

REEVES-REED ARBORETUM
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

**REEVES-REED ARBORETUM
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YEARS ENDED DECEMBER 31, 2014 AND 2013**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Reeves-Reed Arboretum

I have audited the accompanying financial statements of Reeves-Reed Arboretum (the Arboretum) which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, I 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.

I believe that the audit evidence I obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Reeves-Reed Arboretum as of December 31, 2014 and 2013 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.

A handwritten signature in blue ink, appearing to read 'JmW', is written over the printed name of the auditor.

April 20, 2015
Hillsborough, NJ

James M. Wood, Certified Public Accountant
603B Omni Drive • Hillsborough, NJ 08844
(p) 908-431-1700 • (f) 908-431-1702
jmwood@jmwoodcpa.com

REEVES-REED ARBORETUM
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013

	2014					2013						
	Unrestricted		Board- Designated	Temporarily Restricted	Permanently Restricted	Total	Unrestricted		Board- Designated	Temporarily Restricted	Permanently Restricted	Total
	Operations	183,055					554,085	-				
Assets												
Current assets												
Cash & cash equivalents	\$ 219,921	\$ 183,055	\$ -	\$ -	\$ 402,976	\$ 256,708	\$ 149,689	\$ -	\$ -	\$ 406,397		
Investment securities	82,581	-	554,085	646,569	1,283,235	102,175	-	479,268	646,569	1,228,012		
Contributions receivable	-	-	-	-	-	450	-	-	-	450		
Pledges receivable	-	-	-	-	-	5,000	-	-	-	5,000		
Other receivable	7,020	-	-	-	7,020	3,881	-	-	-	3,881		
Prepaid expenses	3,809	-	-	-	3,809	2,695	-	-	-	2,695		
	<u>313,331</u>	<u>183,055</u>	<u>554,085</u>	<u>646,569</u>	<u>1,697,040</u>	<u>370,909</u>	<u>149,689</u>	<u>479,268</u>	<u>646,569</u>	<u>1,646,435</u>		
Premises & equipment, net of accumulated depreciation	658,493	-	-	-	658,493	650,479	-	-	-	650,479		
Other	14,443	-	-	-	14,443	14,443	-	-	-	14,443		
	<u>\$ 986,267</u>	<u>\$ 183,055</u>	<u>\$ 554,085</u>	<u>\$ 646,569</u>	<u>\$ 2,369,976</u>	<u>\$ 1,035,831</u>	<u>\$ 149,689</u>	<u>\$ 479,268</u>	<u>\$ 646,569</u>	<u>\$ 2,311,357</u>		
Liabilities & Net Assets												
Current liabilities												
Accounts payable & accrued expenses	\$ 10,516	\$ -	\$ -	\$ -	\$ 10,516	\$ 15,498	\$ -	\$ -	\$ -	\$ 15,498		
Grants received in advance	125,628	-	-	-	125,628	114,750	-	-	-	114,750		
Membership received in advance	1,000	-	-	-	1,000	315	-	-	-	315		
Rent security deposits	5,231	-	-	-	5,231	7,348	-	-	-	7,348		
	<u>142,375</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,375</u>	<u>137,911</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>137,911</u>		
Net assets	843,892	183,055	554,085	646,569	2,227,601	897,920	149,689	479,268	646,569	2,173,446		
	<u>\$ 986,267</u>	<u>\$ 183,055</u>	<u>\$ 554,085</u>	<u>\$ 646,569</u>	<u>\$ 2,369,976</u>	<u>\$ 1,035,831</u>	<u>\$ 149,689</u>	<u>\$ 479,268</u>	<u>\$ 646,569</u>	<u>\$ 2,311,357</u>		

See accompanying notes to financial statements.

