



# **National Tropical Botanical Garden**

Financial Statements and Supplemental Schedules  
(With Independent Auditors' Report Thereon)

December 31, 2017 and 2016

## **Independent Auditors' Report**

The Board of Trustees  
National Tropical Botanical Garden:

We have audited the accompanying financial statements of National Tropical Botanical Garden (the Garden), which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of activities, and cash flows for the years then ended, and the related notes to financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe 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 National Tropical Botanical Garden as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matter***

Our audit was conducted for the purpose of forming an opinion on the financial statements 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

***KKDL Y LLC***

Honolulu, Hawaii  
June 26, 2018

## NATIONAL TROPICAL BOTANICAL GARDEN

### Balance Sheets

December 31, 2017 and 2016

<b>Assets</b>	<b>2017</b>	<b>2016</b>
Cash	\$ 2,104,536	\$ 3,050,389
Pledges receivable	470,403	664,833
Government contracts and grants receivable	165,865	76,134
Merchandise inventories	100,987	67,773
Prepaid expenses and other	527,548	606,287
Short-term investments	211,026	382,155
Net land, buildings, equipment, and library	35,788,060	35,037,586
Botanical art collection	465,220	465,220
Land held for preservation	980,000	980,000
Land held for investment	1,335,000	1,335,000
Loy McCandless Marks Botanical Library	8,000,000	8,000,000
Long-term investments	18,464,984	16,787,474
Beneficial interest in perpetual trust	2,341,877	2,108,954
Total assets	\$ 70,955,506	\$ 69,561,805
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable, accrued expenses, and other	\$ 914,674	\$ 744,808
Deferred gain on sale of land	250,000	250,000
Debt	447,311	510,889
Charitable gift annuity obligation	503,626	443,023
Total liabilities	2,115,611	1,948,720
Net assets:		
Unrestricted:		
Undesignated	28,678,112	25,588,458
Board designated as The Kampong endowment	1,097,833	991,292
Temporarily restricted	10,211,513	12,513,821
Permanently restricted	28,852,437	28,519,514
Total net assets	68,839,895	67,613,085
Total liabilities and net assets	\$ 70,955,506	\$ 69,561,805

See accompanying notes to financial statements.

**NATIONAL TROPICAL BOTANICAL GARDEN**

Statement of Activities

Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenues, gains, and other support:				
Contributions and bequests	\$ 2,322,457	\$ 2,569,222	\$ 100,000	\$ 4,991,679
Tour and visitor center sales, net of costs of goods sold of \$414,313	3,298,742	-	-	3,298,742
Government and other contracts	652,917	-	-	652,917
Net realized and unrealized gain on investments	1,413,495	843,710	-	2,257,205
Increase in beneficial interest in perpetual trusts	-	-	232,923	232,923
Allerton fees and reimbursements	597,728	-	-	597,728
Income from investments, net of management, custodial, and other fees of \$166,228	158,512	299,235	-	457,747
Change in value of split interest agreement	-	(142,203)	-	(142,203)
Other	355,123	-	-	355,123
Net assets released from restrictions	5,872,272	(5,872,272)	-	-
Total revenues, gains, and other support	<u>14,671,246</u>	<u>(2,302,308)</u>	<u>332,923</u>	<u>12,701,861</u>
Expenses:				
Program services:				
Gardens and preserves:				
McBryde	1,685,872	-	-	1,685,872
Limahuli	1,055,367	-	-	1,055,367
The Kampong	893,807	-	-	893,807
Kahanu	496,806	-	-	496,806
Allerton	330,291	-	-	330,291
Research and education:				
Science and conservation	2,207,443	-	-	2,207,443
Visitor programs	2,098,024	-	-	2,098,024
Education	279,947	-	-	279,947
Total program services	<u>9,047,557</u>	<u>-</u>	<u>-</u>	<u>9,047,557</u>
Supporting services:				
Administration and finance	1,451,341	-	-	1,451,341
Development	976,153	-	-	976,153
Total supporting services	<u>2,427,494</u>	<u>-</u>	<u>-</u>	<u>2,427,494</u>
Total expenses	<u>11,475,051</u>	<u>-</u>	<u>-</u>	<u>11,475,051</u>
Change in net assets	3,196,195	(2,302,308)	332,923	1,226,810
Net assets at beginning of year	<u>26,579,750</u>	<u>12,513,821</u>	<u>28,519,514</u>	<u>67,613,085</u>
Net assets at end of year	<u>\$ 29,775,945</u>	<u>\$ 10,211,513</u>	<u>\$ 28,852,437</u>	<u>\$ 68,839,895</u>

See accompanying notes to financial statements.

