a bank for working capital. The agreement provides for interest at 0.25% over the bank's prime lending rate per annum and expires on September 1, 2010. As of December 31, 2009 and 2008, the Garden had \$125,000 and \$125,000, respectively, outstanding on this line of credit.

#### (8) Contributions

##### (a) *Waterhouse Trust*

During 2009 and 2008, the Garden, as an income beneficiary of the Waterhouse Trust, which was founded in 1985 by approximately \$5,300,000 of marketable securities and a partial interest in land from the Waterhouse estate, received distributions from the trust amounting to \$359,680 and \$480,229, respectively, which are recorded as unrestricted contributions in the accompanying statements of activities. Distributions from the trust continue until the death of the last of the grantor's nieces and nephews, at which time certain revisions will be made relating to distributions to income beneficiaries. As the financial impact of such revisions cannot be determined at this time, the present value of the estimated future cash receipts from the trust's assets has not been recorded in the financial statements.

##### (b) *Allerton Trusts*

The Garden has a beneficial interest in two perpetual trusts that were created by Mr. John Wyatt Gregg Allerton in 1969 and 1974. In 2009 and 2008, the Garden received distributions from the trusts amounting to \$125,501 and \$137,191, respectively, which are recorded as unrestricted contributions in the accompanying statements of activities. Distributions from the trusts, which continue in perpetuity, are to be used by the Garden for the promotion and advancement of botanical research and education on the island of Kauai.

## NATIONAL TROPICAL BOTANICAL GARDEN

Notes to Financial Statements

December 31, 2009 and 2008

(c) ***The Kampong***

In 1984, the Kampong Fund (Fund), a state of Washington Corporation, was organized to manage and financially support the Kampong estate during the lifetime of Mrs. Edward Sweeney. With the passing away of Mrs. Sweeney, the Fund was liquidated and dissolved. Assets with a fair value of \$3,174,234 were transferred to and became the property of the Garden to be used for the maintenance and upkeep of the Kampong estate. The provisions of the asset transfer require that should the Garden sell the Kampong estate, the proceeds from the sale and any remaining assets be held in perpetuity with investment income used to advance the study of botanical science in the mainland United States.

(d) ***Loy McCandless Marks Botanical Library***

On August 1, 1998, the botanical library of the Loy McCandless Marks Revocable Living Trust was distributed to the Garden. The terms of the distribution require that, among other items, the Garden repair and maintain the library assets and that the library assets be housed in the Garden's library at its headquarters in Lawai, Kauai. Further, the terms of the distribution stipulate that the Garden's library be reconfigured for various upgrades to ensure preservation of the library assets and that sales or exchanges of the library assets are prohibited, except under unusual circumstances. The library assets were appraised by a third party at a collective value of approximately \$8,000,000.

(e) ***Eleanor Evans Crum Trust***

In March 2001, the Garden learned it was named as beneficiary of the Eleanor Evans Crum Trust. Another charitable organization and the two surviving nieces of Eleanor Evans Crum were also named as beneficiaries. The trust did not meet certain requirements for exemption from federal estate tax, and accordingly, a petition was filed in the respective court to divide the trust into four separate trusts, each with an equal share of the residual assets. In July 2002, the court entered a final order approving the division of the residual assets into four trusts, with each of the beneficiaries as being named beneficiary of one of the four separate trusts. Before and during the process of restructuring, the net income of the trust was payable in equal annual installments to the named beneficiaries. During 2009 and 2008, the Garden received distributions from the trust of \$118,388 and \$137,321, respectively, which are recorded as unrestricted contributions in the accompanying statements of activities. Distributions from the trusts continue until the death of the last of the two individual beneficiaries, at which time each trust will terminate and the balance of the remaining residual assets will be distributed to the Garden and the named charitable organization. As the financial information relating to the trust and the balance of the remaining residual assets cannot be determined at this time, the present value of the estimated future cash receipts from the trust assets has not been recorded in the accompanying financial statements.

## NATIONAL TROPICAL BOTANICAL GARDEN

Notes to Financial Statements

December 31, 2009 and 2008

### (9) Income Taxes

The Garden is an organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is generally not subject to federal income taxes. However, the Garden is subject to income taxes on any net income that is derived from a trade or business, regularly carried on, and not in furtherance of the purposes for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the basic financial statements taken as a whole.

