
Wildflowers Institute

Financial Statements and Independent Auditors' Report

For the Year Ended December 31, 2014

(with summarized information for the year ended December 31, 2013)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Wildflowers Institute

We have audited the accompanying financial statements of Wildflowers Institute (the "Institute"), which comprise the statements of financial position as of December 31, 2014, and the related statements of activities, functional expenses and cash flows for the year 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Institute as of December 31, 2014 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Institute's 2013 financial statements and our report dated April 15, 2014, expressed an unmodified opinion on those audited statements. In our opinion, the summarized comparative information present herein as of and for the year ended December 31, 2013, is consistent, in all material aspects, with the audited financial statements from which it has been derived.

Fontanello, Duffield + Otake, LLP

June 26, 2015

Wildflowers Institute
Statements of Financial Position
(with summarized information for the year ended December 31, 2014)

<i>December 31,</i>	<i>2014</i>	<i>2013</i>
Assets		
Cash and cash equivalents	\$ 358,873	\$ 266,519
Program related investment	6,253	9,491
Total assets	\$ 365,126	\$ 276,010
Liabilities		
Accounts payable	\$ 1,993	\$ 2,428
Accrued vacation	33,681	25,270
Total liabilities	35,674	27,698
Net Assets		
Unrestricted net assets	55,031	16,355
Temporarily restricted net assets	274,421	231,957
Total net assets	329,452	248,312
Total liabilities and net assets	\$ 365,126	\$ 276,010

The accompanying notes are integral to this statement.

Wildflowers Institute
Statements of Activities
(with summarized information for the year ended December 31, 2014)

<i>Years Ended December 31,</i>			<i>2014</i>	<i>2013</i>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>	
Support and Revenue:				
Grants and contributions	\$ 48,900	\$ 290,000	\$ 338,900	\$ 310,625
Program service revenue	347	-	347	1,486
Other income	460	-	460	553
	49,707	290,000	339,707	312,664
Net assets released from restrictions	247,536	(247,536)	-	-
Total support and revenue	297,243	42,464	339,707	312,664
Expenses:				
Program	225,997	-	225,997	179,720
Management and general	11,798	-	11,798	36,055
Fundraising	20,772	-	20,772	28,101
Total expenses	258,567	-	258,567	243,876
Change in net assets	38,676	42,464	81,140	68,788
Net assets at beginning of year	16,355	231,957	248,312	179,523
Net assets at end of year	\$ 55,031	\$ 274,421	\$ 329,452	\$ 248,312

The accompanying notes are integral to this statement.

Wildflowers Institute
Statements of Functional Expenses
(with summarized information for the year ended December 31, 2014)

Years Ended December 31

	General &			2014	2013
	Program	Adminstration	Fundraising	Totals	
Salaries, wages, and benefits	\$ 143,498	\$ 8,907	\$ 15,052	\$ 167,457	169,505
Professional fees	24,981	1,172	875	27,028	5,893
Travel	14,728	135	1,377	16,240	14,351
Contract services	10,993	106	255	11,354	10,331
Publications	1,517	45	220	1,782	14,663
Office expenses	9,869	659	1,711	12,239	13,917
Write-off of program related investment	9,491	-	-	9,491	-
Facilities and equipment	7,099	453	958	8,510	8,580
Telecommunication	3,821	321	324	4,466	6,636
Total expenses	\$ 225,997	\$ 11,798	\$ 20,772	\$ 258,567	\$ 243,876

The accompanying notes are integral to this statement.

Wildflowers Institute
Statements of Cash Flows
(with summarized information for the year ended December 31, 2014)

<i>Years Ended December 31,</i>	<i>2014</i>	<i>2013</i>
Cash flows from operating activities		
Change in net assets	\$ 81,140	\$ 68,788
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Write-off of program related investment	9,491	-
Changes in operating assets and liabilities:		
Accounts payable	(437)	(7,980)
Accrued vacation	8,412	1,395
Net cash provided by operating activities	98,606	62,203
Cash flows from investing activities		
Change in program related investment	(6,253)	(9,491)
Net cash provided by/(used in) investing activities	(6,253)	(9,491)
Net change in cash and cash equivalents	92,353	52,712
Cash and cash equivalents at beginning of year	266,519	213,805
Cash and cash equivalents at end of year	\$ 358,873	\$ 266,519

The accompanying notes are integral to this statement.

Wildflowers Institute
Notes to Financial Statement
For the Year Ended December 31, 2014
(with summarized information for the year ended December 31, 2013)

1. Description of Organization

Wildflowers Institute (“the Institute”), a California non profit corporation, was established in 1979.