**NATIONAL TROPICAL BOTANICAL GARDEN**

Statement of Activities

Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenues, gains, and other support:				
Contributions and bequests	\$ 2,301,763	\$ 2,057,327	\$ -	\$ 4,359,090
Tour and visitor center sales, net of costs of goods sold of \$436,022	3,251,740	-	-	3,251,740
Government and other contracts	518,945	-	-	518,945
Net realized and unrealized gain on investments	473,525	366,414	-	839,939
Decrease in beneficial interest in perpetual trusts	-	-	(25,154)	(25,154)
Allerton fees and reimbursements	678,196	-	-	678,196
Income from investments, net of management, custodial, and other fees of \$125,258	46,714	304,390	-	351,104
Other	289,633	-	-	289,633
Net assets released from restrictions	4,006,983	(4,006,983)	-	-
Total revenues, gains, and other support	<u>11,567,499</u>	<u>(1,278,852)</u>	<u>(25,154)</u>	<u>10,263,493</u>
Expenses:				
Program services:				
Gardens and preserves:				
McBryde	1,698,629	-	-	1,698,629
The Kampong	1,080,992	-	-	1,080,992
Limahuli	955,424	-	-	955,424
Kahanu	531,511	-	-	531,511
Allerton	468,396	-	-	468,396
Research and education:				
Visitor programs	2,251,269	-	-	2,251,269
Science and conservation	2,230,895	-	-	2,230,895
Education	334,087	-	-	334,087
Total program services	<u>9,551,203</u>	<u>-</u>	<u>-</u>	<u>9,551,203</u>
Supporting services:				
Administration and finance	1,460,406	-	-	1,460,406
Development	920,010	-	-	920,010
Total supporting services	<u>2,380,416</u>	<u>-</u>	<u>-</u>	<u>2,380,416</u>
Total expenses	<u>11,931,619</u>	<u>-</u>	<u>-</u>	<u>11,931,619</u>
Change in net assets	(364,120)	(1,278,852)	(25,154)	(1,668,126)
Net assets at beginning of year	26,943,870	13,792,673	28,544,668	69,281,211
Net assets at end of year	<u>\$ 26,579,750</u>	<u>\$ 12,513,821</u>	<u>\$ 28,519,514</u>	<u>\$ 67,613,085</u>

See accompanying notes to financial statements.

# NATIONAL TROPICAL BOTANICAL GARDEN

## Statements of Cash Flows

Years Ended December 31, 2017 and 2016

	<b>2017</b>	<b>2016</b>
Cash flows from operating activities:		
Change in net assets	\$ 1,226,810	\$ (1,668,126)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	1,108,601	1,096,684
Net realized and unrealized gain on investments	(2,257,205)	(839,939)
Contributions of investment securities	(210,156)	(71,694)
Contributions restricted for long-term investment	(471,066)	(328,414)
Increase in beneficial interest in perpetual trust	(232,923)	25,154
Change in value of split interest agreement	142,203	-
Gain on sale of equipment	(4,601)	-
Changes in assets and liabilities:		
Pledges receivable	194,430	246,437
Government contracts and grants receivable	(89,731)	106,501
Merchandise inventories	(33,214)	17,086
Prepaid expenses and other	78,739	3,447
Accounts payable, accrued expenses, and other	169,866	49,588
Net cash used in operating activities	(378,247)	(1,363,276)
Cash flows from investing activities:		
Purchases of land, buildings, equipment, and library	(1,863,174)	(1,042,542)
Proceeds from sale of equipment	8,700	-
Proceeds from sale of investments	9,664,944	8,550,986
Purchases of investments	(8,703,964)	(7,516,067)
Net cash used in investing activities	(893,494)	(7,623)
Cash flows from financing activities:		
Proceeds from contributions restricted for:		
Investment in endowment	100,000	-
Investment in capital projects	371,066	328,414
Principal payments on debt	(63,578)	(57,909)
Proceeds from issuance of debt	-	360,000
Payments of charitable gift annuity obligation	(81,600)	(81,600)
Net cash provided by financing activities	325,888	548,905
Net decrease in cash	(945,853)	(821,994)
Cash at beginning of year	3,050,389	3,872,383
Cash at end of year	\$ 2,104,536	\$ 3,050,389
Supplemental disclosures of cash flow information:		
Interest paid	\$ 3,560	\$ -
Noncash financing activity:		
Contribution of investment securities	\$ 210,156	\$ 71,694

See accompanying notes to financial statements.

# NATIONAL TROPICAL BOTANICAL GARDEN

Notes to Financial Statements

December 31, 2017 and 2016

## (1) Summary of Significant Accounting Policies

### *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.

### *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 assets for general or specific purposes.

### *Cash Equivalents*

For purposes of the statements of cash flows, the Garden considers all highly liquid instruments with original maturities of three months or less to be cash equivalents. At various times during 2017 and 2016, and as of the balance sheet date, deposits were in excess of federally insured limits.

### *Merchandise Inventories*

Merchandise inventories consist of books and other botanical-related items and are valued at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method.

### *Investments*

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.

# NATIONAL TROPICAL BOTANICAL GARDEN

## Notes to Financial Statements

December 31, 2017 and 2016

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.

### *Land, Buildings, Equipment, and Library*

Land, buildings, equipment, and library are capitalized at cost, if purchased or at estimated fair 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 contributions, if and when such values are determined.

The Garden reports gifts of land, buildings, equipment, and the library as unrestricted contributions 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 contributions. 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	20–50
Computers	3
Furniture, fixtures, and equipment	8
Library	10
Land improvements	15

### *Botanical Art Collection*

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

### *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.

# NATIONAL TROPICAL BOTANICAL GARDEN

## Notes to Financial Statements

December 31, 2017 and 2016

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.

### *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 income and the carrying value of the assets is adjusted for changes in the estimates of future receipts.

### *Fair Value Measurements*

The Garden measures its financial assets, financial liabilities, and nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring and nonrecurring basis. Fair value is defined 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.

### *Long-Lived Assets*

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.