The Garden adopted the authoritative guidance on accounting for and disclosure of uncertainty in tax positions (FASB ASC 740, *Income Taxes*) on January 1, 2009, which required the Garden to determine whether a tax position is more likely than not to be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. For tax positions meeting the more-likely than-not threshold, the tax amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant taxing authority. The adoption of ASC 740 had no impact on the operations of financial statements of the Garden for the year ended December 31, 2009. The Garden previously recognized the effect of income tax provisions only if such positions were probable of being sustained.

### (10) Pension Plan

The Garden has a defined contribution retirement plan that is contributory and available to all qualified employees. Benefits are funded through life insurance annuity contracts. Pension expense for the years ended December 31, 2009 and 2008 totaled \$29,904 and \$191,926, respectively.

### (11) Allerton Gardens

In 1991, the Garden entered into a management agreement with the trustee of the Allerton Gardens Trust (Trust) that requires the Garden to operate and maintain Allerton Gardens in accordance with written plans established by the Garden and Allerton Gardens Trust's trustee (Trustee). The initial plan included the repair and restoration, installation of new plantings, and construction of improvements to Allerton Gardens.

Effective January 2005, the original management agreement was amended wherein the Garden is obligated to pay \$1,500 monthly to the Trustee with an annual management fee to be paid to the Garden of \$215,000. Further, the Trust reimburses the Garden for all reasonable costs and expenses to operate Allerton Gardens. These costs include payments to contractors and suppliers; charges for utility services; premiums for insurance policies; maintenance; repair and operating costs; costs of improvements; costs of materials; equipment, supplies, and tools; costs of plantings; travel expenses; professional expenses approved by the Trustee; and the salaries and fringe benefits of Garden employees assigned full time to carry out the responsibilities under the management agreement. The amended agreement expires on December 31, 2028.

**NATIONAL TROPICAL BOTANICAL GARDEN**

Notes to Financial Statements

December 31, 2009 and 2008

**(12) Temporarily Restricted Net Assets**

Temporarily restricted net assets at December 31, 2009 and 2008 are available for the following purposes:

	<b>2009</b>	<b>2008</b>
Gardens and preserves:		
Kampong Garden	\$ 3,847,179	3,902,187
Conservation, science, and education	1,258,617	332,151
Capital projects	965,791	980,408
Limahuli	143,404	45,354
McBryde	5,092	5,092
Kahanu	5,000	59,556
Other	91,774	188,759
	\$ 6,316,857	5,513,507

Net assets in the amount of \$3,295,484 and \$4,845,228 in 2009 and 2008, respectively, were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

	<b>2009</b>	<b>2008</b>
Garden and preserves:		
Conservation, science, and education	\$ 1,197,870	897,127
Kampong Garden	523,857	416,530
McBryde	497,200	—
Kahanu	289,055	188,989
Other	270,334	501,525
Limahuli	53,260	234,336
	2,831,576	2,238,507
Capital projects	463,908	2,606,721
	\$ 3,295,484	4,845,228

**NATIONAL TROPICAL BOTANICAL GARDEN**

Notes to Financial Statements

December 31, 2009 and 2008

**(13) Permanently Restricted Net Assets**

*(a) Endowment Funds*

At December 31, 2009 and 2008, the endowment net asset composition by type of fund consists of the following:

	<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	<b>Total</b>
2009:				
Donor-designated endowment funds	\$ (3,057,101)	95,196	25,966,061	23,004,156
2008:				
Donor-designated endowment funds	\$ (3,189,157)	—	25,702,068	22,512,911

Permanently restricted net assets at December 31, 2009 and 2008 are restricted for investment in perpetuity and the income from which is expendable to support:

	<b>2009</b>	<b>2008</b>
Loy McCandless Marks Botanical Library (see note 8)	\$ 8,000,000	8,000,000
Any activities of the Garden	3,081,549	2,817,556
Land – Limahuli Garden	1,335,000	1,335,000
Restricted for:		
McBryde operations	3,570,263	3,570,263
Research personnel	2,903,359	2,903,359
Education and memorials	2,544,775	2,544,775
Kampong operations (see note 8)	2,500,000	2,500,000
Conservation	1,000,000	1,000,000
Limahuli garden operations	600,000	600,000
Landscaping personnel	403,615	403,615
Botanical research center	20,000	20,000
Kampong director	7,500	7,500
	\$ 25,966,061	25,702,068