REEVES-REED ARBORETUM
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014				2013					
	Unrestricted	Board- Designated	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Board- Designated	Temporarily Restricted	Permanently Restricted	Total
Public Support										
Dues	\$ 62,283	\$ -	\$ -	\$ -	\$ 62,283	\$ 76,616	\$ -	\$ -	\$ -	\$ 76,616
Contributions	143,130	-	-	-	143,130	194,914	-	4,300	-	199,214
Bequests	-	33,366	-	-	33,366	-	121,301	-	-	121,301
Grants	128,274	-	-	-	128,274	139,399	-	-	-	139,399
	<u>333,687</u>	<u>33,366</u>	<u>-</u>	<u>-</u>	<u>367,053</u>	<u>410,929</u>	<u>121,301</u>	<u>4,300</u>	<u>-</u>	<u>536,530</u>
Program Service Revenue										
Education activities	75,085	-	-	-	75,085	90,026	-	-	-	90,026
Facilities rental	90,756	-	-	-	90,756	111,612	-	-	-	111,612
	165,841	-	-	-	165,841	201,638	-	-	-	201,638
Interest & dividends	2,555	-	18,461	-	21,016	2,120	-	18,639	-	20,759
Special events, net of										
Gross income	295,678	-	-	-	295,678	242,009	-	-	-	242,009
Direct expenses	(115,409)	-	-	-	(115,409)	(95,935)	-	-	-	(95,935)
	180,269	-	-	-	180,269	146,074	-	-	-	146,074
Donated goods & services	137,313	-	-	-	137,313	96,341	-	-	-	96,341
Miscellaneous	281	-	-	-	281	415	-	-	-	415
Total income	819,946	33,366	18,461	-	871,773	857,517	121,301	22,939	-	1,001,757
Releases from restrictions	-	-	-	-	-	13,975	-	(13,975)	-	-
	<u>819,946</u>	<u>33,366</u>	<u>18,461</u>	<u>-</u>	<u>871,773</u>	<u>871,492</u>	<u>121,301</u>	<u>8,964</u>	<u>-</u>	<u>1,001,757</u>
Functional Expenses										
Program services										
Horticulture	406,844	-	-	-	406,844	397,240	-	-	-	397,240
Education	210,874	-	-	-	210,874	148,715	-	-	-	148,715
Public relations	56,407	-	-	-	56,407	60,461	-	-	-	60,461
	674,125	-	-	-	674,125	606,416	-	-	-	606,416
Supporting services										
Management & general	100,602	-	-	-	100,602	145,532	-	-	-	145,532
Fund raising	112,922	-	-	-	112,922	116,308	-	-	-	116,308
	213,524	-	-	-	213,524	261,840	-	-	-	261,840
Total expenses	887,649	-	-	-	887,649	868,256	-	-	-	868,256
Increase (decrease) in net assets before gains on investments	(67,703)	33,366	18,461	-	(15,876)	3,236	121,301	8,964	-	133,501
Gains on investments	13,675	-	56,356	-	70,031	26,620	-	147,142	-	173,762
	<u>(54,028)</u>	<u>33,366</u>	<u>74,817</u>	<u>-</u>	<u>54,155</u>	<u>29,856</u>	<u>121,301</u>	<u>156,106</u>	<u>-</u>	<u>307,263</u>
Net assets										
Beginning of year	897,920	149,689	479,268	646,569	2,173,446	868,064	28,388	323,162	646,569	1,866,183
End of year	<u>843,892</u>	<u>183,055</u>	<u>554,085</u>	<u>646,569</u>	<u>2,227,601</u>	<u>897,920</u>	<u>149,689</u>	<u>479,268</u>	<u>646,569</u>	<u>2,173,446</u>

See accompanying notes to financial statements.