### *Prepaid Expenses and Other*

Prepaid expenses and other assets includes prepaid rent, prepaid insurance, and prepaid meeting costs.

### *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,

# NATIONAL TROPICAL BOTANICAL GARDEN

## Notes to Financial Statements

December 31, 2017 and 2016

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 financial statements taken as a whole.

The Garden determines 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 Tax Cuts and Jobs Act of 2017 was signed into law on December 22, 2017. The law includes significant changes to the U.S. corporate income tax system, including a Federal corporate rate reduction from 35% to 21%, limitations on the deductibility of interest expense and executive compensation, and the transition of U.S. international taxation from a worldwide tax system to a territorial tax system. The Company does not expect the legislation to have a significant financial impact on the Garden, as net income, if any, from unrelated trade or business, in the opinion of management, is not material to the financial statements as a whole.

### *Use of Estimates*

The preparation of the financial statements, in accordance with accounting principles generally accepted in the United States of America, 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 valuation of pledges receivable; government contracts and grants receivable; merchandise inventories; land, buildings, equipment, and library; land held for preservation; land held for investment; short-term and long-term investments; beneficial interest in perpetual trust and the charitable gift annuity obligation.

### *Reclassifications*

Certain reclassifications were made to 2016 financial information to conform to 2017 presentations. Such reclassifications had no impact to previously reported change in net assets.

### *New Accounting Standard*

On August 18, 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities* (ASU 2016-14), which makes targeted improvements to the not-for-profit financial reporting model. ASU 2016-14 requires that net asset reporting be streamlined and clarified from the existing three-category classification of net assets, being replaced with a simplified model that combines temporarily restricted and permanently restricted into a single category, called, “net assets with

# NATIONAL TROPICAL BOTANICAL GARDEN

## Notes to Financial Statements

December 31, 2017 and 2016

donor restrictions,” with descriptions of the nature of donor restrictions included in the notes to financial statements. The guidance for classifying deficiencies in endowment fund has also been simplified and clarified. New disclosures will highlight restrictions on the use of resources that make otherwise liquid assets unavailable for meeting near-term financial requirements. ASU 2016-14 also imposes several new requirements related to reporting expenses, including reporting expenses by functional classifications for all not-for-profit organizations and enhanced disclosures about the methods used to allocate costs among program and support requirements. The Garden will adopt the new standard on January 1, 2018, and is currently evaluating the effect that ASU 2016-14 will have on its financial statements.

### *Subsequent Events*

The Garden has evaluated subsequent events through June 26, 2018, the date at which the accompanying financial statements were available to be issued, and determined that there are no other items to disclose.

## (2) Pledges Receivable

Pledges receivable consisted of the following at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Contributions to be received within one year	\$ 274,225	\$ 322,500
Contributions to be received in one to five years	204,000	356,000
	478,225	678,500
Less discount to present value (at varying rates from .33% to 1.8%)	(7,822)	(13,667)
	<u>\$ 470,403</u>	<u>\$ 664,833</u>

## NATIONAL TROPICAL BOTANICAL GARDEN

Notes to Financial Statements

December 31, 2017 and 2016

### (3) Investments

#### *Summary of Investments*

A summary of short-term investments at December 31, 2017 and 2016, follows:

	<b>2017</b>	<b>2016</b>
Cash and cash equivalents	\$ 7,845	\$ 12,074
Mutual funds	203,181	333,041
U.S. equity securities	-	37,040
	\$ 211,026	\$ 382,155

A summary of long-term investments at December 31, 2017 and 2016, follows:

	<b>2017</b>	<b>2016</b>
Cash and cash equivalents	\$ 535,849	\$ 606,247
Equity securities:		
U.S. equity securities	9,964,817	8,971,015
International equity securities	2,298,578	1,860,600
Real estate securities	300,427	510,098
Mutual funds	2,296,980	1,949,744
Corporate bonds	2,571,104	2,629,037
U.S. government and agency securities	497,229	260,733
	\$ 18,464,984	\$ 16,787,474

#### *Fair Value Measurements*

The Garden follows the provisions in the Financial Instruments Topic 825 of the Financial Accounting Standards Board Accounting Standards Codification regarding fair value measurements. The Garden determines fair value based on the current amount that would be exchanged between willing parties in the principal or most advantageous market, other than in a forced liquidation. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in the one of the following levels:

**Level 1** - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets. A quoted price in an active market provides the most reliable evidence of fair value and is used to measure fair value whenever available.

## NATIONAL TROPICAL BOTANICAL GARDEN

### Notes to Financial Statements

December 31, 2017 and 2016

**Level 2** - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or are derived principally from or can be corroborated by observable market data by correlation or other means.

