## CONTENTS

**INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

<table>
<thead>
<tr>
<th>Page(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
</tr>
</tbody>
</table>

**FINANCIAL STATEMENTS**

<table>
<thead>
<tr>
<th>Statement</th>
<th>Page(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statements of Financial Position</td>
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<td>Statements of Activities</td>
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<td>Statements of Functional Expenses</td>
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<td>Statements of Cash Flows</td>
<td>7</td>
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<tr>
<td>Notes to Financial Statements</td>
<td>8-17</td>
</tr>
</tbody>
</table>
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
ADKINS ARBORETUM, LTD.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

**ASSETS**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$83,426</td>
<td>$46,442</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>3,908</td>
<td>-</td>
</tr>
<tr>
<td>Dividends and interest receivable</td>
<td>3,063</td>
<td>4,122</td>
</tr>
<tr>
<td>Grants receivable</td>
<td>42,912</td>
<td>481</td>
</tr>
<tr>
<td>Inventory</td>
<td>35,490</td>
<td>38,801</td>
</tr>
<tr>
<td>Property and equipment, less accumulated depreciation</td>
<td>1,824,115</td>
<td>1,911,419</td>
</tr>
<tr>
<td>2018 $984,022; 2017 $867,689</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments Held for Endowment</td>
<td>2,647,560</td>
<td>3,213,170</td>
</tr>
</tbody>
</table>

**TOTAL ASSETS**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$4,640,474</td>
<td>$5,214,535</td>
</tr>
</tbody>
</table>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$23,829</td>
<td>$20,012</td>
</tr>
<tr>
<td>Lines of credit</td>
<td>94,931</td>
<td>40,000</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>27,908</td>
<td>32,289</td>
</tr>
</tbody>
</table>

**TOTAL LIABILITIES**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>146,668</td>
<td>92,301</td>
</tr>
</tbody>
</table>

**NET ASSETS**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Assets without Donor Restrictions</td>
<td>4,051,327</td>
<td>4,679,755</td>
</tr>
<tr>
<td>Net Assets with Donor Restrictions</td>
<td>442,479</td>
<td>442,479</td>
</tr>
</tbody>
</table>

**TOTAL NET ASSETS**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4,493,806</td>
<td>5,122,234</td>
</tr>
</tbody>
</table>

**TOTAL LIABILITIES AND NET ASSETS**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$4,640,474</td>
<td>$5,214,535</td>
</tr>
</tbody>
</table>
ADKINS ARBORETUM, LTD.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>Without With Donor Restrictions</th>
<th>Totals</th>
<th>Without Donor Restrictions</th>
<th>Without With Donor Restrictions</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SUPPORT AND REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends and Interest</td>
<td>$ 65,069</td>
<td>$ -</td>
<td>$ 65,069</td>
<td>$ 68,657</td>
<td>$ -</td>
<td>$ 68,657</td>
</tr>
<tr>
<td>Gains (Losses) on investments</td>
<td>(316,453)</td>
<td>-</td>
<td>(316,453)</td>
<td>331,717</td>
<td>-</td>
<td>331,717</td>
</tr>
<tr>
<td>Events and merchandise sales</td>
<td>184,834</td>
<td>-</td>
<td>184,834</td>
<td>156,645</td>
<td>-</td>
<td>156,645</td>
</tr>
<tr>
<td>Donations and program fees</td>
<td>205,950</td>
<td>-</td>
<td>205,950</td>
<td>202,817</td>
<td>10,925</td>
<td>213,742</td>
</tr>
<tr>
<td>Grant income</td>
<td>121,828</td>
<td>-</td>
<td>121,828</td>
<td>47,466</td>
<td>-</td>
<td>47,466</td>
</tr>
<tr>
<td>In-kind</td>
<td>18,230</td>
<td>-</td>
<td>18,230</td>
<td>21,110</td>
<td>-</td>
<td>21,110</td>
</tr>
<tr>
<td>Miscellaneous income</td>
<td>4,034</td>
<td>-</td>
<td>4,034</td>
<td>75</td>
<td>-</td>
<td>75</td>
</tr>
<tr>
<td><strong>Total Support and Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>283,492</td>
<td>-</td>
<td>283,492</td>
<td>828,487</td>
<td>10,925</td>
<td>839,412</td>
</tr>
<tr>
<td><strong>Net assets released from restrictions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>-</td>
<td>-</td>
<td>10,925</td>
<td>(10,925)</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL SUPPORT, REVENUES AND TRANSFERS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>283,492</td>
<td>-</td>
<td>283,492</td>
<td>839,412</td>
<td>-</td>
<td>839,412</td>
</tr>
</tbody>
</table>