**NATIONAL TROPICAL BOTANICAL GARDEN**

Notes to Financial Statements

December 31, 2009 and 2008

For the years ended December 31, 2009 and 2008, the changes in endowment net assets are as follows:

	<u>Unrestricted</u>	<u>Temporarily</u>	<u>Permanently</u>	<u>Total</u>
2009:				
Endowment net assets, beginning of year	\$ (3,189,157)	—	25,702,068	22,512,911
Investment return:				
Investment income	15,023	150,416	—	165,439
Net appreciation (realized and unrealized)	36,105	809,277	263,993	1,109,375
Total investment return	51,128	959,693	263,993	1,274,814
Contributions	—	49,985	—	49,985
Appropriation of endowment assets for expenditure	80,928	(914,482)	—	(833,554)
Endowment net assets, end of year	\$ (3,057,101)	95,196	25,966,061	23,004,156
2008:				
Endowment net assets, beginning of year	\$ 3,460,430	902,734	25,632,875	29,996,039
Investment return:				
Investment income	31,777	253,786	—	285,563
Net depreciation (realized and unrealized)	(4,385,481)	(1,169,576)	(930,807)	(6,485,864)
Total investment return	(4,353,704)	(915,790)	(930,807)	(6,200,301)
Contributions	—	15,625	1,000,000	1,015,625
Appropriation of endowment assets for expenditure	(2,295,883)	(2,569)	—	(2,298,452)
Endowment net assets, end of year	\$ (3,189,157)	—	25,702,068	22,512,911

## NATIONAL TROPICAL BOTANICAL GARDEN

Notes to Financial Statements

December 31, 2009 and 2008

**(b) Interpretation of Relevant Law**

The Board of Trustees of the Garden has interpreted Hawaii's enacted version of the Uniform Prudent Management of Institutional Funds Act (HUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Garden classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by HUPMIFA. In accordance with HUPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation or deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization

**(c) Description of Amounts Classified as Permanently Restricted Net Assets**

**(i) Fund with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or HUPMIFA requires the Garden to retain as a fund of perpetual duration. Deficiencies of this nature that are reported in unrestricted net assets were \$3,057,101 and \$3,189,157 as of December 31, 2009 and 2008, respectively. These deficiencies resulted from unfavorable market fluctuations in fund investments.

**(ii) Return Objectives and Risk Parameters**

The Garden has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Garden must hold in perpetuity.

## NATIONAL TROPICAL BOTANICAL GARDEN

Notes to Financial Statements

December 31, 2009 and 2008

### (iii) Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Garden relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Garden targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

### (iv) Spending Policy and How the Investment Objectives Relate to Spending Policy

Under the terms of the endowment fund, the Garden has a policy of appropriating, for financial aid use, amounts not to exceed 5.5% of the investment portfolio (calculated on the basis of a three-year rolling average as of January 1). The policy further states that no distributions from any separate endowment fund may be made if the effect of such distribution would reduce the balance of that fund to below 50% of the historic dollar value. In establishing this policy, the Garden considered the long-term expected return on its endowment. Accordingly, over the long term, the Garden expects the current spending policy to allow its endowment to grow at a rate that exceeds the spending rate. This is consistent with the Garden's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

### (14) Commitments

In 2008, the Garden entered into a Power Sale Agreement with Double Green, LLC to purchase 100% of the electricity generated from the photo-voltaic roof on its Botanical Research Center at a kilowatt hour rate equal to 90% of the average rate from the Kauai Island Utility Cooperative. Payments are due quarterly for a term of 20 years. Certain members of Double Green, LLC are also members of the Garden's board of trustees.

As of December 31, 2009, the Garden has outstanding commitments of approximately \$75,000 under contract for architectural services for the retrofit of its administrative complex.

### (15) Subsequent Events

The Garden has evaluated subsequent events from the balance sheet date through June 21, 2010, the date at which the financial statements were available to be issued, and determined there are no other items to disclose.