**Level 3** - Inputs to the valuation methodology are unobservable, are supported by little or no market activity and are 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 the fair value measurement is classified is determined based on the lowest level of input that is significant to the fair value measure in its entirety. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table presents assets that are measured at fair value on a recurring basis at December 31, 2017 and 2016:

<b>Investments at Fair Value as of December 31, 2017</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Asset category:				
Cash and cash equivalents	\$ 543,694	\$ -	\$ -	\$ 543,694
Equity securities:				
U.S. equity securities	9,964,817	-	-	9,964,817
International equity securities	2,298,578	-	-	2,298,578
Real estate securities	300,427	-	-	300,427
Mutual funds	2,500,161	-	-	2,500,161
Corporate bonds	-	2,571,104	-	2,571,104
U.S. government and agency securities	-	497,229	-	497,229
Beneficial interest in perpetual trust	-	2,341,877	-	2,341,877
	<b>\$ 15,607,677</b>	<b>\$ 5,410,210</b>	<b>\$ -</b>	<b>\$ 21,017,887</b>

## NATIONAL TROPICAL BOTANICAL GARDEN

### Notes to Financial Statements

December 31, 2017 and 2016

	<b>Investments at Fair Value as of December 31, 2016</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset category:				
Cash and cash equivalents	\$ 618,321	\$ -	\$ -	\$ 618,321
Equity securities:				
U.S. equity securities	9,008,055	-	-	9,008,055
International equity securities	1,860,600	-	-	1,860,600
Real estate securities	510,098	-	-	510,098
Mutual funds	2,282,785	-	-	2,282,785
Corporate bonds	-	2,629,037	-	2,629,037
U.S. government and agency securities	-	260,733	-	260,733
Beneficial interest in perpetual trust	-	2,108,954	-	2,108,954
	<u>\$14,279,859</u>	<u>\$ 4,998,724</u>	<u>\$ -</u>	<u>\$19,278,583</u>

The Garden's accounting policy is to recognize transfers between levels of the fair value hierarchy on the date of the event or change in circumstance that caused the transfer. There were no transfers out of Levels 1, 2, or 3 for the years ended December 31, 2017 and 2016.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2017 and 2016.

*Cash and cash equivalents, equity securities, real estate securities and mutual funds* are traded in active markets; quoted market prices for identical assets are obtained, and fair values are recorded on a recurring basis.

*Corporate bonds and U.S. government and agency securities* are traded in active markets; quoted market prices are obtained for similar assets, and fair values are recorded on a recurring basis.

*Beneficial interest in perpetual trust* are recorded at fair value on a recurring basis through current financial information provided by trustees.

Fair value of the charitable gift annuity obligation as of December 31, 2017 and 2016 was \$503,626 and \$443,023, respectively. Fair value is determined as the present value of estimated future payments based on life expectancy of the beneficiary.

## NATIONAL TROPICAL BOTANICAL GARDEN

Notes to Financial Statements

December 31, 2017 and 2016

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

A summary of land, buildings, equipment, and library as of December 31, 2017 and 2016 is as follows:

	<b>2017</b>	<b>2016</b>
The Kampong:		
Land	\$ 4,130,644	\$ 4,053,234
Buildings	2,460,888	2,201,869
Furniture, fixtures, and equipment	490,348	378,745
Construction in progress	21,998	280,649
Total The Kampong	7,103,878	6,914,497
Hawaii:		
Land and land improvements	19,993,016	18,694,430
Building and building improvements	21,194,212	21,190,997
Furniture, fixtures, and equipment	6,147,875	6,095,940
Library	401,381	368,774
Construction in progress	609,916	370,675
Total Hawaii	48,346,400	46,720,816
	55,450,278	53,635,313
Less accumulated depreciation	(19,662,218)	(18,597,727)
	\$ 35,788,060	\$ 35,037,586

**NATIONAL TROPICAL BOTANICAL GARDEN**

Notes to Financial Statements

December 31, 2017 and 2016

**(5) Debt**

Debt at December 31, 2017 and 2016 consists of the following:

	<b>2017</b>	<b>2016</b>
Noninterest-bearing note payable to Kauai Island Utility Cooperative; monthly principal payments of \$3,125, secured by a stand-by letter of credit for \$50,000, paid in full on March 17, 2018	\$ 9,375	\$ 46,875
Noninterest-bearing note payable to Blue Planet Foundation dba Wefficiency; quarterly principal payments of \$6,425 payable in full on February 1, 2021	77,936	104,014
Noninterest-bearing note payable to Kauai Island Utility Cooperative; monthly principal payments of \$3,750, commencing November 2018, secured by a stand-by letter for \$360,000; payable in full on November 10, 2026	360,000	360,000
	<b>\$ 447,311</b>	<b>\$ 510,889</b>

The Garden has a line of credit agreement with a bank for \$800,000, of which \$410,000 is reserved to support the stand-by letters of credit described above. Draws on the line of credit accrue interest at 0.25% over the bank rate (5.00% at December 31, 2017) and is secured by certain assets of the Garden. The agreement matures on September 1, 2018. There were no outstanding amounts due on the line of credit as of December 31, 2017 and 2016.

The aggregate maturities of debt are as follows:

Year Ending December 31:	
2018	\$ 42,575
2019	70,700
2020	70,700
2021	45,836
2022	45,000
Thereafter	172,500
	<b>\$ 447,311</b>

## NATIONAL TROPICAL BOTANICAL GARDEN

Notes to Financial Statements

December 31, 2017 and 2016

### (6) Charitable Gift Annuity Obligation

In January 2015, the Garden received a donation of \$1,200,000 in conjunction with a charitable gift annuity agreement. The agreement provides for quarterly payments to the beneficiary by the Garden of \$20,400 over the lifetime of the beneficiary. As of December 31, 2017 and 2016, the Garden has recorded a liability of \$503,626 and \$443,023, respectively, representing the present value of the estimated future obligation under this agreement.

### (7) Contributions

#### *Waterhouse Trust*

During 2017 and 2016, 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 \$394,182 and \$399,705, 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.