**REEVES-REED ARBORETUM
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2014 WITH COMPARATIVE TOTALS FOR 2013**

	2014				2013	
	Program Services		Supporting Services		Total	
	Horticulture	Education	Public Relations	Management & General	Fund Raising	Total
Salaries	\$ 91,977	\$ 116,087	\$ 31,717	\$ 48,780	\$ 60,364	\$ 348,925
Fringe benefits	16,683	21,056	5,753	8,848	10,949	63,289
	<u>108,660</u>	<u>137,143</u>	<u>37,470</u>	<u>57,628</u>	<u>71,313</u>	<u>412,214</u>
Direct program	19,576	3,457	-	-	-	23,033
Grounds enhancement	60,098	-	-	-	-	60,098
Occupancy	12,744	16,085	4,395	6,759	8,364	48,347
Donated goods & services	122,213	1,850	-	2,100	11,150	137,313
Insurance	4,046	5,107	1,395	2,146	2,655	15,349
Office	7,934	10,014	2,736	4,206	5,207	30,097
Postage	834	1,052	288	442	547	3,163
Telephone	1,429	1,803	493	758	938	5,421
Professional fees	11,588	14,625	3,996	16,750	7,605	54,564
Volunteers	222	-	-	-	-	222
Training	368	464	127	195	241	1,395
Development cultivation	-	-	682	-	-	682
Miscellaneous	-	-	-	6	-	6
Dues & subscriptions	248	312	85	131	162	938
	<u>349,960</u>	<u>191,912</u>	<u>51,667</u>	<u>91,121</u>	<u>108,182</u>	<u>792,842</u>
Depreciation	56,884	18,962	4,740	9,481	4,740	94,807
Total functional expenses	\$ <u>406,844</u>	\$ <u>210,874</u>	\$ <u>56,407</u>	\$ <u>100,602</u>	\$ <u>112,922</u>	\$ <u>887,649</u>
						<u>868,256</u>

See accompanying notes to financial statements.

REEVES-REED ARBORETUM
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2013

2013

	Program Services			Supporting Services			Total
	Horticulture	Education	Public Relations	Management & General	Fund Raising		
Salaries	\$ 92,575	\$ 81,120	\$ 34,689	\$ 79,755	\$ 70,957	\$	\$ 359,096
Fringe benefits	16,912	14,820	6,337	14,570	12,963		65,602
	<u>109,487</u>	<u>95,940</u>	<u>41,026</u>	<u>94,325</u>	<u>83,920</u>		<u>424,698</u>
Direct program	27,286	2,764	-	-	-		30,050
Grounds enhancement	73,315	-	-	-	-		73,315
Occupancy	13,749	12,048	5,152	11,845	10,538		53,332
Donated services	96,020	-	-	321	-		96,341
Insurance	2,710	2,375	1,015	2,335	2,077		10,512
Office	6,747	5,912	2,528	5,813	5,172		26,172
Postage	707	620	265	609	542		2,743
Telephone	1,139	998	427	981	874		4,419
Professional fees	10,026	8,785	3,757	19,138	7,685		49,391
Volunteers	257	-	-	-	-		257
Training	848	743	318	731	650		3,290
Development cultivation	-	-	1,279	-	-		1,279
Miscellaneous	5	-	-	-	-		5
Dues & subscriptions	398	348	149	343	305		1,543
	<u>342,694</u>	<u>130,533</u>	<u>55,916</u>	<u>136,441</u>	<u>111,763</u>		<u>777,347</u>
Depreciation	54,546	18,182	4,545	9,091	4,545		90,909
Total functional expenses	\$ <u>397,240</u>	\$ <u>148,715</u>	\$ <u>60,461</u>	\$ <u>145,532</u>	\$ <u>116,308</u>	\$	\$ <u>868,256</u>

See accompanying notes to financial statements.

REEVES-REED ARBORETUM
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Increase in net assets	\$ 54,155	\$ 307,263
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	94,807	90,909
Gain on investment securities	(70,031)	(173,762)
(Increase) decrease in:		
Contributions receivable	450	(450)
Pledges receivable	5,000	5,000
Other receivable	(3,139)	(3,249)
Prepaid expenses	(1,114)	(192)
Increase (decrease) in:		
Accounts payable & accrued expenses	(4,982)	(9,129)
Grants received in advance	10,878	(9,646)
Membership received in advance	685	(485)
Rent security deposits	(2,117)	859
	84,592	207,118
Cash flows from investing activities		
Proceeds from sales of investment securities	17,406	485,866
Acquisition of investment securities	(2,598)	(387,836)
Acquisition of premises & equipment	(102,821)	(212,789)
	(88,013)	(114,759)
Cash used in investing activities		
Net (decrease) increase in cash & cash equivalents	(3,421)	92,359
Cash & cash equivalents		
Beginning of year	406,397	314,038
End of year	\$ 402,976	\$ 406,397

See accompanying notes to financial statements.

