



# **National Tropical Botanical Garden**

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

December 31, 2015 and 2014

## 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 sheet as of December 31, 2015, and the related statements of activities, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Report on Supplementary Information***

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.

***Prior Period Financial Statements***

The financial statements of National Tropical Botanical Garden as of December 31, 2014, were audited by other auditors whose report dated October 30, 2015, expressed an unmodified opinion on those financial statements.

***KKDL Y LLC***

Honolulu, Hawaii  
June 28, 2016

**NATIONAL TROPICAL BOTANICAL GARDEN**

Balance Sheets

December 31, 2015 and 2014

<b>Assets</b>	<b>2015</b>	<b>2014</b>
Cash	\$ 3,872,383	\$ 2,325,962
Pledges receivable	911,270	3,233,062
Government contracts and grants receivable	182,635	36,525
Merchandise inventories	84,859	60,707
Prepaid expenses and other	609,734	377,732
Short-term investments	865,561	-
Net land, buildings, equipment, and library	35,091,728	36,026,255
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	16,427,354	14,521,703
Beneficial interest in perpetual trust	2,134,108	2,299,600
Total assets	\$ 70,959,852	\$ 69,661,766
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable, accrued expenses, and other	\$ 695,220	\$ 813,825
Deferred gain on sale of land	250,000	-
Debt	208,798	2,821,875
Charitable gift annuity obligation	524,623	-
Total liabilities	1,678,641	3,635,700
Net assets:		
Unrestricted:		
Undesignated	25,975,793	27,728,889
Board designated as The Kampong endowment	968,077	-
Temporarily restricted	13,792,673	11,588,957
Permanently restricted	28,544,668	26,708,220
Total net assets	69,281,211	66,026,066
Total liabilities and net assets	\$ 70,959,852	\$ 69,661,766

See accompanying notes to financial statements.

**NATIONAL TROPICAL BOTANICAL GARDEN**

Statement of Activities

Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenues, gains, and other support:				
Contributions and bequests	\$ 2,331,284	\$ 6,617,198	\$ 2,001,940	\$ 10,950,422
Tour and visitor center sales, net of costs of goods sold of \$279,912	2,874,234	-	-	2,874,234
Government and other contracts	743,189	-	-	743,189
Net realized and unrealized loss on investments	(408,965)	(339,700)	-	(748,665)
Decrease in beneficial interest in perpetual trusts	-	-	(165,492)	(165,492)
Gain on sale of land	1,444,568	-	-	1,444,568
Allerton fees and reimbursements	798,000	-	-	798,000
Income from investments, net of management, custodial, and other fees of \$134,003	40,163	187,156	-	227,319
Other	318,321	-	-	318,321
Net assets released from restrictions	4,260,938	(4,260,938)	-	-
Total revenues, gains, and other support	<u>12,401,732</u>	<u>2,203,716</u>	<u>1,836,448</u>	<u>16,441,896</u>
Expenses:				
Program services:				
Gardens and preserves:				
McBryde	1,610,591	-	-	1,610,591
The Kampong	960,891	-	-	960,891
Limahuli	920,683	-	-	920,683
Kahanu	502,971	-	-	502,971
Allerton	441,118	-	-	441,118
Research and education:				
Science and conservation	2,574,939	-	-	2,574,939
Visitor programs	2,194,431	-	-	2,194,431
Education	393,111	-	-	393,111
Total program services	<u>9,598,735</u>	<u>-</u>	<u>-</u>	<u>9,598,735</u>
Supporting services:				
Administration and finance	1,628,863	-	-	1,628,863
Development	928,709	-	-	928,709
Total supporting services	<u>2,557,572</u>	<u>-</u>	<u>-</u>	<u>2,557,572</u>
Total expenses	<u>12,156,307</u>	<u>-</u>	<u>-</u>	<u>12,156,307</u>
Change in net assets before gift of land	245,425	2,203,716	1,836,448	4,285,589
Gift of land	(1,030,444)	-	-	(1,030,444)
Change in net assets	(785,019)	2,203,716	1,836,448	3,255,145
Net assets at beginning of year	<u>27,728,889</u>	<u>11,588,957</u>	<u>26,708,220</u>	<u>66,026,066</u>
Net assets at end of year	<u>\$ 26,943,870</u>	<u>\$ 13,792,673</u>	<u>\$ 28,544,668</u>	<u>\$ 69,281,211</u>

See accompanying notes to financial statements.