#### *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 2017 and 2016, the Garden received distributions from the trusts amounting to \$109,647 and \$112,984, respectively, which are recorded as unrestricted income from investments 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. The Garden has recorded its interest in the trusts as a permanently restricted net asset and is reported as a beneficial interest in perpetual trust on the balance sheets. As of December 31, 2017 and 2016, the fair value of the trusts were \$2,341,877 and \$2,108,954, respectively.

#### *The Kampong Fund*

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 Garden recorded the assets from the Fund as temporarily restricted assets. The provisions of the asset transfer require that should the Garden sell the Kampong estate, the proceeds from the sale and

## NATIONAL TROPICAL BOTANICAL GARDEN

### Notes to Financial Statements

December 31, 2017 and 2016

any remaining assets be held in perpetuity with investment income used to advance the study of botanical science in the mainland United States.

#### *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 at the date of the contribution. The Garden recorded the botanical library assets as permanently restricted assets.

#### *Eleanor Evans Crum Trust*

In March 2001, the Garden 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 2017 and 2016, the Garden received distributions from the trust of \$125,981 and \$131,420, 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.

#### **(8) Defined Contribution Plan**

The Garden has a defined contribution retirement plan (the Plan) that is contributory and available to all qualified employees. Benefits are funded through life insurance annuity contracts. In 2017, the Garden amended its plan documents and began making employer contributions. A total of \$207,584 was contributed to eligible employees for the year ended December 31, 2017. There were no contributions to the Plan made by the Garden for the year ended December 31, 2016.

## NATIONAL TROPICAL BOTANICAL GARDEN

### Notes to Financial Statements

December 31, 2017 and 2016

#### **(9) Sale of Land**

In January 2015, in accordance with an agreement of sale and purchase and addendums thereto (the Agreement), the Garden sold certain land parcels adjacent to The Kampong in Miami, Florida to an unrelated third party Buyer for \$2,500,000. Upon closing of the sale, the Garden received proceeds totaling \$2,250,000. In accordance with the Agreement, as amended, the receipt of the remaining \$250,000 is conditional on the Buyer obtaining certain replat approvals and other assurances regarding the Buyer's plans for improvements to the parcels by July 31, 2018. If the conditions are not met by that date, then the \$250,000 will no longer be due and owing by the Buyer. The July 31, 2018 deadline is subject to further extension by agreement of the Buyer and the Garden, in the event that the conditions are not met by that date.

In conjunction with the sale, the Board of Trustees designated a portion of the proceeds for an endowment for The Kampong. As of December 31, 2017 and 2016, the balance of this unrestricted, designated net asset account is \$1,097,833 and \$991,292, respectively.

#### **(10) 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 \$221,450. Further, the Trust reimburses the Garden for most 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, 2017 and 2016

**(11) Temporarily Restricted and Permanently Restricted Net Assets**

Temporarily restricted net assets at December 31, 2017 and 2016 are available for the following purposes:

	<u>2017</u>	<u>2016</u>
The Kampong Garden	\$ 3,887,207	\$ 3,807,950
McBryde Garden	1,851,920	2,778,929
Capital projects	1,688,312	3,202,905
Science and Conservation	1,271,735	1,238,361
Science and Conservation - Breadfruit Institute	469,624	573,194
Education	66,270	10,000
Limahuli Garden & Preserves	12,174	16,284
Other	964,271	886,198
	<u>\$ 10,211,513</u>	<u>\$ 12,513,821</u>

Permanently restricted net assets at December 31, 2017 and 2016 are restricted for investment in perpetuity and the income from which is expendable to support:

	<u>2017</u>	<u>2016</u>
Loy McCandless Marks Botanical Library	\$ 8,000,000	\$ 8,000,000
Any activities of the Garden	5,967,425	5,634,502
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	2,545,275	2,545,275
The Kampong operations	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
The Kampong director	7,500	7,500
	<u>\$ 28,852,437</u>	<u>\$ 28,519,514</u>

## NATIONAL TROPICAL BOTANICAL GARDEN

### Notes to Financial Statements

December 31, 2017 and 2016

#### (12) Endowments

The Garden's endowment consists of 13 individual donor-restricted funds established for a variety of purposes and a board designated fund which functions as an endowment. Net assets associated with endowment funds and the fund designated by the Board of Trustees as an endowment, are classified and reported based on the existence or absence of donor-imposed restrictions. At December 31, 2017 and 2016, the donor-restricted endowment funds amounted to \$28,852,437 and \$28,519,514, respectively. The board designated endowment fund amounted to \$1,097,833 and \$991,292 as of December 31, 2017 and 2016, respectively.