REEVES-REED ARBORETUM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

(1) **Summary of Significant Accounting Policies**

Reeves-Reed Arboretum (the Arboretum) is a not-for-profit organization located in Summit, New Jersey. The Arboretum was founded in 1974 for the purpose of preserving an historic 13.5 acre country estate as an outdoor living museum which contains a collection of native trees, shrubs, and plants that are protected and labeled in their natural settings for study and appreciation. Additionally, the Arboretum provides educational programs for children and adults focusing on environmental, natural, and botanical issues.

Financial statement presentation

In accordance with generally accepted accounting principles, the Arboretum reports its statements of financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Revenue with temporary restrictions which is expended in the same year is considered unrestricted for financial statement presentation.

Temporarily restricted net assets

Funds which carry donor-imposed restrictions are classified as temporarily restricted net assets until the restrictions are fulfilled. Additionally, investment income and market appreciation on endowment investments are classified as temporarily restricted as such funds are available for expenditure on horticultural and educational-related expenditures.

Permanently restricted net assets

Assets received for the horticultural and children's education endowment fund are recorded as permanently restricted.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

Donated services

Donated services are recorded as income and related expense if the service provided is specialized and would be purchased if not donated.

Cash and cash equivalents

For purposes of the statement of cash flows, the Arboretum considers all highly liquid investments including demand deposits, money market accounts and certificates of deposit with an initial maturity of three months or less to be cash equivalents. These financial instruments are included in "cash and cash equivalents" in the statement of financial position.

Investment securities

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains and losses included in the statement of activities.

REEVES-REED ARBORETUM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

Premises & equipment

Premises & equipment are shown at cost, net of accumulated depreciation. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. The cost of maintenance and repairs is charged to income as incurred.

Income tax status

The Arboretum qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for income taxes.

Functional expenses

Expenses are charged to each program or cost center based on direct expenses incurred. Any expenses not directly chargeable are allocated to programs based on applicable usage rates.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentrations of credit

Financial instruments and bank deposits that potentially expose the Arboretum to concentrations of credit and market risk consist primarily of cash, cash equivalents, and investment securities. Cash and cash equivalents are placed with financial institutions or money market funds, and credit exposure is deemed to be limited to any one institution. Investments securities consist of mutual funds and are carried at fair value and are subject to market fluctuations. Future losses may be incurred in the event of a market decline.

REEVES-REED ARBORETUM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

Fair value of financial instruments

Financial instruments are carried at fair value which 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. Fair value is determined using three levels of inputs:

Level 1 Valuations based on quoted prices in active markets for identical assets.

Level 2 Valuations based on one or more quoted price for investments that are not exchange-traded but for which all significant inputs are observable.

Level 3 Valuations based on inputs that are unobservable and significant to the overall fair value measurements.

The following valuation techniques are used for assets measured at fair value:

Money market funds - Investments in money market funds are classified as Level 1 due to their short term nature.

Mutual funds - Investments in exchange-traded funds are measured at fair value using quoted market prices and are classified as Level 1. Investments in mutual funds traded over the counter are classified as Level 2.

Accounting for uncertainty in income taxes

The Arboretum's accounting policy is to provide liabilities for uncertain tax positions when a liability is probable and estimable. Management is not aware of any violation of tax status or exposure to uncertain tax positions that could require accrual or which could affect its liquidity or future cash flows. The Arboretum's exempt organization filings for the years ended December 31, 2011 through 2014 are subject to examination by the Internal Revenue Service and the State of New Jersey. Further, the Internal Revenue Service may examine the Arboretum's financial activities for income and unrelated business income tax for those years.

New accounting pronouncements

Management is of the opinion that none of the newly enacted accounting pronouncements will have a material effect on the organization.

