ADKINS ARBORETUM, LTD.

FINANCIAL STATEMENTS

DECEMBER 31, 2018

CONTENTS

ASG
Accounting Strategies Group, LLC
Certified Public Accountants

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Trustees
Adkins Arboretum, Ltd.
Ridgely, Maryland

We have reviewed the accompanying financial statements of Adkins Arboretum, Ltd. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Service Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Accounting Strategies Group, LLC
Preston, Maryland

May 13, 2019

Centreville Office
207 E. Water Street, Suite 101 • Centreville, Maryland 21617
410.758.4050 • *fax* 410.758.4429

Preston Office
145 Main Street • PO Box 369 • Preston, Maryland 21655
410.673.1384 • *fax* 410.673.1385

www.accountingstrategiesgroup.com

ADKINS ARBORETUM, LTD.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

ASSETS

	2018	2017
Cash and cash equivalents	$ 83,426	$ 46,442
Prepaid Expenses	3,908	-
Dividends and interest receivable	3,063	4,122
Grants receivable	42,912	481
Inventory	35,490	38,901
Property and equipment, less accumulated depreciation 2018 $984,022; 2017 $867,689	1,824,115	1,911,419
Investments Held for Endowment	2,647,560	3,213,170
TOTAL ASSETS	$ 4,640,474	$ 5,214,535

LIABILITIES AND NET ASSETS

	2018	2017
LIABILITIES		
Accounts payable and accrued expenses	$ 23,829	$ 20,012
Lines of credit	94,931	40,000
Deferred revenue	27,908	32,289
TOTAL LIABILITIES	146,668	92,301
NET ASSETS		
Net Assets without Donor Restrictions	4,051,327	4,679,755
Net Assets with Donor Restrictions	442,479	442,479
TOTAL NET ASSETS	4,493,806	5,122,234
TOTAL LIABILITIES AND NET ASSETS	$ 4,640,474	$ 5,214,535

See Independent Accountants' Review Report
The Notes to Financial Statements are an integral part of these statements.

ADKINS ARBORETUM, LTD.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
SUPPORT AND REVENUES						
Dividends and Interest	$ 65,069	$ -	$ 65,069	$ 68,657	$ -	$ 68,657
Gains (Losses) on investments	(316,453)	-	(316,453)	331,717	-	331,717
Events and merchandise sales	184,834	-	184,834	156,645	-	156,645
Donations and program fees	205,950	-	205,950	202,817	10,925	213,742
Grant income	121,828	-	121,828	47,466	-	47,466
In-kind	18,230	-	18,230	21,110	-	21,110
Miscellaneous income	4,034	-	4,034	75	-	75
Total Support and Revenues	283,492	-	283,492	828,487	10,925	839,412
Net assets released from restrictions			-	10,925	(10,925)	-
TOTAL SUPPORT, REVENUES AND TRANSFERS	283,492	-	283,492	839,412	-	839,412
EXPENSES						
Program services	686,028	-	686,028	611,262	-	611,262
Supporting services	128,963	-	128,963	135,999	-	135,999
Fundraising expenses	96,929	-	96,929	72,208	-	72,208
TOTAL EXPENSES	911,920	-	911,920	819,469	-	819,469
CHANGE IN NET ASSETS	(628,428)	-	(628,428)	19,943	-	19,943
NET ASSETS AT BEGINNING OF YEAR	4,679,755	442,479	5,122,234	4,659,812	442,479	5,102,291
NET ASSETS AT END OF YEAR	$ 4,051,327	$ 442,479	$ 4,493,806	$ 4,679,755	$ 442,479	$ 5,122,234

