CENTER FOR PLANT CONSERVATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2018 and 2017

CONTENTS

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Independent Auditor's Report

To the Board of Trustees of
Center for Plant Conservation, Inc.:

We have audited the accompanying financial statements of the Center for Plant Conservation, Inc., Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2018, 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 Organization'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 Organization'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 Center for Plant Conservation, Inc. as of December 31, 2018, 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.

Prior Period Financial Statements

The financial statements of Center for Plant Conservation, Inc. for the year ended December 31, 2017, were audited by other auditors who issued an unmodified opinion in their report dated August 15, 2018.

Report on Supplemental Information

Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The supplemental information on pages 24-25 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated in all material respects in relation to the financial statements as a whole.

Brown Smith Wallace, LLP

St. Louis, Missouri
May 1, 2019

CENTER FOR PLANT CONSERVATION, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018 AND 2017
(SEE INDEPENDENT AUDITOR'S REPORT)

	December 31, 2018	December 31, 2017
ASSETS		
ASSETS		
Cash and cash equivalents - operating	$ 330,977	$ 472,497
Cash and cash equivalents - endowment	60,033	781,652
Accounts receivable, net	500	9,316
Accounts receivable from related parties	4,006	8,113
Contributions receivable	8,727	84,811
Prepaid expenses	30,249	3,622
Property and equipment, net	10,524	17,673
Investments, at fair value - endowments	4,631,221	4,368,388
TOTAL ASSETS	$ 5,076,237	$ 5,746,072
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 12,793	$ 13,016
Accounts payable and accrued expenses to related party	21,429	39,889
Accrued employee related expenses	7,449	--
Line of credit	--	154,324
Deferred revenue	41,528	125,824
TOTAL LIABILITIES	83,199	333,053
NET ASSETS		
Without donor restrictions		
Undesignated	301,784	237,979
Designated by the Board for an endowment	608,744	608,744
Total without donor restrictions	910,528	846,723
With donor restrictions		
Purpose restrictions	--	25,000
Donor restricted – temporary in nature	1,931,720	2,390,736
Perpetual in nature	2,150,790	2,150,560
Total with donor restrictions	4,082,510	4,566,296
TOTAL NET ASSETS	4,993,038	5,413,019
TOTAL LIABILITIES AND NET ASSETS	$ 5,076,237	$ 5,746,072

See Notes to Financial Statements

CENTER FOR PLANT CONSERVATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
(SEE INDEPENDENT AUDITOR'S REPORT)

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING			
REVENUE AND SUPPORT			
Grants and contributions	$ 464,485	$ 230	$464,715
In-kind contributions from related party	528,048	--	528,048
Government grants and contracts	151,259	--	151,259
Participating Institution fees	35,250	--	35,250
National meeting	25,685	--	25,685
Other income	2,082	--	2,082
Distribution of accumulated earnings on investments to general operations	218,272	(218,272)	--
Net assets released from donor-imposed restrictions	25,000	(25,000)	--
TOTAL REVENUE AND SUPPORT	1,450,081	(243,042)	1,207,039
EXPENSES			
Program services	1,069,046	--	1,069,046
Supporting services:			
Management and general	215,782	--	215,782
Fundraising	101,448	--	101,448
Total supporting services	317,230	--	317,230
TOTAL EXPENSES	1,386,276	--	1,386,276
EXCESS (DEFICIENCY) OF REVENUE AND SUPPORT OVER EXPENSES BEFORE NON-OPERATING INCOME AND EXPENSES	63,805	(243,042)	(179,237)
NON-OPERATING			
Earnings from interest and dividends on investments	--	73,120	73,120
Realized gain on investments, net	--	189,091	189,091
Unrealized loss on investments, net	--	(458,762)	(458,762)
Investment management fees	--	(44,193)	(44,193)
TOTAL NON-OPERATING LOSS, NET	--	(240,744)	(240,744)
CHANGE IN NET ASSETS	63,805	(483,786)	(419,981)
NET ASSETS AT BEGINNING OF YEAR	846,723	4,566,296	5,413,019
NET ASSETS AT END OF YEAR	$ 910,528	$ 4,082,510	$ 4,993,038

