

REEVES-REED ARBORETUM  
FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

REEVES-REED ARBORETUM  
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YEARS ENDED DECEMBER 31, 2015 AND 2014

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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, 2015 and 2014, 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, 2015 and 2014 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 black ink that reads 'James M. Wood'.

February 16, 2016  
Hillsborough, NJ

**REEVES-REED ARBORETUM**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2015 AND 2014**

	2015				2014				
	Unrestricted		Temporarily Restricted	Permanently Restricted	Unrestricted		Temporarily Restricted	Permanently Restricted	Total
	Operations	Board-Designated			Operations	Board-Designated			
<b>Assets</b>									
Current assets									
Cash & cash equivalents	\$ 419,410	\$ 147,439	\$ 31,869	\$ -	\$ 598,718	\$ 253,287	\$ 149,689	\$ -	\$ 402,976
Investment securities	-	-	524,597	646,569	1,171,166	82,581	-	554,085	1,283,235
Other receivable	1,025	-	-	-	1,025	7,020	-	-	7,020
Prepaid expenses	6,625	-	-	-	6,625	3,809	-	-	3,809
	<u>427,060</u>	<u>147,439</u>	<u>556,466</u>	<u>646,569</u>	<u>1,777,534</u>	<u>346,697</u>	<u>149,689</u>	<u>554,085</u>	<u>1,697,040</u>
Premises & equipment, net of accumulated depreciation	621,318	-	-	-	621,318	658,493	-	-	658,493
Other	14,443	-	-	-	14,443	14,443	-	-	14,443
	<u>\$ 1,062,821</u>	<u>\$ 147,439</u>	<u>\$ 556,466</u>	<u>\$ 646,569</u>	<u>\$ 2,413,295</u>	<u>\$ 1,019,633</u>	<u>\$ 149,689</u>	<u>\$ 554,085</u>	<u>\$ 2,369,976</u>
<b>Liabilities &amp; Net Assets</b>									
Current liabilities									
Accounts payable & accrued expenses	\$ 13,851	\$ -	\$ -	\$ -	\$ 13,851	\$ 10,516	\$ -	\$ -	\$ 10,516
Grants received in advance	168,802	-	-	-	168,802	125,628	-	-	125,628
Membership received in advance	675	-	-	-	675	1,000	-	-	1,000
Rent security deposits	5,244	-	-	-	5,244	5,231	-	-	5,231
	<u>188,572</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>188,572</u>	<u>142,375</u>	<u>-</u>	<u>-</u>	<u>142,375</u>
Net assets	874,249	147,439	556,466	646,569	2,224,723	877,258	149,689	554,085	2,227,601
	<u>\$ 1,062,821</u>	<u>\$ 147,439</u>	<u>\$ 556,466</u>	<u>\$ 646,569</u>	<u>\$ 2,413,295</u>	<u>\$ 1,019,633</u>	<u>\$ 149,689</u>	<u>\$ 554,085</u>	<u>\$ 2,369,976</u>

See accompanying notes to financial statements.