See Independent Accountants' Review Report
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ADKINS ARBORETUM, LTD.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018				2017			
	Program Services	Supporting Services	Fundraising Expenses	Total	Program Services	Supporting Services	Fundraising Expenses	Total
PROGRAM SERVICES								
Advertising	$ 4,676	$ 1,237	$ 1,290	$ 7,203	$ 3,272	$ -	$ -	$ 3,272
Bank service charges	-	11,135	-	11,135	-	5,805	-	5,805
Building and grounds maintenance	22,165	280	-	22,445	25,742	9,613	-	35,355
Consultants	126,212	3,109	10,478	139,799	93,238	269	1,882	95,389
Cost of goods sold	88,508	-	-	88,508	91,818	-	-	91,818
Depreciation	81,433	34,900	-	116,333	81,713	35,020	-	116,733
Dues and subscriptions	1,003	2,060	230	3,293	1,048	1,119	-	2,167
Educational programs and publications	3,300	144	-	3,444	-	-	-	-
Equipment expenses	-	4,393	-	4,393	4,100	-	-	4,100
In-kind	18,230	-	-	18,230	21,110	-	-	21,110
Insurance	13,196	5,484	-	18,680	-	20,571	-	20,571
Interest	-	1,237	-	1,237	-	214	-	214
Meals and Entertainment	-	-	-	-	-	-	-	-
Office expenses	532	9,379	6,390	16,301	996	12,653	6,634	20,283
Printing and postage	11,365	1,920	6,218	19,503	6,146	2,062	3,228	11,436
Professional development	259	3,062	-	3,321	1,865	-	-	1,865
Professional fees	-	23,874	-	23,874	-	20,502	-	20,502
Salaries and benefits	281,246	18,260	54,625	354,131	239,669	14,777	45,898	300,344
Supplies/Catering/Rentals	23,856	219	17,698	41,773	30,044	-	14,566	44,610
Telephone	780	4,936	-	5,716	-	4,911	-	4,911
Travel	1,046	1,822	-	2,868	9,553	1,846	-	11,399
Utilities	8,221	1,512	-	9,733	948	6,637	-	7,585
TOTAL	$ 686,028	$ 128,963	$ 96,929	$ 911,920	$ 611,262	$ 135,999	$ 72,208	$ 819,469

Review Report
The Notes to Financial Statements are an integral part of these statements.

ADKINS ARBORETUM, LTD.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (628,428)	$ 19,943
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities:		
Depreciation	116,333	116,733
Net unrealized (gains) losses on securities	393,945	(289,229)
Net realized (gains) losses on securities	(100,109)	(65,123)
Changes in assets and liabilities:		
Dividends and interest receivable	1,059	1,938
Grants receivables	(42,431)	(481)
Inventory	3,411	11,537
Prepaid expenses	(3,908)	-
Accounts payable and accrued expenses	3,817	(204)
Deferred revenue	(4,381)	26,804
NET CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN) OPERATING ACTIVITIES	(260,692)	(178,082)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of available for sale securities	(394,438)	(721,277)
Maturities and sales of available for sale securities	666,212	894,100
Acquisition of property and equipment	(29,029)	-
NET CASH AND CASH EQUIVALENTS PROVIDED BY INVESTING ACTIVITIES	242,745	172,823
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (Decrease) in short-term borrowings, net	54,931	20,000
NET CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN) FINANCING ACTIVITIES	54,931	20,000
Net increase (decrease) in cash and cash equivalents	36,984	14,741
Cash and cash equivalents, beginning of year	46,442	31,701
Cash and cash equivalents, end of year	$ 83,426	$ 46,442
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 1,237	$ 214
Cash Paid for Income Taxes	$ -	$ -

See Independent Accountants' Review Report
The Notes to Financial Statements are an integral part of these statements.

NOTE A. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Adkins Arboretum, Ltd. (Organization) is a nonprofit organization, classified as an exempt non-private foundation. Its primary purpose is to support and maintain the Adkins Arboretum located at Tuckahoe State Park, Maryland. Adkins Arboretum, a 400-acre native garden and preserve, promotes the conservation and restoration of the Chesapeake Bay region's native landscapes.

Significant accounting policies not disclosed elsewhere in the financial statements are as follows:

BASIS OF ACCOUNTING

The financial statements of the Organization have been prepared on the accrual basis of accounting, which is U.S. Generally Accepted Accounting Principles. Under this method of accounting, revenue is recognized when amounts are earned and expenses are recognized when they are incurred.