**EXPENSES**

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>Without With Donor Restrictions</th>
<th>Totals</th>
<th>Without Donor Restrictions</th>
<th>Without With Donor Restrictions</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program services</td>
<td>686,028</td>
<td>-</td>
<td>686,028</td>
<td>611,262</td>
<td>-</td>
<td>611,262</td>
</tr>
<tr>
<td>Supporting services</td>
<td>128,963</td>
<td>-</td>
<td>128,963</td>
<td>135,999</td>
<td>-</td>
<td>135,999</td>
</tr>
<tr>
<td>Fundraising expenses</td>
<td>96,929</td>
<td>-</td>
<td>96,929</td>
<td>72,208</td>
<td>-</td>
<td>72,208</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>911,920</td>
<td>-</td>
<td>911,920</td>
<td>819,469</td>
<td>-</td>
<td>819,469</td>
</tr>
</tbody>
</table>

**CHANGE IN NET ASSETS**

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>Without With Donor Restrictions</th>
<th>Totals</th>
<th>Without Donor Restrictions</th>
<th>Without With Donor Restrictions</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>(628,428)</td>
<td>-</td>
<td>(628,428)</td>
<td>-</td>
<td>19,943</td>
<td>-</td>
<td>19,943</td>
</tr>
<tr>
<td><strong>NET ASSETS AT BEGINNING OF YEAR</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4,679,755</td>
<td>442,479</td>
<td>5,122,234</td>
<td>4,659,812</td>
<td>442,479</td>
<td>5,102,291</td>
<td></td>
</tr>
</tbody>
</table>

**NET ASSETS AT END OF YEAR**

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>Without With Donor Restrictions</th>
<th>Totals</th>
<th>Without Donor Restrictions</th>
<th>Without With Donor Restrictions</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 4,051,327</td>
<td>$ 442,479</td>
<td>$ 4,493,806</td>
<td>$ 4,679,755</td>
<td>$ 442,479</td>
<td>$ 5,122,234</td>
<td></td>
</tr>
</tbody>
</table>
## ADKINS ARBORETUM, LTD.
### STATEMENTS OF FUNCTIONAL EXPENSES
#### FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Program Services</td>
<td>Supporting Services</td>
</tr>
<tr>
<td>Advertising</td>
<td>$4,676</td>
<td>$1,237</td>
</tr>
<tr>
<td>Bank service charges</td>
<td>-</td>
<td>11,135</td>
</tr>
<tr>
<td>Building and grounds maintenance</td>
<td>22,165</td>
<td>280</td>
</tr>
<tr>
<td>Consultants</td>
<td>126,212</td>
<td>3,109</td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>88,508</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation</td>
<td>81,433</td>
<td>34,900</td>
</tr>
<tr>
<td>Dues and subscriptions</td>
<td>1,003</td>
<td>2,060</td>
</tr>
<tr>
<td>Educational programs and publications</td>
<td>3,300</td>
<td>144</td>
</tr>
<tr>
<td>Equipment expenses</td>
<td>-</td>
<td>4,393</td>
</tr>
<tr>
<td>In-kind</td>
<td>18,230</td>
<td>-</td>
</tr>
<tr>
<td>Insurance</td>
<td>13,196</td>
<td>5,484</td>
</tr>
<tr>
<td>Interest</td>
<td>-</td>
<td>1,237</td>
</tr>
<tr>
<td>Meals and Entertainment</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Office expenses</td>
<td>532</td>
<td>9,379</td>
</tr>
<tr>
<td>Printing and postage</td>
<td>11,385</td>
<td>1,920</td>
</tr>
<tr>
<td>Professional development</td>
<td>259</td>
<td>3,062</td>
</tr>
<tr>
<td>Professional fees</td>
<td>-</td>
<td>23,874</td>
</tr>
<tr>
<td>Salaries and benefits</td>
<td>281,245</td>
<td>18,260</td>
</tr>
<tr>
<td>Supplies/Catering/Rentals</td>
<td>23,856</td>
<td>219</td>
</tr>
<tr>
<td>Telephone</td>
<td>780</td>
<td>4,936</td>
</tr>
<tr>
<td>Travel</td>
<td>1,046</td>
<td>1,822</td>
</tr>
<tr>
<td>Utilities</td>
<td>8,221</td>
<td>1,512</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$686,028</strong></td>
<td><strong>$128,963</strong></td>
</tr>
</tbody>
</table>