## NATIONAL TROPICAL BOTANICAL GARDEN

## Expenditures

Year ended December 31, 2009

	<b>Gardens and Preserves</b>					
	<b>Total</b>	<b>Kampong</b>	<b>McBryde</b>	<b>Allerton</b>	<b>Kahanu</b>	<b>Limahuli</b>
Salaries and related employee costs	\$ 5,151,519	527,926	617,375	443,911	253,668	307,379
Depreciation	1,383,649	130,494	168,992	3,910	52,368	41,556
Professional fees	672,694	17,988	—	56,967	400	5,453
Telephone and utilities	274,281	32,154	94,721	14,982	6,078	8,443
Insurance	242,681	33,063	7,622	—	4,084	724
Bank fees	196,858	770	30	—	79	5,096
Bad debt expense	192,210	—	—	—	—	—
Meetings and travel	150,729	11,224	—	—	866	656
Events and conferences	138,883	112,278	—	—	—	671
Contract labor	134,716	5,896	5,542	13,010	60	—
Repair maintenance – property and equipment	122,012	32,553	56,695	3,573	3,884	8,128
Awards and honoraria	109,488	17,400	—	—	64,478	100
Printing and reproduction	72,639	5,918	—	—	2,301	16,300
Gas and oil	72,348	2,489	23,892	4,330	6,983	2,495
Programs and events	68,176	—	206	—	1,007	150
Rent/lease property and equipment	46,221	4,686	3,718	—	20,854	201
Other maintenance and supplies	45,133	1,988	1,967	229	22,378	2,436
Real property taxes	38,061	30,897	—	225	6,185	225
Office supplies	37,156	4,097	963	23	457	782
Postage and delivery	30,714	2,282	8	—	395	155
Interns sundry course expenditures	27,513	103	—	—	—	—
Helicopter rental	26,054	—	—	—	—	—
Horticultural supplies	25,511	4,895	2,854	1,041	1,699	2,777
Dues and subscriptions	24,946	1,915	—	—	946	—
Licenses and permits	24,472	437	3,137	207	549	—
Computer software maintenance	24,218	2,468	—	—	—	259
Restoration supplies and equipment	22,968	—	—	—	—	—
Minor equipment	15,895	570	745	—	—	6,816
Curriculum development	9,671	8,437	—	—	21	—
Irrigation supplies	9,608	492	3,501	287	—	1,207
Maintenance supplies	9,118	1,711	2,122	170	—	2,756
Donations and community relations	8,099	1,271	—	—	—	—
Collecting supplies	7,464	—	—	—	—	—
Curation and herbarium supplies	6,715	—	—	—	—	—
Shop supplies	5,620	—	—	—	3,566	—
Advertising and promotions	5,560	192	—	—	672	863
Laboratory supplies	5,297	—	—	—	—	—
Land and building improvements	3,997	—	—	—	—	3,997
Publications/books	3,912	92	—	—	—	—
Research supplies	3,326	125	—	—	—	—
Furniture and fixtures	2,905	118	—	—	—	—
Volunteer program	2,404	303	—	—	—	62
Mapping supplies and equipment	1,669	—	—	—	—	—
Photo and processing supplies	1,532	—	—	—	—	—
Equipment	1,116	—	—	—	—	91
Use tax	785	—	—	—	—	—
Visitor's program interpretation	395	—	—	—	—	395
Page costs	332	—	—	—	—	—
	<u>\$ 9,461,270</u>	<u>997,232</u>	<u>994,090</u>	<u>542,865</u>	<u>453,978</u>	<u>420,173</u>