See Notes to Financial Statements

CENTER FOR PLANT CONSERVATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017
(SEE INDEPENDENT AUDITOR'S REPORT)

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING			
REVENUE AND SUPPORT			
Grants and contributions	$ 728,386	$ 112,748	$841,134
In-kind contributions from related party	563,994	--	563,994
In-kind contributions	12,110	--	12,110
Government grants and contracts	55,248	--	55,248
Participating Institution fees	20,000	--	20,000
National meeting	20,563	--	20,563
Other income	11,700	--	11,700
Distribution of accumulated earnings on investments to general operations	212,280	(212,280)	--
Net assets released from donor-imposed restrictions	167,967	(167,967)	--
TOTAL REVENUE AND SUPPORT	1,792,248	(267,499)	1,524,749
EXPENSES			
Program services	964,875	--	964,875
Supporting services:			
Management and general	258,351	--	258,351
Fundraising	148,182	--	148,182
Total supporting services	406,533	--	406,533
TOTAL EXPENSES	1,371,408	--	1,371,408
EXCESS (DEFICIENCY) OF REVENUE AND SUPPORT OVER EXPENSES BEFORE NON-OPERATING INCOME AND EXPENSES	420,840	(267,499)	153,341
NON-OPERATING			
Earnings from interest and dividends on investments	--	67,081	67,081
Realized gain on investments, net	--	516,231	516,231
Unrealized gain on investments, net	--	222,192	222,192
Investment management fees	--	(40,236)	(40,236)
TOTAL NON-OPERATING INCOME, NET	--	765,268	765,268
CHANGE IN NET ASSETS	420,840	497,769	918,609
NET ASSETS AT BEGINNING OF YEAR	425,883	4,068,527	4,494,410
NET ASSETS AT END OF YEAR	$ 846,723	$ 4,566,296	$ 5,413,019

See Notes to Financial Statements

CENTER FOR PLANT CONSERVATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(SEE INDEPENDENT AUDITOR'S REPORT)

	December 31, 2018	December 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	($ 419,981)	$ 918,609
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	7,149	3,775
Realized gain on investments	(189,091)	(516,231)
Unrealized (gain) loss on investments	458,762	(222,192)
Donated securities	(30,819)	--
Contributions with donor-imposed restrictions for long-term purposes	(230)	(26,000)
Change in operating assets and liabilities:		
Accounts receivable, net	8,816	(27,504)
Accounts receivable from related parties	4,107	--
Contributions receivable	76,084	--
Prepaid expenses	(26,627)	--
Accounts payable and accrued expenses	(223)	(50,346)
Accounts payable and accrued expenses to related party	(18,460)	(123,253)
Accrued employee related expenses	7,449	--
Deferred revenue	(84,296)	(4,185)
Net Cash Used In Operating Activities	(207,360)	(47,327)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	322,999	970,560
Purchases of investments	(824,684)	(85,686)
Purchases of property and equipment	--	(21,448)
Net Cash (Used In) Provided By Investing Activities	(501,685)	863,426
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions with donor-imposed Restrictions for long-term purposes	230	26,000
Payments to line of credit	(154,324)	(6,000)
Net Cash (Used In) Provided By Financing Activities	(154,094)	20,000
NET CHANGE IN CASH AND CASH EQUIVALENTS	(863,139)	836,099
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,254,149	418,050
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 391,010	$ 1,254,149
SUPPLEMENTAL DISCLOSURES		
Interest paid	$ --	$ 6,182
Noncash investing transactions	30,819	--
Noncash financing transactions	230	26,000
CASH AND CASH EQUIVALENTS - OPERATING	$ 330,977	$ 472,497
CASH AND CASH EQUIVALENTS - ENDOWMENT	60,033	781,652
	$ 391,010	$ 1,254,149

