
Wildflowers Institute

Financial Statements and Independent Auditors' Report

For the Years Ended December 31, 2013 and 2012

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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, 2013 and 2012, and the related statements of activities 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

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits' 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, 2013 and 2012, 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.

Fontanello, Duffield & Otake, LLP

April 15, 2014

Wildflowers Institute
Statements of Financial Position

<i>December 31,</i>	<i>2013</i>	<i>2012</i>
Assets		
Cash and cash equivalents	\$ 266,519	\$ 213,805
Loan receivable	9,491	-
Total assets	\$ 276,010	\$ 213,805
Liabilities		
Accounts payable	\$ 2,428	\$ 10,407
Accrued vacation	25,270	23,875
Total liabilities	27,698	34,282
Net Assets		
Unrestricted net assets	16,355	29,070
Temporarily restricted net assets	231,957	150,453
Total net assets	248,312	179,523
Total liabilities and net assets	\$ 276,010	\$ 213,805

The accompanying notes are integral to this statement.

Wildflowers Institute
Statement of Activities

Year Ended December 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue:			
Grants and contributions	\$ 50,625	\$ 260,000	\$ 310,625
Program service revenue	1,486	-	1,486
Other income	553	-	553
	52,664	260,000	312,664
Net assets released from restrictions	178,496	(178,495)	-
Total support and revenue	231,160	81,505	312,664
Expenses:			
Program	179,720	-	179,720
Management and general	36,055	-	36,055
Fundraising	28,101	-	28,101
Total expenses	243,876	-	243,876
Change in net assets	(12,716)	81,505	68,788
Net assets at beginning of year	29,071	150,452	179,523
Net assets at end of year	\$ 16,355	\$ 231,957	\$ 248,312

The accompanying notes are integral to this statement.

Wildflowers Institute
Statement of Activities

Year Ended December 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue:			
Grants and contributions	\$ 51,050	\$ 205,000	\$ 256,050
Program service revenue	54	-	54
Other income	686	-	686
	51,790	205,000	256,790
Net assets released from restrictions	162,122	(162,122)	-
Total support and revenue	213,912	42,878	256,790
Expenses:			
Program	156,760	-	156,760
Management and general	27,730	-	27,730
Fundraising	38,973	-	38,973
Total expenses	223,463	-	223,463
Change in net assets	(9,551)	42,878	33,327
Net assets at beginning of year	38,622	107,574	146,196
Net assets at end of year	\$ 29,071	\$ 150,452	\$ 179,523

The accompanying notes are integral to this statement.

Wildflowers Institute
Statement of Functional Expenses

Year Ended December 31, 2013

	2013			Total
	Program	General & Administration	Fundraising	
Salaries, wages, and benefits	\$ 120,142	\$ 31,322	\$ 18,041	\$ 169,505
Travel	12,656	353	1,342	14,351
Publications	12,530	776	1,357	14,663
Office expenses	8,560	861	4,496	13,917
Contract services	8,372	1,092	867	10,331
Facilities and equipment	6,661	892	1,027	8,580
Professional fees	5,726	45	122	5,893
Telecommunication	5,073	714	849	6,636
Total expenses	\$ 179,720	\$ 36,055	\$ 28,101	\$ 243,876

The accompanying notes are integral to this statement.

Wildflowers Institute
Statement of Functional Expenses

Year Ended December 31, 2012

	2012			Total
	Program	General & Administration	Fundraising	
Salaries, wages, and benefits	\$ 89,727	\$ 23,106	\$ 23,622	\$ 136,455
Travel	17,790	55	3,284	21,129
Contract services	16,842	1,366	3,740	21,948
Publications	12,556	412	1,427	14,395
Office expenses	9,631	1,449	4,026	15,106
Facilities and equipment	5,881	1,046	1,737	8,664
Telecommunication	3,851	296	1,138	5,285
Professional fees	481	-	-	481
Total expenses	\$ 156,759	\$ 27,730	\$ 38,974	\$ 223,463

The accompanying notes are integral to this statement.

Wildflowers Institute
Statements of Cash Flows

Years Ended December 31,	2013	2012
Cash flows from operating activities		
Change in net assets	\$ 68,788	\$ 33,327
Adjustments to reconcile change in net assets to cash provided by/ (used in) operating activities:		
Changes in operating assets and liabilities:		
Loan receivable	(9,491)	2,500
Accounts payable	(7,980)	177
Accrued vacation	1,395	(4,519)
Net cash provided by operating activities	52,712	31,485
 Net change in cash and cash equivalents	 52,712	 31,485
Cash and cash equivalents at beginning of year	213,805	182,320
Cash and cash equivalents at end of year	\$ 266,519	\$ 213,805

The accompanying notes are integral to this statement.

Wildflowers Institute
Notes to Financial Statement
For the Years Ended December 31, 2013 and 2012

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 that get things done in communities. 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 Years Ended December 31, 2013 and 2012

2. Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments

Financial instruments included in the statements of financial position include cash and cash equivalents, loan receivable 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. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted and increase unrestricted net assets.

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.

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. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

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, 2013, tax years that have been filed, but remain subject to examination include the years ended December 31, 2013, 2012 and 2011.

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.

Wildflowers Institute
Notes to Financial Statement
For the Years Ended December 31, 2013 and 2012

3. Program Related Investment

In October 2013 (“effective date”), the Institute extended a revolving line of credit to a minority owned transport company (“Borrower”) not to exceed \$25,000, and to be used for the Institute’s charitable purposes within the meaning of Code Section 170(c)(2)(B). As of December 31, 2013, the Borrower made an initial draw of \$10,000. The loan was made as part of the Institute’s social investment program.

The Borrower shall pay in full any amounts owed on or before the third anniversary of the effective date. Interest is calculated at 6% per year. The installment payments which include interest and principal are due on the first of each month.

The Borrower has made two payments to the Institute as of December 31, 2013 with a remaining balance of \$9,491.

4. Temporarily Restricted Net Assets

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

	2013	2012
Contributions designated for the following specific purpose:		
Social investment fund	\$ 90,000	\$ 100,000
Strategic planning	1,400	1,400
Contributions designated for future periods:	140,557	49,053
	\$ 231,957	\$ 150,453

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, 2013, two foundations provided 52% and 32%, respectively, of the Institute’s grant revenue. For the year ended December 31, 2012, one foundation provided 78% of the Institute’s grant revenue.

Wildflowers Institute
Notes to Financial Statement
For the Years Ended December 31, 2013 and 2012

7. Related Party Transactions

The Institute rents office space from an officer of the Institute. During the years ended December 31, 2013 and 2012, 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.

8. Subsequent Events

The Institute has reviewed the results of operations for the period of time from the year ended December 31, 2013 through April 15, 2014, 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.