#### *Endowment Funds*

At December 31, 2017 and 2016, 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>
2017:				
Donor-restricted endowment funds	\$ (3,015,868)	\$ 1,850,924	\$ 28,852,437	\$ 27,687,493
Board-designated endowment funds	1,097,833	-	-	1,097,833
Total Endowment funds	\$ (1,918,035)	\$ 1,850,924	\$ 28,852,437	\$ 28,785,326
2016:				
Donor-restricted endowment funds	\$ (3,973,954)	\$ 1,442,909	\$ 28,519,514	\$ 25,988,469
Board-designated endowment funds	991,292	-	-	991,292
Total Endowment funds	\$ (2,982,662)	\$ 1,442,909	\$ 28,519,514	\$ 26,979,761

## NATIONAL TROPICAL BOTANICAL GARDEN

### Notes to Financial Statements

December 31, 2017 and 2016

For the years ended December 31, 2017 and 2016, the changes in endowment net assets are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
2017:				
Endowment net assets, beginning of year	\$ (2,982,662)	\$ 1,442,909	\$ 28,519,514	\$ 26,979,761
Investment return:				
Investment income, net of management, custodial and other fees	47,516	240,216	-	287,732
Net realized and unrealized gain	<u>1,413,495</u>	<u>666,227</u>	<u>-</u>	<u>2,079,722</u>
Total investment return	1,461,011	906,443	-	2,367,454
Change in value of perpetual trusts	-	-	232,923	232,923
Contributions	-	-	100,000	100,000
Appropriation of endowment assets for expenditure and other changes, net	<u>(396,384)</u>	<u>(498,428)</u>	<u>-</u>	<u>(894,812)</u>
Endowment net assets, end of year	<u>\$ (1,918,035)</u>	<u>\$ 1,850,924</u>	<u>\$ 28,852,437</u>	<u>\$ 28,785,326</u>

**NATIONAL TROPICAL BOTANICAL GARDEN**

Notes to Financial Statements

December 31, 2017 and 2016

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
2016:				
Endowment net assets, beginning of year	\$ (3,260,136)	\$ 1,442,909	\$ 28,544,668	\$ 26,727,441
Investment return:				
Investment income, net of management, custodial and other fees	44,369	251,574	-	295,943
Net realized and unrealized gain	473,525	233,390	-	706,915
Total investment return	517,894	484,964	-	1,002,858
Change in value of perpetual trust	-	-	(25,154)	(25,154)
Appropriation of endowment assets for expenditure and other changes, net	(240,420)	(484,964)	-	(725,384)
Endowment net assets, end of year	\$ (2,982,662)	\$ 1,442,909	\$ 28,519,514	\$ 26,979,761

## NATIONAL TROPICAL BOTANICAL GARDEN

### Notes to Financial Statements

December 31, 2017 and 2016

Description of amounts classified as permanently restricted net assets and temporarily restricted net assets is as follows:

	<b>2017</b>	<b>2016</b>
Permanently restricted net assets:		
The portion of endowment funds that is required to be retained permanently either by explicit donor stipulation or by HUPMIFA	\$ 17,175,560	\$ 17,075,560
Beneficial interests in perpetual trusts	2,341,877	2,108,954
Loy McCandless Marks Botanical Library	8,000,000	8,000,000
Land held for investment	1,335,000	1,335,000
	<b>\$ 28,852,437</b>	<b>\$ 28,519,514</b>
Temporarily restricted net assets:		
The portion of temporarily restricted net assets, excluding endowment funds, subject to purpose restrictions	\$ 8,360,589	\$ 11,070,912
The portion of perpetual endowment funds subject to time restriction under HUPMIFA with purpose restrictions	1,850,924	1,442,909
	<b>\$ 10,211,513</b>	<b>\$ 12,513,821</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 maintaining the purchasing power of the donor-restricted endowment funds held in perpetuity or for a specific term 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.

# NATIONAL TROPICAL BOTANICAL GARDEN

## Notes to Financial Statements

December 31, 2017 and 2016

In accordance with HUPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

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

### *Description of Amounts Classified as Permanently Restricted Net Assets*

#### *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 \$1,918,035 and \$ 2,982,662 as of December 31, 2017 and 2016, respectively. These deficiencies resulted from unfavorable market fluctuations in fund investments and continued appropriation for certain programs that was deemed prudent by the Board of Trustees.

#### *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.

#### *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).

## NATIONAL TROPICAL BOTANICAL GARDEN

Notes to Financial Statements

December 31, 2017 and 2016

### *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 4.5% 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.

During 2017 and 2016, the Garden received distributions from the endowment funds of \$894,812 and \$725,384, respectively.

### **(13) Commitments and Contingencies**

In the normal course of operations, the Garden is subject to potential claims and litigation. Management believes that such matters will not have a material adverse effect on the Garden's financial position.

**NATIONAL TROPICAL BOTANICAL GARDEN**  
 Schedule 1 - Statement of Functional Expenses  
 Year Ended December 31, 2017  
 (With comparative totals for 2016)