BASIS OF PRESENTATION

The Organization implemented Financial Accounting Standards Board Accounting Standard Codification (FASB ASC) 958-210, *Presentation of Financial Statements of Not-for-Profit Organizations.* Under FASB ASC 958-210, the Organization is required to report information regarding its financial position and activities according to two classes of net assets (net assets without donor restrictions and net assets with donor restrictions) based on the existence or absence of donor-imposed restrictions:

A description of the two categories of net assets is as follows:

Net Assets without Donor Restrictions – are free from donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets are presently available for use by the Organization at the discretion of the Board of Directors.

Net Assets with Donor Restrictions – are subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Contributions with donor-imposed restrictions received and spent in the same year have been recorded as net assets without donor restrictions.

CASH AND CASH EQUIVALENTS

The Organization considers all highly liquid debt investments with an original maturity of three months or less to be cash equivalents.

NOTE A. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

CONTRIBUTIONS

The Organization follows FASB ASC 958-605, *Accounting for Contributions Received and Contributions Made*, whereby contributions are recorded when received. Contributions are also recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions of cash and other assets are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

MEMBERSHIP DUES

Membership dues are recognized as revenue when the money is received. Memberships therefore begin at any point during the year and renew on payment anniversary dates.

INVESTMENTS IN MARKETABLE SECURITIES

The Organization follows FASB ASC 958-320, *Accounting for Certain Investments Held by Not-for-Profit Organizations.* Investments consist of equity securities, exchange-traded and closed-end funds, government securities and mutual fund shares with readily determinable fair values. Investments are reported at fair value based on quoted market prices in the Statements of Financial Position. Donated securities are also reported at fair market value as of the date of receipt. Unrealized gains and losses are recognized currently in the Statements of Activities. See Note I for further explanation of fair market value.

DONATED MATERIALS AND SERVICES

The Organization records in-kind contributions of materials and services based on their estimated fair market value on the date of receipt. Contributed services are recognized if the services received either create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. These services are valued using an appropriate hourly rate depending on the expertise of the service provider and are reported as both support and expense. See Note C for additional details.

PROMISES TO GIVE

Pledges are recorded as contributions when management believes that the receivables are unconditional promises to give. The allowance for uncollectible accounts is based on management's assessment of the collectability of promises to give. No allowance was deemed necessary for the years ended December 31, 2018 and 2017.

INVENTORIES

The Organization states inventory at the lower of cost or market using the average cost method of accounting. Inventory consists of books, gift shop items as well as plant inventory.

NOTE A. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at two financial institutions. These accounts are insured by the Federal Deposit Insurance Corporation up to $250,000 per institution. These deposits were fully insured at December 31, 2018 and 2017.

The Organization also maintains accounts with a stock brokerage firm. These accounts consist of cash, money market funds, and debt and equity marketable securities, and are insured up to $500,000 (with a limit of $100,000 for cash) by the Securities Investor Protection Corporation. The brokerage firm maintains additional coverage for a customer's entire net equity. These deposits were fully insured at December 31, 2018 and 2017.

LONG-LIVED ASSETS

The carrying value of long-lived assets is reviewed by the Organization for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. As of December 31, 2018 and 2017, no long-lived assets existed which the Organization considered impaired.

PROPERTY AND EQUIPMENT

If an expenditure results in an asset having an estimated useful life greater than one year and a value of at least $1,000, the expenditure is capitalized. Property and equipment are recorded at cost, if purchased, or fair value, if donated. Depreciation is provided using the straight-line method over the estimated useful life of the asset: 5 to 20 years for furniture and equipment and 15 to 20 years for leasehold improvements.

The Organization's works of art consist of specimens and art objects. These items are utilized for public exhibition as well as for educational purposes and are to be preserved and protected. Each item is capitalized at cost, if the item was purchased or at its appraised or fair value on the date of acquisition, if the item was contributed. These assets are not depreciated since their estimated useful lives are extraordinarily long. The Organization reviews these assets for impairment on an annual basis.