**REEVES-REED ARBORETUM**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015					2014					
	Unrestricted		Board-		Total	Unrestricted		Board-		Total	
	Operations	Temporarily Restricted	Temporarily Restricted	Permanently Restricted		Operations	Temporarily Restricted	Temporarily Restricted	Permanently Restricted		
Public Support											
Dues	\$ 56,534	\$ -	\$ -	\$ -	\$ 56,534	\$ 62,283	\$ -	\$ -	\$ -	\$ 62,283	
Contributions	137,642	-	9,000	-	146,642	143,130	-	-	-	143,130	
Bequests	65,951	-	-	-	65,951	33,366	-	-	-	33,366	
Grants	143,850	-	-	-	143,850	128,274	-	-	-	128,274	
	403,977	-	9,000	-	412,977	367,053	-	-	-	367,053	
Program Service Revenue											
Education activities	86,725	-	-	-	86,725	75,085	-	-	-	75,085	
Facilities rental	90,773	-	-	-	90,773	90,756	-	-	-	90,756	
	177,498	-	-	-	177,498	165,841	-	-	-	165,841	
Interest & dividends	2,755	-	18,337	-	21,092	2,555	18,461	-	-	21,016	
Special events, net of											
Gross income	357,093	-	-	-	357,093	295,678	-	-	-	295,678	
Direct expenses	(141,363)	-	-	-	(141,363)	(115,409)	-	-	-	(115,409)	
	215,730	-	-	-	215,730	180,269	-	-	-	180,269	
Donated goods & services	133,924	-	-	-	133,924	137,313	-	-	-	137,313	
Miscellaneous	165	-	-	-	165	281	-	-	-	281	
Total income	934,049	-	27,337	-	961,386	853,312	18,461	-	-	871,773	
Releases from restrictions	7,741	(2,250)	(5,491)	-	-	-	-	-	-	-	
	941,790	(2,250)	21,846	-	961,386	853,312	18,461	-	-	871,773	
Functional Expenses											
Program services											
Horticulture	404,022	-	-	-	404,022	406,844	-	-	-	406,844	
Education	220,208	-	-	-	220,208	210,874	-	-	-	210,874	
Public relations	83,335	-	-	-	83,335	56,407	-	-	-	56,407	
	707,565	-	-	-	707,565	674,125	-	-	-	674,125	
Supporting services											
Management & general	124,751	-	-	-	124,751	100,602	-	-	-	100,602	
Fund raising	111,922	-	-	-	111,922	112,922	-	-	-	112,922	
	236,673	-	-	-	236,673	213,524	-	-	-	213,524	
Total expenses	944,238	-	-	-	944,238	887,649	-	-	-	887,649	
Increase (decrease) in net assets before gains (losses) on investments	(2,448)	(2,250)	21,846	-	17,148	(34,337)	18,461	-	-	(15,876)	
Gains (losses) on investments	(561)	-	(19,465)	-	(20,026)	13,675	56,356	-	-	70,031	
	(3,009)	(2,250)	2,381	-	(2,878)	(20,662)	74,817	-	-	54,155	
Increase (decrease) in net assets											
Net assets											
Beginning of year	877,258	149,689	554,085	646,569	2,227,601	897,920	479,268	646,569	646,569	2,173,446	
End of year	\$ 874,249	\$ 147,439	\$ 556,466	\$ 646,569	\$ 2,224,723	\$ 877,258	\$ 554,085	\$ 646,569	\$ 646,569	\$ 2,227,601	

See accompanying notes to financial statements.

REEVES-REED ARBORETUM  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2015 WITH COMPARATIVE TOTALS FOR 2014

	2015				2014	
	Program Services		Supporting Services		Total	
	Horticulture	Education	Public Relations	Management & General	Fund Raising	(See Page 5)
Salaries	\$ 98,914	\$ 121,758	\$ 47,249	\$ 50,714	\$ 62,098	\$ 348,925
Fringe benefits	19,866	24,454	9,489	10,185	12,472	63,289
	<u>118,780</u>	<u>146,212</u>	<u>56,738</u>	<u>60,899</u>	<u>74,570</u>	<u>412,214</u>
Direct program	15,501	2,920	-	3,866	10	22,297
Grounds enhancement	57,388	-	-	-	-	57,388
Occupancy	13,152	16,190	6,283	6,743	8,257	50,625
Donated goods & services	109,500	-	-	17,974	6,450	133,924
Insurance	3,485	4,290	1,665	1,787	2,188	13,415
Office	8,766	10,791	4,187	4,495	5,503	33,742
Postage	832	1,024	397	426	522	3,201
Telephone	1,072	1,320	512	550	673	4,127
Professional fees	12,093	14,886	5,777	16,700	7,592	57,048
Volunteers	50	-	-	189	-	239
Training	1,317	1,621	629	675	827	5,069
Development cultivation	-	-	1,859	-	-	1,859
Miscellaneous	4	4	2	2	2	14
Dues & subscriptions	286	351	136	146	179	1,098
	<u>342,226</u>	<u>199,609</u>	<u>78,185</u>	<u>114,452</u>	<u>106,773</u>	<u>841,245</u>
Depreciation	61,796	20,599	5,150	10,299	5,149	102,993
Total functional expenses	\$ 404,022	\$ 220,208	\$ 83,335	\$ 124,751	\$ 111,922	\$ 944,238
						\$ 887,649