	Gardens and Preserves					Supporting Services						
	McBryde	Limahuli	The Kampong	Kahanu	Allerton	Science and conservation	Visitor programs	Education	Administration and finance	Development	2017 Total	2016 Total
Salaries	\$ 740,084	\$ 504,196	\$289,155	\$227,016	\$162,566	\$ 811,847	\$ 927,040	\$170,056	\$ 725,025	\$485,552	\$ 5,042,537	\$5,244,544
Payroll taxes and employee benefits	228,481	199,391	94,521	75,037	70,407	270,536	387,578	32,120	145,723	167,110	1,670,904	1,545,854
Depreciation	305,808	72,190	127,330	46,318	10,654	389,231	116,304	33,943	5,321	1,501	1,108,600	1,096,684
Professional fees	84,686	31,304	51,804	21,077	35,278	302,189	18,765	12,415	170,145	31,526	759,189	992,339
Occupancy	135,269	14,872	112,426	9,754	25,697	112,681	17,990	291	6,585	-	435,565	413,271
Employee travel & meals	6,781	18,797	19,127	50,543	-	79,697	2,741	5,968	199,802	45,871	429,327	493,513
Special events	7,349	26,373	80,898	8,034	-	31,132	21,055	443	7,731	141,629	324,644	426,341
Supplies	38,803	60,330	34,438	17,272	7,549	78,975	23,885	7,158	18,472	4,831	291,713	321,285
Equipment rent and maintenance	92,702	23,665	9,183	17,173	13,520	7,921	85,828	1,274	12,752	3,713	267,731	238,212
Insurance	27,103	10,609	49,894	12,340	3,503	56,475	37,496	12,282	46,750	6,798	263,250	308,293
Guest meals and supplies	-	-	-	-	-	-	174,561	-	-	-	174,561	156,812
Advertising and marketing	2,800	-	2,560	-	-	77	121,404	-	573	-	127,414	130,232
Bank charges	70	27	4,117	8	-	152	80,583	106	12,632	7,580	105,275	103,771
Postage and printing	799	1,010	3,382	4,026	-	9,334	16,148	1,175	12,415	56,340	104,629	106,463
Telephone	4,138	14,251	6,108	4,647	712	12,122	22,402	2,187	28,371	4,472	99,410	96,813
Helicopter	-	68,623	-	-	-	9,114	-	-	-	-	77,737	42,048
Staff training	2,048	5,427	2,873	2,061	405	10,475	10,790	509	25,985	1,306	61,879	77,706
Licenses, permits and fees	8,817	692	1,206	1,296	-	13,997	25,821	20	179	20	52,048	40,582
Computer & software maintenance	-	2,995	825	175	-	4,215	6,566	-	16,917	12,404	44,097	62,920
Dues and publications	134	615	406	29	-	7,273	1,067	-	15,957	5,500	30,981	33,936
Interest	-	-	3,554	-	-	-	-	-	6	-	3,560	-
<b>Grand Total</b>	<b>\$ 1,685,872</b>	<b>\$ 1,055,367</b>	<b>\$ 893,807</b>	<b>\$ 496,806</b>	<b>\$ 330,291</b>	<b>\$ 2,207,443</b>	<b>\$ 2,098,024</b>	<b>\$ 279,947</b>	<b>\$ 1,451,341</b>	<b>\$ 976,153</b>	<b>\$ 11,475,051</b>	<b>\$ 11,931,619</b>

See accompanying independent auditors' report.

**NATIONAL TROPICAL BOTANICAL GARDEN**  
 Changes in Temporarily Restricted Net Assets  
 Year Ended December 31, 2017

	<b>Balance at December 31, 2016</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, 2017</b>
The Kampong:						
Kampong Estate	\$ 3,778,983	\$ -	\$ -	\$ -	\$ -	\$ 3,778,983
Hurricane Irma Recovery Fund	-	226,459	-	226,459	(146,595)	79,864
Tree Management	9,637	3,508	-	3,508	(811)	12,334
Kampong Grotto	9,942	-	-	-	-	9,942
Sweeney Memorial Library	4,125	-	-	-	(241)	3,884
Historic Marker	2,200	-	-	-	-	2,200
Bali Hai Kampong	-	111,389	-	111,389	(111,389)	-
David Fairchild Medal (Endowment)	-	-	1,329	1,329	(1,329)	-
David Fairchild's Lab	-	12,392	-	12,392	(12,392)	-
Kampong Arts Programs	-	23,606	-	23,606	(23,606)	-
Kampong Capital & Directors Salary Endow	-	-	440	440	(440)	-
Kampong Education Programs	3,063	38,000	-	38,000	(41,063)	-
Kampong/Sweeney Endowment	-	-	30,220	30,220	(30,220)	-
	<u>3,807,950</u>	<u>415,354</u>	<u>31,989</u>	<u>447,343</u>	<u>(368,086)</u>	<u>3,887,207</u>
McBryde Garden:						
McBryde Garden Endowment	2,778,452	-	772,761	772,761	(1,700,293)	1,850,920
Plumeria in VC Garden	-	1,000	-	1,000	-	1,000
Dillingham Memorial Endowment	-	-	4,749	4,749	(4,749)	-
Gardeners Endowment	-	-	4,989	4,989	(4,989)	-
Maile Project	477	-	-	-	(477)	-
	<u>2,778,929</u>	<u>1,000</u>	<u>782,499</u>	<u>783,499</u>	<u>(1,710,508)</u>	<u>1,851,920</u>

See accompanying independent auditors' report.

**NATIONAL TROPICAL BOTANICAL GARDEN**  
Changes in Temporarily Restricted Net Assets (Continued)  
Year Ended December 31, 2017