See Notes to Financial Statements

CENTER FOR PLANT CONSERVATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
(SEE INDEPENDENT AUDITOR'S REPORT)

	Program Services	Management and General	Fundraising	Total
PERSONNEL EXPENSES				
Salaries and wages	$ 164,354	$ 33,315	$ 24,431	$ 222,100
Salaries and wages – in-kind	180,376	36,563	26,813	243,752
	344,730	69,878	51,244	465,852
Employee benefits and taxes	48,005	9,731	7,136	64,872
Employee benefits and taxes – in-kind	59,161	11,992	8,794	79,947
	107,166	21,723	15,930	144,819
TOTAL PERSONNEL EXPENSES	451,896	91,601	67,174	610,671
OTHER EXPENSES				
National collection grants	137,500	--	--	137,500
Seed collecting	81,000	--	--	81,000
National meeting	29,216	--	--	29,216
Professional services:				
Accounting	--	34,913	--	34,913
Communication	40,201	3,000	--	43,201
Legal	--	1,060	--	1,060
Information technology	25,543	--	--	25,543
Community engagement	96,500	--	--	96,500
Other	10,140	7,009	--	17,149
Temporary staffing	--	--	--	--
Insurance	--	5,914	--	5,914
Bank and merchant fees	--	3,236	--	3,236
Board meetings	--	23,221	--	23,221
Memberships and dues	1,268	232	570	2,070
Meals	446	475	--	921
Interest expense	--	176	--	176
Information technology supplies and maintenance	6,737	3,431	--	10,168
Meetings and conferences	5,481	--	--	5,481
Postage and shipping	130	306	1,359	1,795
Printing and copying	--	1,022	9,026	10,048
Office expenses	4,016	3,240	69	7,325
Depreciation and amortization	5,291	1,072	786	7,149
Filing fees	--	180	--	180
Travel	22,850	4,602	38	27,490
In-kind expenses:				
Administrative and operating services	140,785	28,537	20,927	190,249
Occupancy	10,046	2,555	1,499	14,100
TOTAL OTHER EXPENSES	617,150	124,181	34,274	775,605
TOTAL EXPENSES	$ 1,069,046	$ 215,782	$ 101,448	$ 1,386,276

See Notes to Financial Statements

CENTER FOR PLANT CONSERVATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017
(SEE INDEPENDENT AUDITOR'S REPORT)

	Program Services	Management and General	Fundraising	Total
PERSONNEL EXPENSES				
Salaries and wages	$ 115,415	$ 59,852	$ 41,497	$ 216,764
Salaries and wages – in-kind	224,019	7,590	22,770	254,379
	339,434	67,442	64,267	471,143
Employee benefits and taxes	45,984	23,847	16,533	86,364
Employee benefits and taxes – in-kind	83,757	2,838	8,513	95,108
	129,741	26,685	25,046	181,472
TOTAL PERSONNEL EXPENSES	469,175	94,127	89,313	652,615
OTHER EXPENSES				
National collection grants	141,000	--	--	141,000
Seed collecting	78,596	--	--	78,596
National meeting	37,497	--	--	37,497
Professional services:				
Accounting	--	41,204	--	41,204
Legal	--	8,197	--	8,197
Information technology	11,017	2,260	2,124	15,401
Other	8,640	21,542	3,250	33,432
Temporary staffing	3,747	769	722	5,238
Insurance	2,024	6,282	728	9,034
Bank and merchant fees	--	651	--	651
Board meetings	--	6,702	--	6,702
Memberships and dues	2,837	750	--	3,587
Meals	--	2,457	2,457	4,914
Donor cultivation	--	--	74	74
Interest expense	--	6,606	--	6,606
Information technology supplies and maintenance	7,109	1,458	1,371	9,938
Meetings and conferences	3,624	--	--	3,624
Postage and shipping	--	184	2,955	3,139
Printing and copying	--	7,612	5,862	13,474
Office expenses	926	190	179	1,295
Bad debt expense	--	4,869	--	4,869
Depreciation and amortization	2,700	555	520	3,775
Travel	39,507	5,250	1,500	46,257
Other	--	13,672	--	13,672
In-kind expenses:				
Administrative and operating services	125,798	26,536	28,499	180,833
Insurance	14,145	479	1,438	16,062
Occupancy	9,809	2,069	2,222	14,100
Professional services	6,724	3,930	4,968	15,622
TOTAL OTHER EXPENSES	495,700	164,224	58,869	718,793
TOTAL EXPENSES	$ 964,875	$ 258,351	$ 148,182	$ 1,371,408