**NATIONAL TROPICAL BOTANICAL GARDEN**

Statement of Activities

Year Ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenues, gains, and other support:				
Contributions and bequests	\$ 2,199,089	\$ 4,898,915	\$ 100,000	\$ 7,198,004
Tour and visitor center sales, net of costs of goods sold of \$294,006	2,278,190	-	-	2,278,190
Government and other contracts	622,042	-	-	622,042
Net realized and unrealized gain on investments	141,847	107,657	-	249,504
Decrease in beneficial interest in perpetual trusts	-	-	(33,447)	(33,447)
Allerton fees and reimbursements	612,645	-	-	612,645
Income from investments, net of management, custodial, and other fees of \$73,455	26,639	21,492	-	48,131
Other	417,807	-	-	417,807
Net assets released from restrictions	<u>3,352,026</u>	<u>(3,352,026)</u>	<u>-</u>	<u>-</u>
Total revenues, gains, and other support	<u>9,650,285</u>	<u>1,676,038</u>	<u>66,553</u>	<u>11,392,876</u>
Expenses:				
Program services:				
Gardens and preserves:				
McBryde	1,604,934	-	-	1,604,934
The Kampong	884,508	-	-	884,508
Limahuli	1,014,670	-	-	1,014,670
Kahanu	465,200	-	-	465,200
Allerton	443,439	-	-	443,439
Research and education:				
Science and conservation	2,176,645	-	-	2,176,645
Visitor programs	1,494,180	-	-	1,494,180
Education	352,615	-	-	352,615
Total program services	<u>8,436,191</u>	<u>-</u>	<u>-</u>	<u>8,436,191</u>
Supporting services:				
Administration and finance	1,798,526	-	-	1,798,526
Development	772,220	-	-	772,220
Total supporting services	<u>2,570,746</u>	<u>-</u>	<u>-</u>	<u>2,570,746</u>
Total expenses	<u>11,006,937</u>	<u>-</u>	<u>-</u>	<u>11,006,937</u>
Change in net assets	(1,356,652)	1,676,038	66,553	385,939
Net assets at beginning of year	29,085,541	9,912,919	26,641,667	65,640,127
Net assets at end of year	<u>\$ 27,728,889</u>	<u>\$ 11,588,957</u>	<u>\$ 26,708,220</u>	<u>\$ 66,026,066</u>

See accompanying notes to financial statements.

## NATIONAL TROPICAL BOTANICAL GARDEN

### Statements of Cash Flows

Years ended December 31, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Change in net assets	\$ 3,255,145	\$ 385,939
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,050,465	933,940
Net realized and unrealized loss (gain) on investments	748,665	(249,504)
Contributions of investment securities	(1,717,610)	-
Contributions restricted for long-term investment	(4,407,481)	(100,000)
Decrease in beneficial interest in perpetual trust	165,492	33,447
Bad debt expense	9,632	-
Loss on disposal of land, buildings, and equipment	-	10,501
Gain on sale of land	(1,444,568)	-
Gift of land	1,030,444	-
Changes in assets and liabilities:		
Pledges receivable	2,312,160	(597,282)
Government contracts and grants receivable	(146,110)	15,033
Merchandise inventories	(24,152)	(14,827)
Prepaid expenses and other	(482,002)	894,390
Accounts payable, accrued expenses, and other	(118,605)	52
Deferred gain on sale of land	250,000	-
Charitable gift annuity obligation	604,183	-
Net cash provided by operating activities	1,085,658	1,311,689
Cash flows from investing activities:		
Purchases of land, buildings, equipment, and library	(1,934,009)	(1,240,309)
Proceeds from sale of land, buildings, and equipment	2,482,195	-
Proceeds from sale of investments	49,923,763	6,172,763
Purchases of investments	(51,726,030)	(5,724,395)
Net cash used in investing activities	(1,254,081)	(791,941)
Cash flows from financing activities:		
Proceeds from contributions restricted for:		
Investment in endowment	2,001,940	100,000
Investment in capital projects	2,405,541	-
Principal payments on debt	(2,737,500)	(637,500)
Proceeds from issuance of debt	124,423	1,200,000
Payments of charitable gift annuity obligation	(79,560)	-
Net cash provided by financing activities	1,714,844	662,500
Net increase in cash	1,546,421	1,182,248
Cash at beginning of year	2,325,962	1,143,714
Cash at end of year	\$ 3,872,383	\$ 2,325,962
Supplemental disclosures of cash flow information:		
Interest paid, including amounts capitalized	\$ 4,325	\$ 7,645
Noncash financing activity:		
Contribution of investment securities	\$ 1,717,610	\$ -

See accompanying notes to financial statements.

# NATIONAL TROPICAL BOTANICAL GARDEN

Notes to Financial Statements

December 31, 2015 and 2014

## (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.

### *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, 2015 and 2014

Alternative investments include hedge fund investments in private equity, venture capital, and hedge funds, including absolute return and long/short hedge funds. Fair value is generally based on information provided by the respective external investment manager at the most recent valuation date and from the valuation date to fiscal year-end, if applicable. The private equity, venture capital, and hedge funds investments are not readily marketable and involve assumptions and methods that are reviewed by management. Because these investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investment existed.

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:

	<b>Years</b>
Buildings and improvements	20–50
Computers	3
Furniture, fixtures, and equipment	8
Library	10
Land Improvements	15

# NATIONAL TROPICAL BOTANICAL GARDEN

## Notes to Financial Statements

December 31, 2015 and 2014

### ***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.

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 return 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.

# NATIONAL TROPICAL BOTANICAL GARDEN

## Notes to Financial Statements

December 31, 2015 and 2014

### *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, 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.

### *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 carrying amount of pledges receivable; government contracts and grants receivable; merchandise inventories; land, buildings, equipment, and library; land held for investment; land held for preservation; short-term and long-term investments; and beneficial interest in perpetual trust.

# NATIONAL TROPICAL BOTANICAL GARDEN

## Notes to Financial Statements

December 31, 2015 and 2014

### *Reclassifications*

Certain reclassifications were made to 2014 financial information to conform to 2015 presentations. Such reclassifications had no impact to previously reported change in net assets.