See accompanying notes to financial statements.

**REEVES-REED ARBORETUM**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2014**

2014

	Program Services			Supporting Services			Total
	Horticulture	Education	Public Relations	Management & General	Fund Raising		
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>

See accompanying notes to financial statements.

**REEVES-REED ARBORETUM**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>Cash flows from operating activities</b>		
(Decrease) increase in net assets	\$ (2,878)	\$ 54,155
Adjustments to reconcile (decrease) increase in net assets to net cash provided by operating activities:		
Depreciation	102,993	94,807
(Loss) gain on investment securities	20,026	(70,031)
(Increase) decrease in:		
Contributions receivable	-	450
Pledges receivable	-	5,000
Other receivable	5,995	(3,139)
Prepaid expenses	(2,816)	(1,114)
Increase (decrease) in:		
Accounts payable & accrued expenses	3,335	(4,982)
Grants received in advance	43,174	10,878
Membership received in advance	(325)	685
Rent security deposits	13	(2,117)
	<u>169,517</u>	<u>84,592</u>
<b>Cash provided by operating activities</b>	169,517	84,592
<b>Cash flows from investing activities</b>		
Proceeds from sales of investment securities	113,015	17,406
Acquisition of investment securities	(20,972)	(2,598)
Acquisition of premises & equipment	(65,818)	(102,821)
	<u>26,225</u>	<u>(88,013)</u>
<b>Cash provided by (used in) investing activities</b>	26,225	(88,013)
<b>Net increase (decrease) in cash &amp; cash equivalents</b>	195,742	(3,421)
<b>Cash &amp; cash equivalents</b>		
Beginning of year	<u>402,976</u>	<u>406,397</u>
End of year	<u>\$ 598,718</u>	<u>\$ 402,976</u>

See accompanying notes to financial statements.



REEVES-REED ARBORETUM  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

(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, 2015 AND 2014

*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, 2015 AND 2014

*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, 2012 through 2015 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, 2015 AND 2014

(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>2015</u>	<u>2014</u>
Horticulture & Children's Endowment		
Fidelity Cash Reserve	\$ 209,448	\$ 109,884
Fidelity Treasury Bond	173,950	174,136
Fidelity Bond Fund	85,458	85,932
Fidelity Stock Index Fund	<u>795,107</u>	<u>908,432</u>
	1,263,963	1,278,384
Operating		
Fidelity Cash Reserves	39,315	37,566
Fidelity Treasury Money Market Fund	6,400	6,399
Fidelity Intermediate Treasury Fund	<u>116,651</u>	<u>114,735</u>
	<u>162,366</u>	<u>158,700</u>
Total investment securities	1,426,329	1,437,084
Less money market funds included in cash & cash equivalents	<u>255,163</u>	<u>153,849</u>
Net investment securities	<u>\$1,171,166</u>	<u>\$1,283,235</u>

(3) **Special Events**

During the years ended December 31, 2015 and 2014, RRA held various events with the following results:

	<u>Gross</u> <u>Income</u>	<u>Direct</u> <u>Expense</u>	<u>Net</u> <u>Income</u>
<u>2015</u>			
Art in the Garden	\$249,475	\$ 90,448	\$159,027
Special Exhibits	34,150	25,448	8,702
House Tour	50,263	17,220	33,043
Sounds of a Summer Night	10,565	3,300	7,265
Teas	1,010	612	398
Pub Event	<u>11,630</u>	<u>4,335</u>	<u>7,295</u>
	<u>\$357,093</u>	<u>\$141,363</u>	<u>\$215,730</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>