See Notes to Financial Statements

NOTE 1 – Organization

The Center for Plant Conservation, Inc. (the Center) is a nonprofit organization established to promote the conservation and preservation of plant species, furthering scientific understanding of plant biology, encouraging the investigation of beneficial uses of plants, and broadening public awareness and understanding of all related matters.

The Center works in collaboration with the Zoological Society of San Diego (dba San Diego Zoo Global) (SDZG) to carry out its mission. SDZG provides facilities and equipment, funds certain staff positions, and provides various other support services. The assistance from SDZG is presented as in-kind contributions from related party within the statement of activities.

NOTE 2 – Summary of Significant Accounting Policies

Basis of Presentation of Financial Statements

The financial statements of the Center have been prepared on the accrual basis of accounting in accordance with United States Generally Accepted Accounting Principles (US GAAP). The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, are considered cash and cash equivalents.

Receivables

Accounts receivable consists primarily of noninterest-bearing amounts due from participating institutions. The allowance for uncollectable accounts receivable is based on historical experience, an assessment of economic conditions and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. At December 31, 2018 and 2017, the allowance was $750 and $2,250, respectively.

NOTE 2 – Summary of Significant Accounting Policies *(continued)*

Contributions Receivable

Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The allowance for uncollectable contributions receivable is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions receivable are written off when deemed uncollectable. There was no allowance deemed necessary by management at December 31, 2018 and 2017.

Property and Equipment

Property and equipment additions over $2,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets which is currently three years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Investments

Investments are recorded at cost, if purchased, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

NOTE 2 – Summary of Significant Accounting Policies *(continued)*

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor or grantor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

Net Assets with Donor Restrictions – Net assets subject to donor or grantor imposed restrictions. Some donor- imposed restrictions are temporary in nature, for example contributed assets that may or will be met by the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, for example stipulating that resources be maintained in perpetuity. Law may extend those limits to investment returns from those resources and to other enhancements (diminishments) of those resources. Thus, laws extend to donor-imposed restrictions. The expirations of donor-imposed restrictions are recognized when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets are received, or an unconditional promise to give is made. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated Services and In-Kind Contributions

SDZG provides personnel services, office space, and other support services to the Center. Since SDZG meets the criteria for an affiliate organization, the Center is required to recognize the direct personnel costs incurred by the affiliate at the fair market value of services provided. Contributed services and facilities received from an affiliate during the years ended December 31, 2018 and 2017, were $528,048 and $563,994, respectively.

Donated services that meet the criteria prescribed by generally accepted accounting principles are recorded at the fair value of services received. There were no donated services, other than those received from an affiliate, during the year ended December 31, 2018. Donated services, other than those received from an affiliate, during the year ended December 31, 2017 were $12,110.

NOTE 2 – Summary of Significant Accounting Policies *(continued)*

Advertising Costs

Advertising costs are expensed as incurred.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Tax Status

The Center is organized as a Massachusetts public benefit nonprofit corporation, but doing business in California as a foreign nonprofit, and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as organizations described in Section 501(c)(3), qualify for the charitable contribution deduction under Sections 170(b)(1)(A)(vi) and (viii), and have been determined not to be private foundations under Sections 509(a)(1) and (3), respectively. The Center is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Center is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. Management has determined that the Center is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management has determined that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Center would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred. The Center's returns are subject to examination by federal and state taxing authorities, generally for three years, after they are filed.

Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could differ from such estimates.

NOTE 2 – Summary of Significant Accounting Policies *(continued)*

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Financial Instruments and Credit Risk

The Center manages deposit concentration risk by placing cash and money market accounts with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, the Center has not experienced any losses in any of these accounts.

Accounting Pronouncement Adopted

For the year ended December 31, 2018, the Center adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14 *Not-For-Profit Entities (Topic 985) Presentation of Financial Statements of Not-For-Profit Entities.* The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures including net asset classification, the functional allocation of expenses and information about liquidity, financial performance, and cash flows.

Recent Accounting Pronouncements

In June of 2018, the FASB issued ASU 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update are designed to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. ASU 2018-08 is effective for fiscal years beginning after December 15, 2018. The Center is still evaluating the impact, if any, that adoption of this guidance will have on its financial statements.

Subsequent Events

The Center has evaluated subsequent events through May 1, 2019, which is the financial statement issuance date for the year ended December 31, 2018 and determined there are no other items to disclose.

NOTE 3 – Liquidity and Availability

Financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and cash equivalents - operating	$	330,977
Accounts receivable		500
Accounts receivable from related parties		4,006
Contributions receivable		8,727
Total	$	344,210

The endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes and not available for general expenditure.

As part of the Center's liquidity management plan, there is a board-designated endowment of $608,744 that is a part of the annual draw rate of 5% as described in Note 11. Although the Center does not intend to release or draw from this board-designated endowment (other than amounts appropriated for general expenditure as part of our Board's annual budget approval and appropriation), these amounts could be made available if necessary.

To help manage unanticipated liquidity needs, the Center has a line of credit with a commercial bank and a credit facility with SDZG. As of December 31, 2018, the entire line of credit and credit facility of $300,000 and $50,000, respectively, were available for borrowing.

NOTE 4 - Fair Value Measurements and Disclosures

The Center applies fair value measurement of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether the price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk.

Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the assets or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

NOTE 4 - Fair Value Measurements and Disclosures (*continued*)

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Center has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.
- Level 3 inputs are unobservable inputs for the asset or liability. These inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgment, taking into account factors specific to an asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the assessment of the quality, risk or liquidity profile of the asset or liability.

The following table presents assets that are measured at fair value on a recurring basis at December 31, 2018:

		Fair Value Measurements at Reporting Date Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	$ 3,029,599	$ 3,029,599	$ --	$ --
Credit instruments	239,739	239,739	--	--
Total investments at fair value	$ 3,269,338	$ 3,269,338	$ --	$ --
Investments at net asset value (NAV)	1,361,883			
Total	$ 4,631,221			

NOTE 4 - Fair Value Measurements and Disclosures (*continued*)

The following table presents assets that are measured at fair value on a recurring basis at December 31, 2017:

		Fair Value Measurements at Reporting Date Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	$ 3,096,662	$ 3,096,662	$ --	$ --
Credit instruments	248,291	248,291	--	--
Total investments at fair value	$ 3,344,953	$ 3,344,953	$ --	$ --
Investments at net asset value (NAV)	1,023,435			
Total	$ 4,368,388			

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2018 and 2017.

Fair value for investments valued using Level 1 inputs are based on unadjusted quoted market prices within active market. The Center also invests in a limited liability corporation and two limited partnerships. The fair values of these investments have been estimated using the net asset value per share of the investments (NAV), which represents the amounts at which the Center may acquire or redeem its fund interests. The investments are redeemed on a daily basis and have various redemption restrictions as disclosed in their respective audited financial statements. Additionally, there are no unfunded commitments.

NOTE 5 – Contributions Receivable

Contributions receivable are summarized as follows at December 31:

	2018	2017
Unconditional pledges expected to be collected in:		
Less than one year	$ 8,727	$ 84,811
Total	$ 8,727	$ 84,811

There was no allowance for doubtful accounts at December 31, 2018 or 2017 as all outstanding amounts are expected to be collected in full within one year.