## NATIONAL TROPICAL BOTANICAL GARDEN

## Expenditures

Year ended December 31, 2009

	Research and education			Administration and Finance	Development
	Science and conservation	Visitor programs	Education		
Salaries and related employee costs	\$ 1,203,230	452,290	187,406	683,682	474,652
Depreciation	766,274	103,771	22,261	94,023	—
Professional fees	319,953	—	3,531	223,658	44,744
Telephone and utilities	75,853	19,760	1,458	17,687	3,145
Insurance	26,770	4,095	709	165,569	45
Bank fees	294	22,981	145	167,263	200
Bad debt expense	—	—	—	192,210	—
Meetings and travel	89,411	146	8,953	17,017	22,456
Events and conferences	6,476	324	574	3,967	14,593
Contract labor	48,240	55,958	6,010	—	—
Repair maintenance – property and equipment	7,035	8,553	27	788	776
Awards and honoraria	—	—	27,510	—	—
Printing and reproduction	13,154	9,100	—	2,200	23,666
Gas and oil	9,442	17,953	1,832	2,240	692
Programs and events	84	13,571	756	9,607	42,795
Rent/lease property and equipment	514	4,337	668	11,243	—
Other maintenance and supplies	6,622	1,455	3,293	3,999	766
Real property taxes	104	—	—	425	—
Office supplies	6,568	2,354	1,136	15,860	4,916
Postage and delivery	5,494	5,155	516	3,532	13,177
Interns sundry course expenditures	—	—	27,410	—	—
Helicopter rental	26,054	—	—	—	—
Horticultural supplies	11,535	700	10	—	—
Dues and subscriptions	5,279	—	—	12,605	4,201
Licenses and permits	255	18,882	—	635	370
Computer software maintenance	3,180	99	338	11,669	6,205
Restoration supplies and equipment	22,968	—	—	—	—
Minor equipment	5,323	258	—	2,183	—
Curriculum development	—	—	1,175	—	38
Irrigation supplies	2,565	1,556	—	—	—
Maintenance supplies	581	1,709	—	69	—
Donations and community relations	1,000	—	2,558	3,270	—
Collecting supplies	6,041	—	1,423	—	—
Curation and herbarium supplies	6,715	—	—	—	—
Shop supplies	—	2,054	—	—	—
Advertising and promotions	22	2,748	—	416	647
Laboratory supplies	5,297	—	—	—	—
Land and building improvements	—	—	—	—	—
Publications/books	3,805	—	—	—	15
Research supplies	2,742	—	459	—	—
Furniture and fixtures	16	—	1,889	882	—
Volunteer program	3	—	551	947	538
Mapping supplies and equipment	1,669	—	—	—	—
Photo and processing supplies	599	933	—	—	—
Equipment	1,025	—	—	—	—
Use tax	96	340	349	—	—
Visitor's program interpretation	—	—	—	—	—
Page costs	332	—	—	—	—
	<u>\$ 2,692,620</u>	<u>751,082</u>	<u>302,947</u>	<u>1,647,646</u>	<u>658,637</u>

See accompanying independent auditors' report.

## NATIONAL TROPICAL BOTANICAL GARDEN

## Changes in Temporarily Restricted Net Assets

Year ended December 31, 2009

	Balance at December 31, 2008	Contributions	Income from investments and net appreciation	Total	Net assets released from restrictions	Balance at December 31, 2009
Kampong Garden:						
Brd of Govn Painting Purchase-F. Carosio	\$ 4,200	600	—	4,800	4,800	—
Director of Large Gardens	10,720	—	—	10,720	10,720	—
Kampong Anonymus/Library/Oak Foundation	15,797	—	—	15,797	4,229	11,568
Kampong Bali Hai	6,975	109,437	—	116,412	112,161	4,251
Kampong Bali Hai-Sponsorships	—	5,000	—	5,000	5,000	—
Kampong Capital & Dir Salary Endt	—	—	3,234	3,234	3,234	—
Kampong Database Project	29,996	—	—	29,996	1,405	28,591
Kampong David Fairchild Medal	—	5,750	5,445	11,195	11,195	—
Kampong Education Programs	34,875	15,774	—	50,649	50,649	—
Kampong Estate	3,778,986	—	—	3,778,986	—	3,778,986
Kampong Grotto	12,818	—	—	12,818	2,875	9,943
Kampong Operations	—	157,778	—	157,778	157,778	—
Kampong Plant Labeling Project	5,270	—	—	5,270	673	4,597
Kampong Sweeney Endowment	—	—	121,452	121,452	121,452	—
Larry and Colleen Schokman Scholarship	2,550	19,879	—	22,429	13,186	9,243
Moonlight Concert-Kampong	—	24,500	—	24,500	24,500	—
Total Kampong Garden	3,902,187	338,718	130,131	4,371,036	523,857	3,847,179
Conservation, Science, and Education:						
B. Evans Chair HTCO #1	—	—	76,952	76,952	76,952	—
Botanical Illustration Course	—	11,665	—	11,665	11,665	—
Breadfruit Nutritional Analysis	—	9,870	—	9,870	—	9,870
Castle Fdn Preservation of Lawai Kai	—	30,000	—	30,000	—	30,000
Chandler Education Program	—	—	601	601	601	—
Conservation Easement	—	980,000	—	980,000	—	980,000
Conservation Easement Oversight	—	1,000	—	1,000	1,000	—
Conservation Endowment	—	—	720	720	720	—
Conservation General Operations	—	200,615	—	200,615	133,948	66,667
Conservation Program	—	135,000	—	135,000	135,000	—
Education General operations/Loy marks	—	—	4,320	4,320	—	4,320
Fellows Project – Herbarium Amboense Translation	96,993	125,000	—	221,993	221,993	—
Flora of the Marquesas Project	27,137	—	—	27,137	5,141	21,996
HCF Kokua Aina Youth Initiative	20,237	—	—	20,237	20,237	—
HCF Youth Matters Network	5,468	—	—	5,468	5,468	—
Horticulture Training Program	—	—	512	512	512	—
Internship Program	—	44,235	94,661	138,896	90,933	47,963
Journalism Course	41,997	—	—	41,997	41,997	—