### *Subsequent Events*

The Garden has evaluated subsequent events through June 28, 2016, 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, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Contributions to be received within one year	\$469,512	\$2,835,623
Contributions to be received in one to five years	<u>451,907</u>	<u>403,634</u>
	921,419	3,239,257
Less discount to present value (at varying rates from 0.33% to 1.66%)	<u>(10,149)</u>	<u>(6,195)</u>
	<u>\$911,270</u>	<u>\$3,233,062</u>

## (3) Investments

### *Summary of Investments*

A summary of short-term investments at December 31, 2015 is as follows:

	<u>2015</u>
Cash and cash equivalents	\$ 106,481
U.S. equity securities	206,211
Mutual funds	<u>552,869</u>
	<u>\$ 865,561</u>

# NATIONAL TROPICAL BOTANICAL GARDEN

## Notes to Financial Statements

December 31, 2015 and 2014

A summary of long-term investments at December 31, 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 787,283	\$ 332,938
Equity securities:		
U.S. equity securities	7,925,824	4,755,994
International equity securities	2,050,399	944,959
Real estate securities	695,673	-
Mutual funds	1,922,125	-
Corporate bonds	2,857,591	-
U.S. government and agency securities	188,459	-
Other	-	374,897
Alternative investment – hedge fund	-	8,112,915
	<u>\$ 16,427,354</u>	<u>\$ 14,521,703</u>

### *Fair Value Measurements*

The Garden utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Garden determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

**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; 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 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.

**NATIONAL TROPICAL BOTANICAL GARDEN**

Notes to Financial Statements

December 31, 2015 and 2014

The following table presents assets that are measured at fair value on a recurring basis at December 31, 2015 and 2014:

	<b>Investments at Fair Value as of December 31, 2015</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Asset category:				
Cash and cash equivalents	\$ 893,764	\$ -	\$ -	\$ 893,764
Equity securities:				
U.S. equity securities	8,132,035	-	-	8,132,035
International equity securities	2,050,399	-	-	2,050,399
Real estate securities	695,673	-	-	695,673
Mutual funds	2,474,994	-	-	2,474,994
Corporate bonds	-	2,857,591	-	2,857,591
U.S. government and agency securities	-	188,459	-	188,459
Beneficial interest in perpetual trust	-	2,134,108	-	2,134,108
	<u>\$ 14,246,865</u>	<u>\$ 5,180,158</u>	<u>\$ -</u>	<u>\$ 19,427,023</u>

**NATIONAL TROPICAL BOTANICAL GARDEN**

Notes to Financial Statements

December 31, 2015 and 2014

	<b>Investments at Fair Value as of December 31, 2014</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Asset category:				
Cash and cash equivalents	\$ 332,938	\$ -	\$ -	\$ 332,938
Equity securities:				
U.S. equity securities	4,755,994	-	-	4,755,994
International equity securities	944,959	-	-	944,959
Other	374,897	-	-	374,897
Beneficial interest in perpetual trust	-	2,299,600	-	2,299,600
Alternative investment – hedge fund	-	-	8,112,915	8,112,915
	<u>\$ 6,408,788</u>	<u>\$ 2,299,600</u>	<u>\$ 8,112,915</u>	<u>\$ 16,821,303</u>

The following table presents the Garden’s activity for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31, 2015 and 2014:

Balance at December 31, 2013	\$ 8,361,997
Total gains included in income:	
Realized	697,893
Unrealized	(664,578)
Purchases, issuance, and settlements (net)	<u>(282,397)</u>
Balance at December 31, 2014	8,112,915
Purchases, issuance, and settlements (net)	<u>(8,112,915)</u>
Balance at December 31, 2015	<u>\$ -</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 circumstances that caused the transfer. There were no transfers out of Levels 1, 2, or 3 for the years ended December 31, 2015 and 2014.

## NATIONAL TROPICAL BOTANICAL GARDEN

Notes to Financial Statements

December 31, 2015 and 2014

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

A summary of land, buildings, equipment, and library as of December 31, 2015 and 2014 is as follows:

	<b>2015</b>	<b>2014</b>
The Kampong Garden:		
Land	\$ 4,053,234	\$ 5,778,484
Buildings	2,187,969	2,172,945
Furniture, fixtures, and equipment	260,093	260,093
Construction in progress	86,633	-
Total The Kampong Garden	6,587,929	8,211,522
Hawaii:		
Land and land improvements	18,566,417	18,294,113
Building and building improvements	20,716,273	20,126,207
Furniture, fixtures, and equipment	5,971,553	5,308,856
Library	368,774	368,774
Construction in progress	381,824	230,597
Total Hawaii	46,004,841	44,328,547
	52,592,770	52,540,069
Less accumulated depreciation	(17,501,042)	(16,513,814)
	\$ 35,091,728	\$ 36,026,255



**NATIONAL TROPICAL BOTANICAL GARDEN**

Notes to Financial Statements

December 31, 2015 and 2014

**(5) Debt**

Debt at December 31, 2015 and 2014 consists of the following:

	<b>2015</b>	<b>2014</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 \$160,000, payable in full on March 17, 2018	\$ 84,375	\$ 121,875
Noninterest-bearing note payable to Blue Planet Foundation dba Wefficiency; quarterly principal payments of \$6,803 commencing on May 1, 2016; payable in full on February 1, 2021	124,423	-
Note payable to a member of the board of trustees, interest at 0.23% per annum, paid in full in 2015	-	1,000,000
Note payable to a member of the board of trustees, interest at 0.28% per annum, paid in full in 2015	-	500,000
Note payable to a member of the board of trustees, interest at 1% per annum, paid in full in 2015	-	1,200,000
	\$ 208,798	\$ 2,821,875

The Garden has a line of credit agreement with a bank for \$600,000, of which \$160,000 is reserved to support the stand-by letter of credit described above. Draws on the line of credit accrue interest at 0.25% over the bank rate (4.625% at December 31, 2015) and is secured by certain assets of the Garden. The agreement matures on September 1, 2016. There were no outstanding amounts due on the line of credit as of December 31, 2015 and 2014.