NOTE 6 – Property and Equipment

Property and equipment are summarized as follows at December 31:

	2018	2017
Equipment	$ 4,859	$ 4,859
Website	16,589	16,589
	21,448	21,448
Less accumulated depreciation and amortization	(10,924)	(3,775)
Total	$ 10,524	$ 17,673

Depreciation and amortization expense for the years ended December 31, 2018 and 2017 was $7,149 and $3,775, respectively.

NOTE 7 – Line of Credit

The Center has a $300,000 revolving line of credit with a bank, secured by a commercial pledge agreement. Borrowings under the line bears interest at 4% at December 31, 2018 and 2017. The line of credit matures November 3, 2019. The line of credit was paid in full during the year ended December 31, 2018 and did not have a balance at December 31, 2018. At December 31, 2017, the outstanding balance was $154,324.

The Center also has an unsecured revolving credit facility with SDZG for $50,000. The line bears interest at the rate in effect for SDGZ's own credit facility at the time the principal is borrowed. At December 31, 2018 and 2017, there was no outstanding balance on this credit facility.

NOTE 8 – Endowments

The Center's endowment, named the Plant Conservation Fund, includes funds established by donors to providing for specific activities and general operations. The Endowment also includes certain net assets without donor restrictions that have been designated for endowment by the Board of Trustees.

The Board of Trustees has interpreted the Massachusetts Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2018 and 2017, there were no such donor stipulations. As a result of this interpretation, the Center retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. The accumulated investment earnings on the Endowment are available for allocation at the direction of the Board and the polices of the Center. Until released the accumulated earnings are recorded as a component of donor restricted - temporary in nature net assets. UPMIFA states that an appropriation of investment earnings greater than 7% of the average fair market value (averaged over the last three years) of an endowment is presumptively imprudent. The Center's policy on investment earnings releases is further described below.

As of December 31, 2018, the Endowment was composed of the following net asset classification:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 608,744	$ --	$ 608,744
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	--	2,150,790	2,150,790
Accumulated investment gains	--	1,931,720	1,931,720
Total	$ 608,744	$ 4,082,510	$ 4,691,254

NOTE 8 - Endowments (*continued*)

As of December 31, 2017, the Endowment was composed of the following net asset classification:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 608,744	$ --	$ 608,744
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	--	2,150,560	2,150,560
Accumulated investment gains	--	2,390,736	2,390,736
Total	$ 608,744	$ 4,541,296	$ 5,150,040

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Center has interpreted UPMIFA to permit funding from underwater endowments in accordance with prudent measures required under law. There were no underwater endowments at December 31, 2018 or 2017.

Investment and Draw Policies

The Center has adopted investment and draw policies for the Endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. The endowment assets include those assets of donor-restricted funds that the Center must hold in perpetuity or for a donor-specified period(s) as well as board- designated funds. The investment of the Center's endowment fund is governed by Board policy. The portfolio is to be managed in a way that provides ongoing financial support for the operations of the Center while protecting and increasing the value of the endowment through careful investment.

To satisfy this long-term rate-of- return objectives, the Center relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Center targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

NOTE 8 – Endowments (*continued*)

The Center uses an endowment draw formula to determine the maximum amount to transfer from the Endowment each year. The rate, determined and adjusted from time to time by the Board, is applied to the average fair value of the Endowment investments for the prior three years at December 31 of each year to determine the draw amount for the upcoming year. During 2018 and 2017, the draw rate maximum was 5%. In establishing this policy, the Center considered the long-term expected return on the Endowment, and set the rate with the objective of maintaining the purchasing power of the Endowment over time.