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.

ALLOCATION OF FUNCTIONAL EXPENSES

Accounting principles generally accepted in the United States of America require all not for profit organizations to present their expenses on a functional basis, separating program services from management and general expenses and fundraising expenses. Functional expenses are either charged directly to program services as incurred or allocated based on usage for items such as occupancy, depreciation and administrative salaries.

SUBSEQUENT EVENTS EVALUATION

Subsequent events were evaluated through May 13, 2019, which is the date the financial statements were available to be issued.

NOTE B. ACCOUNTING PRONOUNCEMENT ADOPTED

The FASB issued ASU 2016-14, "Presentation of Financial Statements of Not-for-Profit Entities". The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expiration of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct investment expenses, and (g)modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The Organization has adopted this ASU as of and for the year ended December 31, 2018 with retrospective application for the 2017 financial statements. The Organization opted to not disclose liquidity and availability information for 2017 as permitted under the ASU in the year of adoption. As a result, the investment expenses are netted against investment return in the statement of activities. In addition, the Organization changed its presentation of its net assets and expanded the footnote disclosures as required by the ASU.

Certain accounts in the 2017 financial statements have been reclassified to conform to the current year financial statement presentation.

NOTE C. CONTRIBUTED SERVICES

The Organization receives service contributions in the form of support from a nutritionist, librarian, floral designer, art curators, horticulturalist, graphic artist and an IT professional. The fair market value of these services for the years ended December 31, 2018 and 2017 was $18,230 and $21,110, respectively.

NOTE D. INVESTMENTS IN MARKETABLE SECURITIES

Investments in marketable securities consist of the following at December 31, 2018 and 2017:

2018

	Cost	Fair Value	Unrealized Gains(Losses)
Cash and Money Market Funds	$ 37,887	$ 37,887	$ -
Corporate & Government Bonds	215,466	211,273	(4,193)
Mutual Funds, Closed-End Funds & Exchange-Traded Funds	2,299,396	2,398,400	99,004
	$ 2,552,749	$ 2,647,560	$ 94,811

2017

	Cost	Fair Value	Unrealized Gains(Losses)
Cash and Money Market Funds	$ 27,861	$ 27,861	$ -
Corporate & Government Bonds	291,316	288,761	(2,555)
Mutual Funds, Closed-End Funds & Exchange-Traded Funds	2,409,699	2,896,548	486,849
	$ 2,728,876	$ 3,213,170	$ 484,294

NOTE D. INVESTMENTS IN MARKETABLE SECURITIES, CONTINUED

Investment returns and their classifications in the accompanying Statements of Activities for the years ended December 31, 2018 and 2017 are as follows:

	2018	2017
Dividends	$ 55,697	$ 58,405
Interest	9,372	10,252
Total dividends and interest	65,069	68,657
Net realized gains (losses)	100,109	65,123
Net unrealized gains (losses)	(393,945)	289,229
Total gains (losses)	(293,836)	354,352
Investment expense	(22,617)	(22,635)
Total investment returns	$ (251,384)	$ 400,374

NOTE E. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2018 and 2017:

2018	Cost	Depreciation	Net
Leasehold improvements	$ 625,361	$ 326,961	$ 298,400
Land improvements	1,201,247	381,163	820,084
Machinery and equipment	291,221	275,898	15,323
Works of art	9,077	-	9,077
Construction in progress	681,231	-	681,231
Total	$ 2,808,137	$ 984,022	$ 1,824,115

2017	Cost	Depreciation	Net
Leasehold improvements	$ 612,319	$ 298,145	$ 314,174
Land improvements	1,201,247	304,354	896,893
Machinery and equipment	289,976	265,190	24,786
Works of art	9,077	-	9,077
Construction in progress	666,489	-	666,489
Total	$ 2,779,108	$ 867,689	$ 1,911,419

Construction in progress relates to the planning and site design for the Visitor Center Project as well as expenditures for other grant-funded projects not yet completed. See Note Q. Depreciation expense totaled $116,333 and $116,733 for the years ended December 31, 2018 and 2017, respectively.