# NATIONAL TROPICAL BOTANICAL GARDEN

## Notes to Financial Statements

December 31, 2015 and 2014

The aggregate maturities of debt are as follows:

Year Ending December 31:	
2016	\$ 57,909
2017	63,578
2018	35,075
2019	25,700
2020	25,700
Thereafter	<u>836</u>
	<u>\$ 208,798</u>

### (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, 2015, the Garden has recorded a liability of \$524,623, representing the present value of the estimated future obligation under this agreement.

### (7) Contributions

#### *Waterhouse Trust*

During 2015 and 2014, 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 \$398,767 and \$405,077, 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.

## NATIONAL TROPICAL BOTANICAL GARDEN

Notes to Financial Statements

December 31, 2015 and 2014

### *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 2015 and 2014, the Garden received distributions from the trusts amounting to \$112,226 and \$107,129, 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. 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, 2015 and 2014, the fair value of the trusts were \$2,134,108 and \$2,299,600, 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 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

# NATIONAL TROPICAL BOTANICAL GARDEN

## Notes to Financial Statements

December 31, 2015 and 2014

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 2015 and 2014, the Garden received distributions from the trust of \$130,992 and \$71,939, 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. Contributions to the Plan for the years ended December 31, 2015 and 2014 totaled \$0 and \$15,532, respectively.

### **(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, 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 within 36 months of closing or January 2018. If the stipulated conditions are not met by January 2018, then the \$250,000 will no longer be due and owing by the Buyer. The proceeds on the sale of \$2,250,000 reflects a gain on sale of land of \$1,444,568, which is recorded in the statement of activities for the year ended December 31, 2015. Furthermore, the Agreement provides for the Buyer to be consulted regarding plans for the construction of an academic center on land gifted by the Garden to Florida International University, due to the proximity of the gifted parcels to the Buyer's parcels (see note 10).

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, 2015, the balance of this unrestricted, designated net asset account is \$968,077.

## NATIONAL TROPICAL BOTANICAL GARDEN

Notes to Financial Statements

December 31, 2015 and 2014

### **(10) Gift of Land**

In March 2015, the Garden gifted certain land parcels adjacent to The Kampong in Miami, Florida to The Florida International University Foundation, Inc., a charitable, direct-support organization of Florida International University (FIU), operating under Section 501(c)(3) of the Internal Revenue Code. FIU is a public research university that will use the property to build and establish an academic center to be named International Center for Tropical Botany, the creation of which perpetuates the mission of the Garden. The gift of \$1,030,444 is recorded in the statement of activities for the year ended December 31, 2015.

The property was conveyed in accordance with a gift agreement and a joint operating agreement which provide for the collaboration between the Garden and FIU and restrictions on the use of the land. A right of reversion in favor of the Garden is provided should there be violations of the stipulated restrictions for the use of the land parcels.

### **(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 \$221,450. 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, 2015 and 2014

### (12) Temporarily Restricted and Permanently Restricted Net Assets

Temporarily restricted net assets at December 31, 2015 and 2014 are available for the following purposes:

	<u>2015</u>	<u>2014</u>
The Kampong Garden	\$ 4,092,514	\$ 3,867,847
Capital projects	3,873,247	2,687,305
McBryde Garden	2,784,493	3,056,748
Science and Conservation	1,212,333	1,113,790
Breadfruit Institute	976,853	12,600
Education	5,480	647,692
Kahanu	5,000	5,000
Limahuli Garden & Preserves	1,284	21,961
Other	841,469	176,014
	<u>\$ 13,792,673</u>	<u>\$ 11,588,957</u>

Permanently restricted net assets at December 31, 2015 and 2014 are restricted for investment in perpetuity and the income from which is expendable to support:

	<u>2015</u>	<u>2014</u>
Loy McCandless Marks Botanical Library	\$ 8,000,000	\$ 8,000,000
Any activities of the Garden	5,659,656	3,823,208
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>\$ 28,544,668</u>	<u>\$ 26,708,220</u>

# NATIONAL TROPICAL BOTANICAL GARDEN

## Notes to Financial Statements

December 31, 2015 and 2014

### (13) Endowments

The Garden's endowment consists of 12 individual donor-restricted funds established for a variety of purposes. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. At December 31, 2015 and 2014, the donor-restricted endowment fund amounted to \$28,544,668 and \$26,708,220, respectively.

