
Wildflowers Institute

Financial Statements and Independent Auditors' Report

For the Year Ended December 31, 2016

(with summarized information for the year ended December 31, 2015)

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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, 2016, 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, 2016 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 2015 financial statements and our report dated May 12, 2016, expressed an unmodified opinion on those audited statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material aspects, with the audited financial statements from which it has been derived.

Yontanello, Duffield + Otake, LLP

May 12, 2017

Wildflowers Institute
Statements of Financial Position
(with summarized information for the year ended December 31, 2015)

<i>December 31,</i>	<i>2016</i>	<i>2015</i>
Assets		
Cash and cash equivalents	\$ 342,268	\$ 367,114
Investments, at fair value	10,044	9,128
Program related investment	-	3,967
Total assets	\$ 352,312	\$ 380,209
Liabilities		
Accounts payable	\$ 12,059	\$ 2,397
Accrued vacation	18,438	21,692
Total liabilities	30,497	24,089
Net Assets		
Unrestricted net assets	201,463	164,852
Temporarily restricted net assets	120,352	191,268
Total net assets	321,815	356,120
Total liabilities and net assets	\$ 352,312	\$ 380,209

The accompanying notes are integral to this statement.

Wildflowers Institute
Statements of Activities
(with summarized information for the year ended December 31, 2015)

<i>Years Ended December 31,</i>			<i>2016</i>	<i>2015</i>
	Unrestricted	Temporarily Restricted	Totals	
Support and Revenue:				
Grants and contributions - cash	\$ 98,837	\$ 116,550	\$ 215,387	\$ 334,490
Contributions - stock	-		-	10,160
Unrealized gains/(losses) on investments	916	-	916	(1,032)
Program service revenue	76	-	76	220
Other income	1,523	-	1,523	638
	101,352	116,550	217,902	344,476
Net assets released from restrictions	187,465	(187,465)	-	-
Total support and revenue	288,817	(70,915)	217,902	344,476
Expenses:				
Program	225,225	-	225,225	296,278
Management and general	11,100	-	11,100	10,813
Fundraising	15,882	-	15,882	10,717
Total expenses	252,207	-	252,207	317,808
Change in net assets	36,610	(70,915)	(34,305)	26,668
Net assets at beginning of year	164,853	191,267	356,120	329,452
Net assets at end of year	\$ 201,463	\$ 120,352	\$ 321,815	\$ 356,120

The accompanying notes are integral to this statement.

Wildflowers Institute
Statements of Functional Expenses
(with summarized information for the year ended December 31, 2015)

Years Ended December 31

	General &			2016		2015	
	Program	Administration	Fundraising	Totals			
Salaries, wages, and benefits	\$ 135,139	\$ 8,586	\$ 11,425	\$ 155,150	\$ 158,106		
Awards	-	-	-	-	62,297		
Professional fees	31,870	1,193	996	34,059	29,290		
Contract services	19,940	492	486	20,918	19,357		
Office expenses	12,523	645	951	14,119	10,347		
Travel	11,990	345	1,340	13,675	15,991		
Facilities and equipment	6,825	534	577	7,936	9,983		
Insurance	2,998	92	63	3,153	2,733		
Telecommunication	3,240	(787)	44	2,497	3,485		
Publications	700	-	-	700	6,219		
Total expenses	\$ 225,225	\$ 11,100	\$ 15,882	\$ 252,207	\$ 317,808		

The accompanying notes are integral to this statement.

Wildflowers Institute
Statements of Cash Flows
(with summarized information for the year ended December 31, 2015)

<i>Years Ended December 31,</i>	<i>2016</i>	<i>2015</i>
Cash flows from operating activities		
Change in net assets	\$ (34,305)	\$ 26,668
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Contributed stock	-	(10,160)
Net unrealized (gain)/loss on investments	(916)	1,032
Changes in operating assets and liabilities:		
Accounts payable	9,662	404
Accrued vacation	(3,254)	(11,989)
Net cash (used in)/provided by operating activities	(28,813)	5,955
Cash flows from investing activities		
Change in program related investment	3,967	2,286
Net cash provided by investing activities	3,967	2,286
Net change in cash and cash equivalents	(24,846)	8,241
Cash and cash equivalents at beginning of year	367,114	358,873
Cash and cash equivalents at end of year	\$ 342,268	\$ 367,114

The accompanying notes are integral to this statement.

Wildflowers Institute
Notes to Financial Statement
For the Year Ended December 31, 2016
(with summarized information for the year ended December 31, 2015)

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 (“U.S. GAAP”). 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 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, 2016
(with summarized information for the year ended December 31, 2015)

2. Summary of Significant Accounting Policies (continued)

Investments

Publicly traded securities are presented at estimated fair market value. Unrealized gains and losses are included in the statement of activities. Securities listed on a national exchange are valued at the closing prices as of the valuation date. At December 31, 2016, the Foundation only holds one publicly traded stock.

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.

Because the Institute expects to receive full value for its program related investment, it does 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, investments, program related investment and accounts payable. The carrying amounts of cash and cash equivalents, program related investment and accounts payable represent a reasonable estimate of the corresponding fair values.

Investments are reflected in the accompanying statement of financial position at their estimated fair value.

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.

Wildflowers Institute
Notes to Financial Statement
For the Year Ended December 31, 2016
(with summarized information for the year ended December 31, 2015)

2. Summary of Significant Accounting Policies (continued)

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.

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.

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, was due and payable on the third anniversary of the effective date. Interest was calculated at 3% per annum.

During 2016 the Borrower paid off the remaining balance of the loan.

Wildflowers Institute
Notes to Financial Statement
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4. Fair Value Measurements

According to authoritative guidance, assets and liabilities measured and reported at fair value on a recurring basis should be classified and disclosed in a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price).

Level 1 Quoted prices are available in active markets for identical investments as of the reporting date. Level 1 includes common stock. The Institute's only investment is a publicly traded stock which is categorized as Level 1.

Level 2 Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability. The Institute has not Level 2 investments.

Level 3 Pricing inputs are unobservable and include situations where there is little, if any market activity of the investment. Fair value for these investments is determined using valuation methodologies that consider a range of factors, including but not limited to the price at which the investment was acquired, the nature of the investment, local market conditions, current and projected operating performance, and financing transactions subsequent to the acquisition of the investment. The inputs into the determination of fair value require significant management judgment. Due to the inherent uncertainty of these estimates, these values may differ materially from the values that would have been used had a ready market for these investments existed. The Institute has no Level 3 assets.

5. Temporarily Restricted Net Assets

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

	2016	2015
Contributions designated for the following specific purpose:		
Social investment fund	\$ 92,218	\$ 88,152
Program restricted	27,796	16,448
Designated for future periods	338	86,668
	\$ 120,352	\$ 191,268

Wildflowers Institute
Notes to Financial Statement
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(with summarized information for the year ended December 31, 2015)

6. Concentrations of 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.

For the year ended December 31, 2016, one foundation provided 46% of the Institute's grant revenue. For the year ended December 31, 2015, two foundations provided 48% and 30%, 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, 2016 and 2015, the Institute paid rent to this officer in the amount of \$6,000 and \$6,075, respectively.

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 December 31, 2016 through May 12, 2017, 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.