NOTE F. LINES OF CREDIT

The Organization has the following lines of credit with a local bank;

A revolving operating line of credit with a variable rate in the amount of $300,000, payable on demand originated in February 2016. The line of credit is collateralized by certain investments and the variable rate of based on the prime rate, 5.50% and 4.50% at December 31, 2018 and 2017, respectively. The line of credit carried a balance of $50,000 and $40,000 at December 31, 2018 and 2017, respectively. Interest expense for the years ended December 31, 2018 and 2017 was $818 and $214, respectively.

NOTE F. LINES OF CREDIT, CONTINUED

A revolving construction line of credit with a variable rate in the amount of $100,000, payable on demand originated in February 2016. The line of credit is collateralized by certain investments and the variable rate of based on the prime rate, 5.50% and 4.50% at December 31, 2018 and 2017, respectively. The line of credit carried a balance of $44,931 and $0 at December 31, 2018 and 2017, respectively. Interest expense for the years ended December 31, 2018 and 2017 was $419 and $0, respectively.

NOTE G. OPERATING LEASES

The Organization leases its facilities and 369 acres of land in Tuckahoe State Park from the State of Maryland Department of Natural Resources under a fifty-year lease agreement expiring January 2047. The agreement provided for an annual rental payment of $1 for the first three years of the lease. The fair value of the use of these facilities is not reported in the accompanying financial statements.

The Organization has a non-cancelable operating lease for copy equipment which was signed in December 2016 for a period of 60 months with a minimum monthly lease payment of $171. Future minimum lease payments for the succeeding five years are as follows:

Year Ended December 31,	
2019	2,055
2020	2.055
2021	2,055
2022	-
2023	-
Total	$ 6,165

Lease expense totaled approximately $3,452 and $3,732 for the years ended December 31, 2018 and 2017, respectively.

NOTE H. ENDOWMENT FUNDS

The Organization's endowment funds consist of both donor-restricted funds and funds designated by the Board of Trustees. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization's investment goal for endowment funds is to maintain the real purchasing power of the Funds, after inflation, costs and spending in order to provide a stable source of liquidity and financial support for the mission of Adkins Arboretum, Ltd. The account is to be managed as a balanced account with a target allocation consisting of 65% risk based investments and 35% fixed income investments. It is the policy of the Organization to annually distribute up to 4.5% of the Funds' assets, based on a rolling 3-year average of the year-end total fund value, with the expectation that, over time, the total real return from investments will exceed the funds' pay-out rate, thus allowing for real growth of endowment assets. The Organization's current withdraw rate is above the optimum rate not to exceed 4.5%. The Board of Directors has designed a plan to reduce the withdraw rate to an acceptable level over the course of seven years. The complete investment policy statement is summarized in a document entitled *Adkins Arboretum Investment Policy Statement* with a current revision of July 19, 2013.

NOTE H. ENDOWMENT FUNDS, CONTINUED

In 1991 and 1992, the Organization received contributions of $2,370,000. These monies were designated by the Board of Trustees to be placed in an endowment. These endowment funds are classified as without donor restrictions endowment, with income from the funds being used to support operations.

Since 2003, the Organization has received several donor-restricted contributions to the endowment. These endowment funds are classified as with permanent donor restrictions: (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 permanent endowment made in accordance with direction of applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of donor-restricted endowment funds that are not classified as permanent are classified as temporary until those amounts are appropriated for expenditure by the Organization.