REEVES-REED ARBORETUM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

(2) Investment Securities

Investment securities are maintained in accounts according to intended use. As of December 31, investment securities, carried at fair value, are as follows:

	<u>2014</u>	<u>2013</u>
Horticulture & Children's Endowment		
Fidelity Cash Reserve	\$ 109,884	\$ 140,975
Fidelity Treasury Bond	174,136	173,992
Fidelity Bond Fund	85,932	86,161
Fidelity Stock Index Fund	<u>908,432</u>	<u>860,040</u>
	1,278,384	1,261,168
Operating		
Fidelity Cash Reserves	37,566	2,750
Fidelity Treasury Money Market Fund	6,399	6,398
Fidelity Intermediate Treasury Fund	<u>114,735</u>	<u>107,819</u>
	<u>158,700</u>	<u>116,967</u>
Total investment securities	1,437,084	1,378,135
Less money market funds included in cash & cash equivalents	<u>153,849</u>	<u>150,123</u>
Net investment securities	<u>\$1,283,235</u>	<u>\$1,228,012</u>

(3) Special Events

During the years ended December 31, 2014 and 2013, RRA held various events with the following results:

	Gross	Direct	Net
	<u>Income</u>	<u>Expense</u>	<u>Income</u>
<u>2014</u>			
Art in the Garden	\$185,523	\$ 58,090	\$127,433
Special Exhibits	48,975	35,930	13,045
House Tour	43,526	15,355	28,171
Jazz on Terrace	8,779	3,264	5,515
Bridge Party	4,785	1,600	3,185
Pub Event	<u>4,090</u>	<u>1,170</u>	<u>2,920</u>
	<u>\$295,678</u>	<u>\$115,409</u>	<u>\$180,269</u>
<u>2013</u>			
Art in the Garden	\$171,778	\$ 62,749	\$109,029
Special Exhibits	18,870	15,676	3,194
House Tour	40,169	15,148	25,021
Jazz on Terrace	6,737	1,408	5,329
Bridge Party	<u>4,455</u>	<u>954</u>	<u>3,501</u>
	<u>\$242,009</u>	<u>\$ 95,935</u>	<u>\$146,074</u>

REEVES-REED ARBORETUM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

(4) Premises & Equipment

The Arboretum leases its land and buildings from the City of Summit. Improvements, equipment, and other buildings are as follows as of December 31:

	<u>2014</u>	<u>2013</u>
Improvements to buildings	\$1,248,477	\$1,208,003
Gardens & woodlands	218,565	214,370
Land improvements	681,729	628,536
Greenhouse	118,041	118,041
Fencing	121,986	121,986
Barn	106,916	106,916
Furniture & equipment	<u>200,772</u>	<u>195,813</u>
	2,696,486	2,593,665
Less accumulated depreciation	<u>2,037,993</u>	<u>1,943,186</u>
	<u>\$ 658,493</u>	<u>\$ 650,479</u>

(5) Operating Lease Commitments

For each of the next five years ending December 31, the Arboretum is obligated to the following minimum lease amounts:

2015	\$ 5,946
2016	5,946
2017	5,562
2018	3,632
2019	700
Thereafter	<u>230</u>
	<u>\$22,016</u>

The Arboretum leases the land and buildings it occupies from the City of Summit for \$10 per year. For the years ended December 31, 2014 and 2013, rent expense totaled \$5,934 and \$4,438, respectfully.

(6) Donated Services

For the years ended December 31, 2014 and 2013, volunteers reported approximately 5,280 and 4,801 hours, respectively, in time donated for horticultural work and grounds maintenance. The value of these hours is a vital and integral portion of the Arboretum's programming, requires specialized skills, and would be purchased if not donated.

(7) Restrictions on Net Assets

As of December 31, 2014 and 2013, the Arboretum maintains an endowment fund consisting of permanently restricted, temporarily, and unrestricted assets. The permanently restricted assets are contributions received in prior years for the purpose of endowing children's education and horticultural activities. Temporarily restricted net assets consist of investment income earned and accumulated on the permanently restricted corpus. Unrestricted assets are those added to the endowment fund at the discretion of the Board of Trustees.