	<u>Balance at December 31, 2016</u>	<u>Contributions</u>	<u>Income from investments and net appreciation</u>	<u>Total</u>	<u>Net assets released from restrictions</u>	<u>Balance at December 31, 2017</u>
Capital Projects:						
McBryde Garden Renewal Project	2,053,606	65,735	-	65,735	(1,334,601)	784,740
Land Acquisition Fund	533,384	-	-	-	-	533,384
Kahanu Self Sufficiency Project	356,650	217,210	-	217,210	(411,571)	162,289
Facility Improvements Kampong	155,725	21,021	-	21,021	(59,139)	117,607
Capital Improvements Limahuli	50,327	67,000	-	67,000	(33,885)	83,442
Fisherman's cottage restoration	5,000	-	-	-	-	5,000
Queen Emma Cottage Renovations	1,000	-	-	-	-	1,000
Volunteer Facility at VC Garden	850	-	-	-	-	850
Capital Fund General Endowment	-	-	998	998	(998)	-
Fellows Project-Horticultural Buildings Restoration	33,763	100	-	100	(33,863)	-
Golf Cart	12,600	-	-	-	(12,600)	-
Malott Garden Improvements	-	-	981	981	(981)	-
	<u>3,202,905</u>	<u>371,066</u>	<u>1,979</u>	<u>373,045</u>	<u>(1,887,638)</u>	<u>1,688,312</u>
Science and Conservation:						
Conservation Easements	980,000	-	18,709	18,709	(18,709)	980,000
Conservation Programs	150,520	350,000	-	350,000	(325,541)	174,979
McBryde Chair Endowment	50,067	-	17,809	17,809	(18,043)	49,833
Seedbank Projects	12,160	67,970	-	67,970	(59,089)	21,041
Flora of the Marquesas	20,843	-	-	-	-	20,843
Scouting & Outplanting Projects	19,680	22,452	-	22,452	(22,486)	19,646
Herbarium Research	-	5,393	-	5,393	-	5,393
B. Evans Chair Endowment	-	-	15,722	15,722	(15,722)	-
BRC Endowment	-	-	308	308	(308)	-
Library Grant	771	-	-	-	(771)	-
Loy Marks Science Endowment	4,320	-	-	-	(4,320)	-
	<u>1,238,361</u>	<u>445,815</u>	<u>52,548</u>	<u>498,363</u>	<u>(464,989)</u>	<u>1,271,735</u>

See accompanying independent auditors' report.

**NATIONAL TROPICAL BOTANICAL GARDEN**  
 Changes in Temporarily Restricted Net Assets (Continued)  
 Year Ended December 31, 2017

	<u>Balance at December 31, 2016</u>	<u>Contributions</u>	<u>Income from investments and net appreciation</u>	<u>Total</u>	<u>Net assets released from restrictions</u>	<u>Balance at December 31, 2017</u>
Science and Conservation - Breadfruit Institute:						
Breadfruit Institute projects	461,618	-	50,039	50,039	(315,191)	196,466
Breadfruit programs	33,333	225,000	-	225,000	(146,332)	112,001
Breadfruit Distribution projects	50,875	93,970	-	93,970	(54,794)	90,051
Agroforestry Project	-	130,000	-	130,000	(73,325)	56,675
Breadfruit Opportunities on Kauai	8,000	-	-	-	-	8,000
Cultivaris Royalties	19,368	-	-	-	(13,937)	5,431
Breadfruit Diversity in the Solomon Islands	-	1,000	-	1,000	-	1,000
Research Botanist Endowment	-	-	4,988	4,988	(4,988)	-
	<u>573,194</u>	<u>449,970</u>	<u>55,027</u>	<u>504,997</u>	<u>(608,567)</u>	<u>469,624</u>
Education:						
Education Programs	10,000	169,573	-	169,573	(125,124)	54,449
Fellows Project - Interns	-	91,796	-	91,796	(79,975)	11,821
Internship Program Endowment	-	600	23,540	24,140	(24,140)	-
Chandler Education Endowment	-	-	146	146	(146)	-
Educational Endowments	-	-	806	806	(806)	-
	<u>10,000</u>	<u>261,969</u>	<u>24,492</u>	<u>286,461</u>	<u>(230,191)</u>	<u>66,270</u>

See accompanying independent auditors' report.

**NATIONAL TROPICAL BOTANICAL GARDEN**  
 Changes in Temporarily Restricted Net Assets (Continued)  
 Year Ended December 31, 2017

	<b>Balance at December 31, 2016</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, 2017</b>
Limahuli Garden & Preserves:						
Limahuli General Operations	10,000	-	-	-	-	10,000
Limahuli Ahupuaa Program	5,000	-	-	-	(2,863)	2,137
Limahuli Interpretive Signage & Name Plates	1,284	-	-	-	(1,247)	37
Limahuli Operations Endowment	-	-	7,946	7,946	(7,946)	-
	<u>16,284</u>	<u>-</u>	<u>7,946</u>	<u>7,946</u>	<u>(12,056)</u>	<u>12,174</u>
Kahanu Garden:						
OHA - Ulu Cookoff	-	9,458	-	9,458	(9,458)	-
La Makuahine-Mother's Day	-	3,480	-	3,480	(3,480)	-
	<u>-</u>	<u>12,938</u>	<u>-</u>	<u>12,938</u>	<u>(12,938)</u>	<u>-</u>
Other :						
Charitable Gift Annuity & reserve	800,790	-	44,262	44,262	-	845,052
Future years donations, fundraisers and other	85,408	611,110	-	611,110	(577,299)	119,219
	<u>886,198</u>	<u>611,110</u>	<u>44,262</u>	<u>655,372</u>	<u>(577,299)</u>	<u>964,271</u>
	<u>\$ 12,513,821</u>	<u>\$ 2,569,222</u>	<u>\$ 1,000,742</u>	<u>\$ 3,569,964</u>	<u>\$ (5,872,272)</u>	<u>\$ 10,211,513</u>

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