#### *Endowment Funds*

At December 31, 2015 and 2014, the endowment net asset composition by type of fund consists of the following:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
2015:				
Donor-restricted endowment funds	<u>\$ (5,435,072)</u>	<u>\$ 2,649,769</u>	<u>\$ 28,544,668</u>	<u>\$ 25,759,365</u>
2014:				
Donor-restricted endowment funds	<u>\$ (3,223,728)</u>	<u>\$ 2,671,810</u>	<u>\$ 26,708,220</u>	<u>\$ 26,156,302</u>

**NATIONAL TROPICAL BOTANICAL GARDEN**

Notes to Financial Statements

December 31, 2015 and 2014

For the years ended December 31, 2015 and 2014, the changes in endowment net assets are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
2015:				
Endowment net assets, beginning of year	\$ (3,223,728)	\$ 2,671,810	\$ 26,708,220	\$ 26,156,302
Investment return:				
Investment income, net of management, custodial and other fees	40,163	187,156	-	227,319
Net depreciation (realized and unrealized)	(408,965)	(209,197)	-	(618,162)
Total investment return	(368,802)	(22,041)	-	(390,843)
Change in value of perpetual trust	-	-	(165,492)	(165,492)
Contributions	-	-	2,001,940	2,001,940
Appropriation of endowment assets for expenditure and other changes, net	(1,842,542)	-	-	(1,842,542)
Endowment net assets, end of year	<u>\$ (5,435,072)</u>	<u>\$ 2,649,769</u>	<u>\$ 28,544,668</u>	<u>\$ 25,759,365</u>



**NATIONAL TROPICAL BOTANICAL GARDEN**

Notes to Financial Statements

December 31, 2015 and 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
2014:				
Endowment net assets, beginning of year	\$(3,041,360)	\$ 2,788,307	\$26,641,667	\$ 26,388,614
Investment return:				
Investment income, net of management, custodial and other fees	26,639	21,492	-	48,131
Net appreciation (realized and unrealized)	141,847	107,657	-	249,504
Total investment return	168,486	129,149	-	297,635
Change in value of perpetual trust			(33,447)	(33,447)
Contributions	-	-	100,000	100,000
Appropriation of endowment assets for expenditure and other changes	(350,854)	(245,646)	-	(596,500)
Endowment net assets, end of year	<u>\$(3,223,728)</u>	<u>\$ 2,671,810</u>	<u>\$26,708,220</u>	<u>\$ 26,156,302</u>

## NATIONAL TROPICAL BOTANICAL GARDEN

### Notes to Financial Statements

December 31, 2015 and 2014

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

	<b>2015</b>	<b>2014</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	\$ 17,075,560	\$ 15,073,620
Beneficial interests in perpetual trusts	2,134,108	2,299,600
Loy McCandless Marks Botanical Library	8,000,000	8,000,000
Land held for investment	1,335,000	1,335,000
	<b>\$ 28,544,668</b>	<b>\$ 26,708,220</b>
Temporarily restricted net assets:		
The portion of temporarily restricted net assets, excluding endowment funds, subject to purpose restrictions	\$ 11,142,904	\$ 8,917,147
The portion of perpetual endowment funds subject to time restriction under HUPMIFA with purpose restrictions	2,649,769	2,671,810
	<b>\$ 13,792,673</b>	<b>\$ 11,588,957</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. 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

## NATIONAL TROPICAL BOTANICAL GARDEN

### Notes to Financial Statements

December 31, 2015 and 2014

- (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

#### ***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 \$5,435,072 and \$3,223,728 as of December 31, 2015 and 2014, 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).

##### *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.

# NATIONAL TROPICAL BOTANICAL GARDEN

## Notes to Financial Statements

December 31, 2015 and 2014

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.

On September 3, 2015, the Board of Trustees approved a revised financial budget for 2015, which included the distribution of approximately \$1.2 million from specified endowment accounts to fund infrastructure costs of the McBryde Garden and to implement a south shore business plan as part of a strategic initiative to improve future earnings of the Garden. During 2015 and 2014, the Garden received distributions from the endowment funds of \$1,831,698 and \$596,500, respectively.