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

#### CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>$ (628,428)</td>
<td>$ 19,943</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>116,333</td>
<td>116,733</td>
</tr>
<tr>
<td>Net unrealized (gains) losses on securities</td>
<td>393,945</td>
<td>(289,229)</td>
</tr>
<tr>
<td>Net realized (gains) losses on securities</td>
<td>(100,109)</td>
<td>(65,123)</td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends and interest receivable</td>
<td>1,059</td>
<td>1,938</td>
</tr>
<tr>
<td>Grants receivables</td>
<td>(42,431)</td>
<td>(481)</td>
</tr>
<tr>
<td>Inventory</td>
<td>3,411</td>
<td>11,537</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(3,908)</td>
<td>-</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>3,817</td>
<td>(204)</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>(4,381)</td>
<td>26,804</td>
</tr>
<tr>
<td><strong>NET CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN) OPERATING ACTIVITIES</strong></td>
<td>(260,692)</td>
<td>(178,082)</td>
</tr>
</tbody>
</table>

#### CASH FLOWS FROM INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases of available for sale securities</td>
<td>(394,438)</td>
<td>(721,277)</td>
</tr>
<tr>
<td>Maturities and sales of available for sale securities</td>
<td>666,212</td>
<td>894,100</td>
</tr>
<tr>
<td>Acquisition of property and equipment</td>
<td>(29,029)</td>
<td>-</td>
</tr>
<tr>
<td><strong>NET CASH AND CASH EQUIVALENTS PROVIDED BY INVESTING ACTIVITIES</strong></td>
<td>242,745</td>
<td>172,823</td>
</tr>
</tbody>
</table>

#### CASH FLOWS FROM FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase (Decrease) in short-term borrowings, net</td>
<td>54,931</td>
<td>20,000</td>
</tr>
<tr>
<td><strong>NET CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN) FINANCING ACTIVITIES</strong></td>
<td>54,931</td>
<td>20,000</td>
</tr>
</tbody>
</table>

Net increase (decrease) in cash and cash equivalents
- 2018: $36,984  
- 2017: $14,741

Cash and cash equivalents, beginning of year
- 2018: $46,442  
- 2017: $31,701

Cash and cash equivalents, end of year
- 2018: $83,426  
- 2017: $46,442

#### SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Paid for Interest</td>
<td>$ 1,237</td>
<td>$ 214</td>
</tr>
<tr>
<td>Cash Paid for Income Taxes</td>
<td>$ -</td>
<td>$ -</td>
</tr>
</tbody>
</table>

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

- 7 -
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, horticulturist, 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:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>Unrealized</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Fair Value</td>
</tr>
<tr>
<td>Cash and Money Market Funds</td>
<td>$37,887</td>
<td>$37,887</td>
</tr>
<tr>
<td>Corporate &amp; Government Bonds</td>
<td>215,466</td>
<td>211,273</td>
</tr>
<tr>
<td>Mutual Funds, Closed-End Funds &amp; Exchange-Traded Funds</td>
<td>2,289,396</td>
<td>2,398,400</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$2,552,849</td>
<td>$2,647,560</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>Unrealized</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Fair Value</td>
</tr>
<tr>
<td>Cash and Money Market Funds</td>
<td>$27,861</td>
<td>$27,861</td>
</tr>
<tr>
<td>Corporate &amp; Government Bonds</td>
<td>291,316</td>
<td>288,761</td>
</tr>
<tr>
<td>Mutual Funds, Closed-End Funds &amp; Exchange-Traded Funds</td>
<td>2,409,699</td>
<td>2,896,548</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$2,728,876</td>
<td>$3,213,170</td>
</tr>
</tbody>
</table>

See Independent Accountants' Review Report
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:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends</td>
<td>$ 55,697</td>
<td>$ 58,405</td>
</tr>
<tr>
<td>Interest</td>
<td>9,372</td>
<td>10,252</td>
</tr>
<tr>
<td>Total dividends and interest</td>
<td>65,069</td>
<td>68,657</td>
</tr>
<tr>
<td>Net realized gains (losses)</td>
<td>100,109</td>
<td>65,123</td>
</tr>
<tr>
<td>Net unrealized gains (losses)</td>
<td>(393,945)</td>
<td>289,229</td>
</tr>
<tr>
<td>Total gains (losses)</td>
<td>(293,836)</td>
<td>354,352</td>
</tr>
<tr>
<td>Investment expense</td>
<td>(22,617)</td>
<td>(22,635)</td>
</tr>
<tr>
<td>Total investment returns</td>
<td>$(251,454)</td>
<td>$400,374</td>
</tr>
</tbody>
</table>

NOTE E. PROPERTY AND EQUIPMENT

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

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

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

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 4.60% 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.