REEVES-REED ARBORETUM  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014

**(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>2015</u>	<u>2014</u>
Improvements to buildings	\$1,311,360	\$1,248,477
Gardens & woodlands	218,565	218,565
Land improvements	683,414	681,729
Greenhouse	118,041	118,041
Fencing	121,986	121,986
Barn	106,916	106,916
Furniture & equipment	<u>202,022</u>	<u>200,772</u>
	<u>2,762,304</u>	<u>2,696,486</u>
Less accumulated depreciation	<u>2,140,986</u>	<u>2,037,993</u>
	<u>\$ 621,318</u>	<u>\$ 658,493</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:

2016	\$ 5,946
2017	5,562
2018	3,632
2019	700
2020	10
Thereafter	<u>220</u>
	<u>\$16,070</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, 2015 and 2014, rent expense totaled \$6,608 and \$5,934, respectfully.

**(6) Donated Services**

For the years ended December 31, 2015 and 2014, volunteers reported approximately 5,475 and 5,280 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, 2015 and 2014, 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.

REEVES-REED ARBORETUM  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014

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.

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
<b>Endowment</b>				
January 1, 2014	\$646,569	\$448,697	\$165,902	\$1,261,168
Investment returns	-	74,817	9,056	83,873
Release from restrictions	-	-	( 66,657)	( 66,657)
December 31, 2014	646,569	523,514	108,301	1,278,384
Investment returns	-	( 1,128)	( 92)	( 1,220)
Release from restriction	-	-	( 13,201)	( 13,201)
December 31, 2015	<u>\$646,569</u>	<u>\$522,386</u>	<u>\$ 95,008</u>	<u>\$1,263,963</u>
<b>Operating</b>				
January 1, 2014	\$ -	\$ 30,571	\$ 86,396	\$ 116,967
Transfers in	-	-	34,813	34,813
Investment returns	-	-	6,920	6,920
December 31, 2014	-	30,571	128,129	158,700
Transfers in	-	9,000	122	9,122
Expenditures	-	( 5,491)	( 2,250)	( 7,741)
Investment returns	-	-	2,285	2,285
December 31, 2015	<u>\$ -</u>	<u>\$ 34,080</u>	<u>\$128,286</u>	<u>\$ 162,366</u>

As of December 31, 2015 and 2014, temporarily restricted net assets and designated net assets are as follows:

	2015	2014
Temporarily restricted		
Accumulated earnings, endowment fund	\$522,386	\$523,514
Children's Garden	24,540	15,540
Freeman Medal	1,646	1,646
Peter Koelliker Memorial	1,000	1,000
Disaster clean-up	1,594	7,085
Adopt a tree	1,000	1,000
Plants Head family	4,300	4,300
	<u>\$556,466</u>	<u>\$554,085</u>

REEVES-REED ARBORETUM  
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	<u>2015</u>	<u>2014</u>
Board designated, unrestricted		
Garden shop residual	\$ 2,092	\$ 4,342
Ann Ross Herb Garden	24,046	24,046
Bequests	<u>121,301</u>	<u>121,301</u>
	<u>\$147,439</u>	<u>\$149,689</u>

**(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, 2015</u>			
Money market funds	\$ 255,163	\$ -	\$ 255,163
Mutual funds	-	116,651	116,651
Exchange-traded funds	<u>1,054,515</u>	<u>-</u>	<u>1,054,515</u>
	<u>\$1,309,678</u>	<u>\$116,651</u>	<u>\$1,426,329</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>

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

	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 598,718	\$ 402,976
Investment securities	1,171,166	1,283,235

**(9) Evaluation of Subsequent Events**

The Arboretum has evaluated subsequent events through February 16, 2016, the date which the financial statements were available to be issued.