### **(14) 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

## Expenditures

Year Ended December 31, 2015

	Gardens and Preserves						Research and Education			Administration and finance	Development
	Total	McBryde	Kampong	Limahuli	Kahanu	Allerton	Science and conservation	Visitor programs	Education		
Salaries and related expenses	\$ 6,472,552	\$ 882,791	\$ 308,951	\$ 591,078	\$ 245,004	\$ 362,712	\$ 960,386	\$ 1,409,863	\$ 284,220	\$ 843,519	\$ 584,028
Depreciation	1,050,465	312,068	104,616	67,017	44,404	4,875	353,214	112,900	27,261	24,110	-
Professional fees	752,425	16,515	113,271	12,244	4,888	3,273	193,189	22,204	6,323	239,522	140,996
Horticultural supplies	679,317	11,864	20,080	25,621	5,385	2,478	613,713	-	176	-	-
Meetings and travel	464,425	1,613	10,237	15,953	78,463	-	64,264	17,641	10,854	210,027	55,373
Utilities	372,225	98,386	41,337	20,572	9,375	14,929	116,520	36,551	3,379	26,926	4,250
Insurance	279,209	27,178	57,149	11,659	11,028	4,479	74,430	37,862	14,150	34,631	6,643
Contract labor	210,178	36,119	38,730	48,759	13,000	-	64,186	6,634	-	341	2,409
Repairs and maintenance	207,208	99,229	34,445	8,710	3,956	6,486	20,886	27,020	6,476	-	-
Donations and community relations	177,529	1,672	62,116	2,324	675	-	2,313	1,790	252	100,621	5,766
Advertising and promotions	168,141	-	1,225	-	-	-	84	165,241	1,591	-	-
Tour meals and supplies	136,696	-	-	-	-	-	-	136,696	-	-	-
Outside services	129,768	56,906	22,455	-	7	34,167	10,809	5,424	-	-	-
Printing	120,738	35	2,330	18,302	377	-	2,486	30,081	16,930	6,211	43,986
Stipends and honoraria	108,745	-	36,530	5,250	56,273	-	-	100	10,592	-	-
Gas and oil	100,088	22,547	1,108	7,073	9,170	4,561	4,233	47,408	851	1,136	2,001
Bank fees	95,473	31	4,055	179	165	-	3,428	61,291	262	25,035	1,027
Property and other taxes	72,808	-	39,382	1,650	2,694	1,320	120	-	467	27,175	-
Events and conferences	70,285	283	34,416	2,995	90	-	8,392	538	198	12,409	10,964
Helicopter	53,606	-	-	49,093	-	-	4,513	-	-	-	-
Programs and events	50,610	-	2,292	-	632	-	2,023	2,336	718	5,599	37,010
Computer software maintenance	40,678	-	1,584	100	-	-	3,166	2,397	-	18,409	15,022
Research supplies	38,786	-	-	3,686	15	-	34,080	-	713	292	-
Minor equipment	38,413	3,146	4,880	4,953	1,575	-	4,027	16,459	701	1,299	1,373
Licenses and permits	36,357	4,607	1,645	387	1,682	-	452	26,883	-	681	20
Maintenance and safety supplies	32,873	10,361	1,729	10,658	1,483	610	1,751	5,030	618	565	68
Office and other supplies	32,482	1,213	5,294	615	1,800	715	2,148	10,024	642	8,242	1,789
Dues and subscriptions	31,151	-	310	165	-	-	10,393	424	380	14,257	5,222
Groundskeeping supplies	28,916	13,100	1,222	5,904	7,357	472	600	-	213	48	-
Postage	26,535	10	1,502	525	399	-	2,891	1,095	1,469	8,180	10,464
Rent	24,825	10,215	2,270	-	996	-	191	6,441	124	4,588	-
Lab and curation supplies	16,253	-	5,000	4,706	-	-	6,547	-	-	-	-
Bad debt	9,632	-	-	-	-	-	-	-	-	9,632	-
Computer access and supplies	8,167	32	442	394	370	-	2,735	1,159	120	2,687	228
Collecting and field supplies	5,948	-	-	-	-	-	5,948	-	-	-	-
Signage	5,902	670	87	-	1,708	41	-	2,889	422	85	-
Volunteer program	5,778	-	186	-	-	-	-	-	3,009	2,583	-
Library books and supplies	1,120	-	15	111	-	-	821	50	-	53	70
	<u>\$ 12,156,307</u>	<u>\$ 1,610,591</u>	<u>\$ 960,891</u>	<u>\$ 920,683</u>	<u>\$ 502,971</u>	<u>\$ 441,118</u>	<u>\$ 2,574,939</u>	<u>\$ 2,194,431</u>	<u>\$ 393,111</u>	<u>\$ 1,628,863</u>	<u>\$ 928,709</u>

See accompanying independent auditors' report.

## NATIONAL TROPICAL BOTANICAL GARDEN

## Changes in Temporarily Restricted Net Assets

Year Ended December 31, 2015

	Balance at January 1, 2015	Contributions	Income from investments and net appreciation (depreciation)	Total	Net assets released from restrictions	Balance at December 31, 2015
The Kampong Garden:						
K-12 Workshop	\$ -	\$ 1,154	\$ -	\$ 1,154	\$ -	\$ 1,154
Host costs for APGA	-	18,700	-	18,700	-	18,700
The Kampong Grotto	9,942	-	-	9,942	-	9,942
The Kampong Education Prg- Dr. Black teacher training	-	100	-	100	-	100
Kinney \$ Science Teachers Enrichment Program	-	29,880	-	29,880	(29,880)	-
The Kampong Capital & Directors Salary Endowment	-	-	221	221	(221)	-
Horticulture Supplies - Kampong	-	2,000	-	2,000	(2,000)	-
Tree Management Kampong	5,000	50,000	-	55,000	(28,730)	26,270
MDC Cultural Affairs Grant-Everglades Connection	-	5,326	-	5,326	(5,326)	-
MDC Cult Affairs Tourist Dev Grant-Tastes & Tales	-	520	-	520	(520)	-
MDC Tourist Dev Grant-Kampong Moon Gamelan festi	-	21,871	-	21,871	(20,831)	1,040
The Barn @ the Kampong	-	250,000	-	250,000	-	250,000
The Kampong/Sweeney Endowment	-	-	15,133	15,133	(15,133)	-
The Kampong Bali Hai/General Ops	57,254	76,080	-	133,334	(133,334)	-
Sweeney Memorial Library Fund	4,125	-	-	4,125	-	4,125
Medal - David Fairchild	-	-	688	688	(688)	-
Dinner - David Fairchild	-	8,100	-	8,100	(8,100)	-
Scarborough House	5,343	-	-	5,343	(5,343)	-
Historic Marker Kampong	2,200	-	-	2,200	-	2,200
The Kampong Art Program	5,000	-	-	5,000	(5,000)	-
The Kampong Estate	3,778,983	-	-	3,778,983	-	3,778,983
	<u>3,867,847</u>	<u>463,731</u>	<u>16,042</u>	<u>4,347,620</u>	<u>(255,106)</u>	<u>4,092,514</u>

See accompanying independent auditors' report.