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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 $44,831 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:

<table>
<thead>
<tr>
<th>Year Ended December 31</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>2,055</td>
</tr>
<tr>
<td>2020</td>
<td>2,055</td>
</tr>
<tr>
<td>2021</td>
<td>2,055</td>
</tr>
<tr>
<td>2022</td>
<td>-</td>
</tr>
<tr>
<td>2023</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 6,165</strong></td>
</tr>
</tbody>
</table>

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 Aikins 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.

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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:

<table>
<thead>
<tr>
<th>Donor-restricted</th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment funds</td>
<td>$ 2,332,596</td>
<td>$ 314,964</td>
<td>$ 314,964</td>
</tr>
<tr>
<td>Board-designated</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Endowment funds</td>
<td>$ 2,332,596</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Funds</td>
<td>$ 2,332,596</td>
<td>$ 314,964</td>
<td>$ 2,647,560</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Donor-restricted</th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment funds</td>
<td>$ 2,898,206</td>
<td>$ 314,964</td>
<td>$ 314,964</td>
</tr>
<tr>
<td>Board-designated</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Endowment funds</td>
<td>$ 2,898,206</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Funds</td>
<td>$ 2,898,206</td>
<td>$ 314,964</td>
<td>$ 3,213,170</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 1, 2017</td>
<td>$ 2,716,677</td>
<td>$ 314,964</td>
<td>$ 3,031,641</td>
</tr>
<tr>
<td>Investment income</td>
<td>62,726</td>
<td>7,832</td>
<td>70,558</td>
</tr>
<tr>
<td>Net appreciation</td>
<td>315,020</td>
<td>39,332</td>
<td>354,352</td>
</tr>
<tr>
<td>Contributions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appropriations</td>
<td>(196,217)</td>
<td>(47,184)</td>
<td>(243,381)</td>
</tr>
<tr>
<td>December 31, 2017</td>
<td>$ 2,898,206</td>
<td>$ 314,964</td>
<td>$ 3,213,170</td>
</tr>
<tr>
<td>Investment income</td>
<td>56,883</td>
<td>8,141</td>
<td>65,024</td>
</tr>
<tr>
<td>Net appreciation</td>
<td>(257,049)</td>
<td>(36,788)</td>
<td>(293,837)</td>
</tr>
<tr>
<td>Contributions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appropriations</td>
<td>(365,444)</td>
<td>28,647</td>
<td>(336,797)</td>
</tr>
<tr>
<td>December 31, 2018</td>
<td>$ 2,332,596</td>
<td>$ 314,964</td>
<td>$ 2,647,560</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Without Donor Restrictions:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undesignated (deficit)</td>
<td>$(105,384)</td>
<td>$(129,870)</td>
</tr>
<tr>
<td>Capital, Net of Related Debt</td>
<td>1,824,115</td>
<td>1,911,419</td>
</tr>
<tr>
<td>Board Designated Quasi-Endowment</td>
<td>2,392,596</td>
<td>2,898,206</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 4,051,327</strong></td>
<td><strong>$ 4,879,755</strong></td>
</tr>
<tr>
<td><strong>With Donor Restrictions:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Art Gallery</td>
<td>$ 127,515</td>
<td>$ 127,515</td>
</tr>
<tr>
<td>Permanent Endowment</td>
<td>314,964</td>
<td>314,964</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 442,479</strong></td>
<td><strong>$ 442,479</strong></td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Financial Asset</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 83,426</td>
</tr>
<tr>
<td>Investments</td>
<td>2,647,560</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>3,908</td>
</tr>
<tr>
<td>Dividends and Interest Receivable</td>
<td>3,063</td>
</tr>
<tr>
<td>Grants Receivable</td>
<td>42,912</td>
</tr>
<tr>
<td><strong>Total financial assets available within one year</strong></td>
<td><strong>2,780,869</strong></td>
</tr>
</tbody>
</table>

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 | **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.

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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.