The endowment fund assets are invested in a variety of mutual funds as noted in Note 2. The Board's investment policy is to maximize return while managing risk.

REEVES-REED ARBORETUM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) as enacted in New Jersey does not establish a level below which an endowment or permanently restricted fund may fall. Instead, UPMIFA requires that permanently restricted fund investment and spending policies be designed with the aim of preserving that amount of each fund which is prudent for the uses, benefits, purposes and duration for which the permanently restricted gift was received.

Contributions received which are temporarily restricted are included in the Arboretum's operating investment account until expended on the intended use.

The composition and activity of the endowment fund investment portfolio and operating investment portfolio are as follows:

	Permanently Restricted	Temporarily Restricted	Unrestricted	Total
Endowment				
<i>January 1, 2013</i>	\$646,569	\$282,916	\$244,314	\$1,173,799
Investment returns	-	165,781	33,588	199,369
Release from restrictions	-	-	(112,000)	(112,000)
<i>December 31, 2013</i>	646,569	448,697	165,902	1,261,168
Investment returns	-	74,817	9,056	83,873
Release from restriction	-	-	(66,657)	(66,657)
<i>December 31, 2014</i>	<u>\$646,569</u>	<u>\$523,514</u>	<u>\$108,301</u>	<u>\$1,278,384</u>
Operating				
<i>January 1, 2013</i>	\$ -	\$ 40,246	\$113,641	\$ 153,887
Contributions	-	4,300	4,980	9,280
Transfers out	-	-	(25,000)	(25,000)
Expenditures	-	(13,975)	(9,980)	(23,955)
Investment returns	-	-	2,755	2,755
<i>December 31, 2013</i>	-	30,571	86,396	116,967
Transfers in	-	-	34,813	34,813
Investment returns	-	-	6,920	6,920
<i>December 31, 2014</i>	<u>\$ -</u>	<u>\$ 30,571</u>	<u>\$128,129</u>	<u>\$ 158,700</u>

As of December 31, 2014 and 2013, temporarily restricted net assets and designated net assets are as follows:

	2014	2013
Temporarily restricted		
Accumulated earnings, endowment fund	\$523,514	\$448,697
Children's Garden	15,540	15,540
Freeman Medal	1,646	1,646
Peter Koelliker Memorial	1,000	1,000
Disaster clean-up	7,085	7,085
Adopt a tree	1,000	1,000
Plants Head family	4,300	4,300
	<u>\$554,085</u>	<u>\$479,268</u>
Board designated, unrestricted		
Garden shop residual	\$ 4,342	\$ 4,342
Ann Ross Herb Garden	24,046	24,046
Bequests	154,667	121,301
	<u>\$183,055</u>	<u>\$149,689</u>

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(8) Fair Value of Financial Instruments

The Arboretum's assets recorded at fair value have been categorized based upon a fair value hierarchy as described in Note 1. The table below presents the balances of assets measured on a recurring basis as of:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
<u>December 31, 2014</u>			
Money market funds	\$ 153,849	\$ -	\$ 153,849
Mutual funds	-	114,735	114,735
Exchange-traded funds	<u>1,168,500</u>	<u>-</u>	<u>1,168,500</u>
	<u>\$1,322,349</u>	<u>\$ 114,735</u>	<u>\$1,437,084</u>
 <u>December 31, 2013</u>			
Money market funds	\$ 150,123	\$ -	\$ 150,123
Mutual funds	-	107,819	107,819
Exchange-traded funds	<u>1,120,193</u>	<u>-</u>	<u>1,120,193</u>
	<u>\$1,270,316</u>	<u>\$ 107,819</u>	<u>\$1,378,135</u>

Financial instruments are included in the captions on the statements of financial position:

	<u>2014</u>	<u>2013</u>
Cash and cash equivalents	\$ 402,976	\$ 406,397
Investment securities	1,283,235	1,228,012

(9) Evaluation of Subsequent Events

The Arboretum has evaluated subsequent events through April 20, 2015, the date which the financial statements were available to be issued.