(Continued)

## NATIONAL TROPICAL BOTANICAL GARDEN

## Changes in Temporarily Restricted Net Assets

Year Ended December 31, 2015

	Balance at January 1, 2015	Contributions	Income from investments and net appreciation (depreciation)	Total	Net assets released from restrictions	Balance at December 31, 2015
Capital Projects:						
Capital Fund Endowment	\$ -	\$ -	\$ 517	\$ 517	\$ (517)	\$ -
Volunteer Facility at VC Garden	850	-	-	850	-	850
Malott Garden Improvements Endowment	-	-	508	508	(508)	-
BRC HVAC efficiencies	-	77,772	-	77,772	(77,772)	-
Queen Emma Cottage Renovations	1,000	-	-	1,000	-	1,000
Buck Fdn - Kahanu Self Sufficiency Proj	-	393,028	-	393,028	(10,433)	382,595
Kampong Facility Improvements	17,400	101,161	-	118,561	(30,312)	88,249
Kampong Faciliteis-Outdoor lighting & soundproofing	-	49,725	-	49,725	(17,488)	32,237
State of FL-Restore FS Home-Concrete repairs	-	39,515	-	39,515	(39,515)	-
State of FL - FS Home-Woodwork	-	28,954	-	28,954	(28,954)	-
Land Acquisition Fund	513,409	-	-	513,409	-	513,409
Kampong Education Center / Conference Facility	34,930	-	-	34,930	-	34,930
Limahuli Capital Improvements	41,998	20,000	-	61,998	(37,856)	24,142
Limahuli Land Acquisition Fund	19,975	-	-	19,975	-	19,975
McBryde Garden Renewal Project	2,057,743	1,695,386	-	3,753,129	(977,269)	2,775,860
	<u>2,687,305</u>	<u>2,405,541</u>	<u>1,025</u>	<u>5,093,871</u>	<u>(1,220,624)</u>	<u>3,873,247</u>
McBryde Garden:						
Dillingham Memorial Endowment	-	-	2,459	2,459	(2,459)	-
Gardeners Endowment	-	-	3,282	3,282	(3,282)	-
Maile Project	-	1,000	-	1,000	(209)	791
Tree removal at Dillingham Memorial	-	5,250	-	5,250	-	5,250
McBryde Operations Endowment	3,056,748	-	(139,148)	2,917,600	(139,148)	2,778,452
	<u>3,056,748</u>	<u>6,250</u>	<u>(133,407)</u>	<u>2,929,591</u>	<u>(145,098)</u>	<u>2,784,493</u>

See accompanying independent auditors' report.

(Continued)

## NATIONAL TROPICAL BOTANICAL GARDEN

## Changes in Temporarily Restricted Net Assets

Year Ended December 31, 2015

	Balance at January 1, 2015	Contributions	Income from investments and net appreciation (depreciation)	Total	Net assets released from restrictions	Balance at December 31, 2015
Science and Conservation:						
Castle Fnd - Lawai Kai Special Subzone	\$ -	\$ 12,500	\$ -	\$ 12,500	\$ (8,769)	\$ 3,731
Red List Workshop Staff travel	-	5,346	-	5,346	-	5,346
Conservation Easement	980,000	-	-	980,000	-	980,000
B. Evans Chair Endowment	-	-	10,344	10,344	(10,344)	-
Conservation General Operations	83,333	350,000	-	433,333	(350,000)	83,333
MZB-Searching for lost plants in Samoa	-	20,000	-	20,000	-	20,000
Flora of Marquesas Project	20,843	-	-	20,843	-	20,843
Plant Germplasm Facilities-Hauoli Mau Loa Fdn	9,477	5,095	-	14,572	(11,905)	2,667
Plant Registration on IUCN Red List	-	15,000	-	15,000	(9,061)	5,939
Library Grant	-	2,000	-	2,000	(410)	1,590
Kampong Database Project	15,817	1,860	-	17,677	(11,410)	6,267
Kupu Intern for Sci-Con	-	14,000	-	14,000	-	14,000
Conservation Endowment	-	-	9,369	9,369	(9,369)	-
Nat'l Geo Soc Grant	-	15,000	-	15,000	(10,800)	4,200
Castle Fund Seedbank & Lab upgrades	-	64,000	-	64,000	(58,594)	5,406
McBryde Chair-Intern & publications	-	52,191	-	52,191	-	52,191
Public Lectures	-	-	165	165	(165)	-
Publications-Allertonia & Other	-	2,500	-	2,500	-	2,500
BRC Endowment	-	-	159	159	(159)	-
Loy Marks Endowments	4,320	-	-	4,320	-	4,320
McBryde Chair for Haw'n & Pac Plant Studies Endowment	-	-	11,717	11,717	(11,717)	-
	<u>1,113,790</u>	<u>559,492</u>	<u>31,754</u>	<u>1,705,036</u>	<u>(492,703)</u>	<u>1,212,333</u>

See accompanying independent auditors' report.