Endowment composition by type of fund at December 31, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted Endowment funds	$ -	$ 314,964	$ 314,964
Board-designated Endowment funds	2,332,596	-	2,332,596
Total Funds	$ 2,332,596	$ 314,964	$ 2,647,560

Endowment composition by type of fund at December 31, 2017:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted Endowment funds	$ -	$ 314,964	$ 314,964
Board-designated Endowment funds	2,898,206	-	2,898,206
Total Funds	$ 2,898,206	$ 314,964	$ 3,213,170

Changes in Endowment Net Assets for the years ended December 31, 2018 and 2017 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
January 1, 2017	$ 2,716,677	$ 314,964	$ 3,031,641
Investment income	62,726	7,832	70,558
Net appreciation	315,020	39,332	354,352
Contributions	-	-	-
Appropriations	(196,217)	(47,164)	(243,381)
December 31, 2017	2,898,206	314,964	3,213,170
Investment income	56,883	8,141	65,024
Net appreciation	(257,049)	(36,788)	(293,837)
Contributions	-	-	-
Appropriations	(365,444)	28,647	(336,797)
December 31, 2018	$ 2,332,596	$ 314,964	$ 2,647,560

The Board authorized additional appropriations from the endowment fund during the years ended December 31, 2018 and 2017 to pay-down debt outstanding on the Organization's lines of credit as well as to fund capital projects.

NOTE M. ADVERTISING COSTS

Marketing and advertising costs related to fundraising and programs are expensed as incurred. For the years ended December 31, 2018 and 2017, costs were $7,203 and $3,272, respectively.

NOTE N. NET ASSETS

The Organization reports its financial position according to two classes of net assets, which emphasizes the discretion which the Organization has as to the use of its resources.

The net assets of the Organization were comprised of the following as of December 31:

	2018	2017
Without Donor Restrictions:		
Undesignated (deficit)	$ (105,384)	$ (129,870)
Capital, Net of Related Debt	1,824,115	1,911,419
Board Designated Quasi-Endowment	2,332,596	2,898,206
	$ 4,051,327	$ 4,679,755
With Donor Restrictions:		
Art Gallery	$ 127,515	$ 127,515
Permanent Endowment	314,964	314,964
	$ 442,479	$ 442,479

NOTE O. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available within one year of the consolidated statements of financial position date for general expenditures are as follows as of December 31, 2018:

Cash and cash equivalents	$ 83,426
Investments	2,647,560
Prepaid Expenses	3,908
Dividends and Interest Receivable	3,063
Grants Receivable	42,912
Total financial assets available within one year	2,780,869
Less:	
Amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with purpose restrictions	(127,515)
Restricted by donors in perpetuity	(314,964)
Total amounts unavailable for general expenditures within one year	2,338,390
Amounts unavailable to management without Board's approval	
Board Designated	(2,332,596)
Total financial assets available to management for general expenditure within one year	$ 5,794

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has a committed line of credit of $300,000 which it could draw upon. Additionally, the Organization has Board Designated net assets without donor restrictions that can be utilized with Board approval.

NOTE P. COMPLIANCE WITH GRANT REQUIREMENTS

Grants to the Organization require the fulfillment of certain conditions as described in the grant agreements. Failure to meet these conditions could result in the return of funds to the grantors. However, management considers this contingency to be remote.

NOTE Q. VISITOR CENTER PROJECT

Since 2002, the Organization has been promoting a Capital Campaign to redesign the Visitor's Center at the Arboretum. The total cost of the redesigned center, which was anticipated to be completed and placed in service late 2015, was estimated at approximately $4.8 million in planning, design, and construction costs, $1.5 million in fundraising and operating expenses related to the project and $1.1 million in endowment donations for sustainability.

At December 31, 2018 and 2017, $666,489 in planning and design costs had been incurred and recorded to construction in process. An additional $1,677,634 has been spent on land improvements, bridge renovations, and other capital projects already placed in service. A total of $1,549,624 in cumulative costs incurred since 2002, related to fundraising and administration have also been recorded to the project. To date, the project has been funded through federal and private grants, state bond bills, and private donations to the Organization's Capital Campaign totaling approximately $3,831,033.

In spring 2015, the Board of Trustees of Adkins Arboretum, Ltd. voted to pause the Capital Campaign. Funding for the new Visitor's Center project was cut from the state budget and the trustees felt it most important to focus the Organization's resources on its core services of youth and adult education, access to the grounds and native gardens, as well as the Native Plant Nursery.