## NATIONAL TROPICAL BOTANICAL GARDEN

## Changes in Temporarily Restricted Net Assets

Year ended December 31, 2009

	Balance at December 31, 2008	Contributions	Income from investments and net appreciation	Total	Net assets released from restrictions	Balance at December 31, 2009
Kahanu Breadfruit Collection/Breadfruit Institute	\$ 35,003	202,905	—	237,908	237,671	237
Kokua Aina Youth Initiative	—	8,000	—	8,000	—	8,000
Makauwahi Cave Composting Toilet	—	500	—	500	500	—
McBryde Chair (HTCO #3)	—	—	90,812	90,812	48,947	41,865
Na Lima Kokua	807	—	—	807	—	807
NTBG Web site	11,623	7,342	—	18,965	3,500	15,465
NYBG Pohnpei Collecting	15,116	—	—	15,116	15,116	—
Physicians Course	27,575	3,300	—	30,875	30,875	—
Plant a Breadfruit Hunger Initiative	—	685	—	685	—	685
Public Lectures	—	—	1,308	1,308	1,308	—
Publications	26,736	2,147	—	28,883	13,439	15,444
Research Botanist HTCO #2	—	—	22,198	22,198	22,198	—
Science General Ops	5,000	7,300	—	12,300	12,300	—
Seed Atlas	2,609	—	—	2,609	60	2,549
Student Awards	—	—	1,475	1,475	1,475	—
SW Wilcox GAC & JRT	5,000	—	—	5,000	5,000	—
TNC Alakai-Wainiha Flora Survey	—	14,693	—	14,693	14,693	—
UH Archeological Field Study	—	30,620	—	30,620	30,305	315
UH Ethnobiology Field School 2010	—	12,500	—	12,500	916	11,584
Volunteer Facility at VC Garden	850	—	—	850	—	850
Wilcox Foundation Keiki O Ka Aina Camp	10,000	3,400	—	13,400	13,400	—
Total Conservation, Science, and Education	<u>332,151</u>	<u>1,830,777</u>	<u>293,559</u>	<u>2,456,487</u>	<u>1,197,870</u>	<u>1,258,617</u>
Capital Projects						
BRC/BRC Additional/BRC Furniture & Fixtures	17,970	402,521	1,248	421,739	110,578	311,161
Capital Fund	—	—	1,064	1,064	1,064	—
HCF Fiber Optic Cabeling	—	38,458	—	38,458	38,458	—
Intern Housing	307,312	6,000	—	313,312	297,297	16,015
Kahanu Fuel Cell System	69,941	—	—	69,941	5,049	64,892
KIUC Power Lines Lawai Valley Litigation	10,000	—	—	10,000	6,113	3,887
Land Acquisition	513,409	—	—	513,409	—	513,409
Lawai Valley Water Resource	16,556	—	—	16,556	5,349	11,207
Plant Site	39,876	—	—	39,876	—	39,876
Scarborough house	5,344	—	—	5,344	—	5,344
Total Capital Projects	<u>980,408</u>	<u>446,979</u>	<u>2,312</u>	<u>1,429,699</u>	<u>463,908</u>	<u>965,791</u>