(Continued)



## NATIONAL TROPICAL BOTANICAL GARDEN

## Changes in Temporarily Restricted Net Assets

Year Ended December 31, 2015

	Balance at January 1, 2015	Contributions	Income from investments and net appreciation (depreciation)	Total	Net assets released from restrictions	Balance at December 31, 2015
Breadfruit Institute:						
Breadfruit Institute Gen Ops	\$ -	\$ 200,000	\$ -	\$ 200,000	\$ (200,000)	\$ -
Plant a Breadfruit Hunger Initiative	9,604	22,935	-	32,539	-	32,539
Kinney- Various Projects	-	881,876	(16,315)	865,561	-	865,561
Global Breadfruit Initiative-R Still	-	36,000	-	36,000	(25,981)	10,019
Ceres Trust Grant	-	100,000	-	100,000	(100,000)	-
Breadfruit-Trees That Feed/Cultivaris Tree Sales	1,148	30,000	-	31,148	(2,549)	28,599
Breadfruit Oil Projects	1,848	3,593	-	5,441	(2,714)	2,727
Maui OED Ulu cookoff/BF propogation	-	2,971	-	2,971	(2,971)	-
UBC JAX testing	-	32,125	-	32,125	(32,125)	-
Food Industry Consultants & TTF	-	50,000	-	50,000	(12,592)	37,408
Cultivaris Global Initiative	-	500,000	-	500,000	(500,000)	-
Research Botanist Endowment	-	-	3,282	3,282	(3,282)	-
	<u>12,600</u>	<u>1,859,500</u>	<u>(13,033)</u>	<u>1,859,067</u>	<u>(882,214)</u>	<u>976,853</u>

See accompanying independent auditors' report.

(Continued)

## NATIONAL TROPICAL BOTANICAL GARDEN

## Changes in Temporarily Restricted Net Assets

Year Ended December 31, 2015

	Balance at January 1, 2015	Contributions	Income from investments and net appreciation (depreciation)	Total	Net assets released from restrictions	Balance at December 31, 2015
Education:						
SSBP	\$ 603,985	\$ 760	\$ -	\$ 604,745	\$ (604,745)	\$ -
Education General Operations	10,000	-	-	10,000	(10,000)	-
Keiki Camp	-	1,000	-	1,000	-	1,000
Atherton Fdn/SW Wilcox Grant for GAC	3,000	30	-	3,030	(3,030)	-
Atherton Fdn/SW Wilcox Grant for KOKA	5,000	2,480	-	7,480	(7,480)	-
Atherton Fdn/SW Wilcox Grant for STEP	5,000	180	-	5,180	(5,180)	-
Atherton Fdn/SW Wilcox Grant for Env Journalism	10,544	-	-	10,544	(10,544)	-
Chandler Education Program	-	-	76	76	(76)	-
Garden as a Classroom	1,639	2,200	-	3,839	(1,639)	2,200
GAC - Juliett Brown Foundation	-	2,000	-	2,000	(527)	1,473
Horticultural Training Program	-	-	65	65	(65)	-
JRT & GAC Edu Programs- HCF Oio	7,717	-	-	7,717	(7,717)	-
Na Lima Kokua	807	-	-	807	-	807
HTA Kukulu Ola - Ka Mala project	-	32,322	-	32,322	(32,322)	-
Student Awards	-	-	187	187	(187)	-
Internship Program	-	360	12,188	12,548	(12,548)	-
	<u>647,692</u>	<u>41,332</u>	<u>12,516</u>	<u>701,540</u>	<u>(696,060)</u>	<u>5,480</u>
Kahanu Garden:						
HCF Kahanu Garden Coastal Restoration	-	17,427	-	17,427	(17,427)	-
Maui OED-Kahanu & BFI Landscape & Enhancement Project	-	43,970	-	43,970	(43,970)	-
Kahanu Visitor Center	5,000	-	-	5,000	-	5,000
	<u>5,000</u>	<u>61,397</u>	<u>-</u>	<u>66,397</u>	<u>(61,397)</u>	<u>5,000</u>

See accompanying independent auditors' report.

(Continued)

## NATIONAL TROPICAL BOTANICAL GARDEN

## Changes in Temporarily Restricted Net Assets

Year Ended December 31, 2015

	Balance at January 1, 2015	Contributions	Income from investments and net appreciation (depreciation)	Total	Net assets released from restrictions	Balance at December 31, 2015
Limahuli Garden & Preserves:						
Limahuli Interpretive Signage & Name Plates	\$ 1,992	\$ -	\$ -	\$ 1,992	\$ (708)	\$ 1,284
Limahuli Operations Endowment	-	-	3,979	3,979	(3,979)	-
Limahuli Remnant Forest	1,200	-	-	1,200	(1,200)	-
HCF Lima Resilient Forest Proj	18,769	-	-	18,769	(18,769)	-
	<u>21,961</u>	<u>-</u>	<u>3,979</u>	<u>25,940</u>	<u>(24,656)</u>	<u>1,284</u>
Other						
Future years donations, fundraisers and other	56,014	624,138	-	680,152	(475,227)	204,925
Charitable Gift Annuity & reserve	120,000	595,817	(71,420)	644,397	(7,853)	636,544
	<u>176,014</u>	<u>1,219,955</u>	<u>(71,420)</u>	<u>1,324,549</u>	<u>(483,080)</u>	<u>841,469</u>
	<u>\$ 11,588,957</u>	<u>\$ 6,617,198</u>	<u>\$ (152,544)</u>	<u>\$ 18,053,611</u>	<u>\$ (4,260,938)</u>	<u>\$ 13,792,673</u>

See accompanying independent auditors' report.