The mission of the Institute is investing in the informal ways communities function.. The Institute leverages and utilizes local resources and the culture of a community as the engine for social and economic development and includes the following tools to achieve its goals:

1. The Institute studies and researches how a community is organized, what holds it together, and how such community’s members and local institutions work together.
2. The Institute also develops models, presentations and maps reflecting the various community structures, functions, and shared aspirations through which the Institute attempts to refine community input and clarify understanding.
3. The Institute coordinates a fellowship of professional and academic colleagues with the communities to build leadership capacity within communities and among a network of communities with which we are working.
4. The Institute also develops and promotes sustainable solutions that are vital to the social health, culture and well-being of each community through social and financial support including event sponsorship and social investment funds.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual method of accounting, in accordance with accounting principles generally accepted in the United States of America. Under these principles, net assets, revenues and expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes in net assets are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets that are limited by donor-imposed stipulations that may or will be satisfied either by the actions of the Institute and/or by the passage of time.

Cash and Cash Equivalents

Cash and cash equivalents consist of checking, savings accounts and money market accounts. For purposes of the statements of cash flows, all highly liquid instruments with original maturities of three months or less are considered to be cash equivalents.

Wildflowers Institute
Notes to Financial Statement
For the Year Ended December 31, 2014
(with summarized information for the year ended December 31, 2013)

2. Summary of Significant Accounting Policies (continued)

Program Related Investment

A program related investment is an investment whose primary purpose is to further the exempt mission of the Institute. The production of income or the appreciation of the asset is not a significant purpose of the investment.

The Institute expects to receive full value for the current program related investment and has not made any provision for uncollectible amounts. Consequently the face value of the program related investment is the estimated fair value.

Fair Value of Financial Instruments

Financial instruments included in the statements of financial position include cash and cash equivalents, program related investment and accounts payable. The carrying amounts of each of these instruments represent a reasonable estimate of the corresponding fair values.

Contributions

All contributions are considered to be available for unrestricted use unless restricted by the donor. Amounts received that are designated for future periods or designated by the donor for specific purposes are reported as temporarily restricted or permanently restricted support. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Functional Allocation of Expenses

Expenses that apply to more than one functional category have been allocated between program, management and general, and fundraising based on the time spent on these functions by specific employees as estimated by senior management. The remaining costs are charged directly to the appropriate functional category.

Comparative Statements

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Institute's financial statements from which the summarized information is derived.

Wildflowers Institute
Notes to Financial Statement
For the Year Ended December 31, 2014
(with summarized information for the year ended December 31, 2013)

Income Taxes

The Institute is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code and is generally not subject to federal or state income taxes. However, the Institute is subject to income taxes on any net income that is derived from a trade or business, regularly carried on, and not in furtherance of the purposes for which it was granted exemption.

No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

The Institute believes that it has appropriate support for the tax position taken and, as such, does not have any uncertain tax positions that result in a material impact on the Institute's statement of position or statement of activities. As of December 31, 2014, tax years that have been filed, but remain subject to examination include the years ended December 31, 2014, 2013 and 2012.

Use of Estimates

The preparation of financial statements in conformity with U.S. 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.

3. Program Related Investment

As part of its social investment program, the Institute makes small loans at low interest rates to community entrepreneurs who would not normally qualify for loans from commercial banks.

On August 18, 2014 (the "effective date"), the Institute extended a loan to a sole proprietorship ("Borrower") in the amount of \$7,000.

The entire unpaid principal balance, together with all accrued but unpaid interest, shall be due and payable on the third anniversary of the effective date. Interest is calculated at 3% per annum.

The Borrower has made four payments to the Institute as of December 31, 2014 with a remaining balance of \$6,253.

In October 2013, ("effective date"), the Institute extended a revolving line of credit to a minority owned transport company ("Borrower") for \$10,000. The Borrower defaulted on the loan as of December 31, 2014. As a result the Institute wrote off the loan as a loss at December 31, 2014.

Wildflowers Institute
Notes to Financial Statement
For the Year Ended December 31, 2014
(with summarized information for the year ended December 31, 2013)

4. Temporarily Restricted Net Assets

The Institute's temporarily restricted net assets include the following:

	2014	2013
Contributions designated for the following specific purpose:		
Social investment fund	\$ 83,000	\$ 90,000
Strategic planning	1,401	1,401
Contributions designated for future periods	190,020	140,556
	\$ 274,421	\$ 231,957

5. Concentration of Credit Risk

The Institute maintains its cash at credit worthy, high-quality financial institutions that at times may exceed federally insured limits. The Institute has not experienced any losses in such accounts.

6. Revenue Sources

For the year ended December 31, 2014, two foundations provided 60% and 34%, respectively, of the Institute's grant revenue. For the year ended December 31, 2013, two foundations provided 52% and 32%, respectively of the Institute's grant revenue.

7. Related Party Transactions

The Institute rents office space from an officer of the Institute. During the years ended December 31, 2014 and 2013, the Institute paid rent to this officer in the amount of \$6,000.

8. Tax-Deferred Retirement Plan

The Institute has a tax-deferred retirement plan (the "Plan") qualified under Section 403(b) of the Internal Revenue Code, as well as a Section 457(b) deferred compensation plan. The Plans cover all employees who, on a voluntary basis, may participate in the Plan starting on their date of hire. The Institute does not make matching contributions.

9. Subsequent Events

The Institute has reviewed the results of operations for the period of time from the year ended December 31, 2014 through June 26, 2015, the date the financial statements were available to be issued. It has been determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred which would require disclosure.