## NATIONAL TROPICAL BOTANICAL GARDEN

## Changes in Temporarily Restricted Net Assets

Year ended December 31, 2009

	Balance at December 31, 2008	Contributions	Income from investments and net appreciation	Total	Net assets released from restrictions	Balance at December 31, 2009
Limahuli Garden and Preserve:						
Limahuli Ahupuaa Program	\$ 1,687	—	—	1,687	373	1,314
Limahuli Capital Improvements	7,400	—	—	7,400	2,420	4,980
Limahuli Entrance-Limahuli Fellows Appeal	—	3,000	—	3,000	1,000	2,000
Limahuli Irrigation Piping (SFP)	5,000	—	—	5,000	5,000	—
Limahuli Land Acquisition Fund	19,975	—	—	19,975	—	19,975
Limahuli Living Collections Asst	11,292	—	—	11,292	11,292	—
Limahuli Operations	—	113,341	—	113,341	—	113,341
Limahuli Operations-Limahuli Endt	—	—	32,469	32,469	32,469	—
Signage-Limahuli Fellows Appeal 2009	—	2,500	—	2,500	706	1,794
Total Limahuli Garden and Preserve	45,354	118,841	32,469	196,664	53,260	143,404
McBryde Garden:						
Dillingham Memorial	—	—	19,464	19,464	19,464	—
Garden Master Planning	5,092	—	—	5,092	—	5,092
Gardeners HTCO #2	—	—	22,198	22,198	22,198	—
McBryde Operations HTCO #4	—	—	455,538	455,538	455,538	—
Total McBryde Garden	5,092	—	497,200	502,292	497,200	5,092
Kahanu Garden:						
Kahanu Hale Giest Grant	50,000	254	—	50,254	50,254	—
Kahanu Operations	22	66,956	—	66,978	66,978	—
Kahanu Piilanihale Heiau	4,534	—	—	4,534	4,534	—
Kahanu Visitor Center	5,000	—	—	5,000	—	5,000
Kulia Program Food	—	24,704	—	24,704	24,704	—
Kulia Program Kamehameha School	—	142,585	—	142,585	142,585	—
Total Kahanu Garden	59,556	234,499	—	294,055	289,055	5,000
Other:						
Ama the Crab/Conrad Schmidt Public Announcement	2,188	—	—	2,188	2,188	—
BRC Gala Event	5,000	—	—	5,000	5,000	—
Charitable Remainder Annuity Trust	67,871	—	—	67,871	67,871	—
Furlough Days Recovery 2010	—	15,000	—	15,000	—	15,000
Hawaii Community Foundation Volunteer Coordinator	—	—	—	—	—	—
Interpretive Signage in McBryde Garden	14,400	—	—	14,400	14,349	51
Knopp Trail Malott Garden Improvements	—	—	4,022	4,022	2,974	1,048
Moonlight & Music Fundraiser	—	66,027	—	66,027	66,027	—

**NATIONAL TROPICAL BOTANICAL GARDEN**

Changes in Temporarily Restricted Net Assets

Year ended December 31, 2009

	<b>Balance at December 31, 2008</b>	<b>Contributions</b>	<b>Income from investments and net appreciation</b>	<b>Total</b>	<b>Net assets released from restrictions</b>	<b>Balance at December 31, 2009</b>
Publication Jewels of Hawaii	\$ —	20,500	—	20,500	—	20,500
Staff Development	7,800	—	—	7,800	7,625	175
Sundry TRF Contributions	91,500	53,500	—	145,000	90,000	55,000
The Bulletin	—	14,300	—	14,300	14,300	—
Total Other	188,759	169,327	4,022	362,108	270,334	91,774
	<u>\$ 5,513,507</u>	<u>3,139,141</u>	<u>959,693</u>	<u>9,612,341</u>	<u>3,295,484</u>	<u>6,316,857</u>

See accompanying independent auditors' report.