Changes in Endowment net assets for the year ended December 31, 2018 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 608,744	$ 4,541,296	$ 5,150,040
Investment return, net	--	(240,744)	(240,744)
Contributions	--	230	230
Appropriation of endowment assets pursuant to draw policy	--	(218,272)	(218,272)
Endowment net assets, end of year	$ 608,744	$ 4,082,510	$ 4,691,254

Changes in Endowment net assets for the year ended December 31, 2017 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 608,744	$ 3,962,308	$ 4,751,052
Investment return, net	--	765,268	765,268
Contributions	--	26,000	26,000
Appropriation of endowment assets pursuant to draw policy	--	(212,280)	(212,280)
Endowment net assets, end of year	$ 608,744	$ 4,541,296	$ 5,150,040

NOTE 8 – Endowments (*continued*)

The following table is total endowment net assets by custodian at December 31, 2018:

	2018
Commerce	$ 230
Berkshire Hathaway	531,362
Eaton Vance	2,774,563
Fourthstone	449,066
Gates	331,692
Hot Creek	581,126
Midland	10,779
UBS	12,436
Total endowment net assets by custodian	$ 4,691,254

NOTE 9 – Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

	2018	2017
Subject to expenditure for specified purpose:		
Endangered plants native to Missouri	$ --	$ 25,000
Subject to endowment draw policy and appropriation:		
Endowment accumulated investment earnings	1,931,720	2,390,736
Plant conservation – donor corpus perpetual in nature	2,150,790	2,150,560
Total	$ 4,082,510	$ 4,566,296

NOTE 9 – Net Assets with Donor Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors:

	2018	2017
Satisfaction of purpose restrictions:		
Endangered plants native to Missouri	$ 25,000	$ --
Regional plant collecting and care	--	161,467
Principal payments on line of credit	--	6,000
Other	--	500
	25,000	167,967
Restricted-purpose draw policy distributions and appropriation:		
National collection grants	$ 137,500	$ 141,000
General use	80,772	71,280
	218,272	212,280
Total	$ 243,272	$ 380,247

NOTE 10 – Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, travel, conferences and meetings, occupancy, depreciation and amortization and other, which are allocated on the basis of estimates of time, effort and use.

NOTE 11 – Related Party Transactions

The Center pays expenses associated with Board of Trustees meetings and then certain expenses are reimbursed by the individual Trustees. At December 31, 2018 and 2017, meeting expense reimbursements due from Trustees was $4,006 and $8,113, respectively.

As part of the Center's agreement with SDZG, the Center reimburses SDGZ for expenses paid on the Center's behalf. During the year ended December 31, 2018, the Center incurred expenses totaling $396,836 and had $21,429 due at year end. During the year ended December 31, 2017, the Center incurred expenses totaling $415,680 and had $39,889 due at year end.

The Center also received donated personnel services, office space, and other support services, which do not require reimbursement, and are recognized as donated services from an affiliate. Refer to Note 2.

NOTE 12 – Concentrations

During the year ended December 31, 2018, grant revenue from two grantors comprised 30% of total operating revenue and support, excluding in-kind contributions. During the year ended December 31, 2017, grant revenue from three grantors comprised 12% of total operating revenue and support, excluding in-kind contribution.

SUPPLEMENTAL INFORMATION

CENTER FOR PLANT CONSERVATION, INC.
STATEMENT OF ACTIVITIES - OPERATING AND NON-OPERATING (ENDOWMENT)
DECEMBER 31, 2018

	Operating			Non-Operating (Endowment)			
	Undesignated	With Donor Restrictions	Total Operating	Board Designated	With Donor Restrictions	Total Non-Operating	TOTAL
OPERATING							
REVENUE AND SUPPORT							
Grants and contributions	$ 464,485	$ -	$ 464,485	$ -	$ 230	$ 230	$ 464,715
In-kind contributions from related party	528,048	-	528,048	-	-	-	528,048
Government grants and contracts	151,259	-	151,259	-	-	-	151,259
Participating Institution fees	35,250	-	35,250	-	-	-	35,250
National meeting	25,685	-	25,685	-	-	-	25,685
Other income	2,082	-	2,082	-	-	-	2,082
Distribution of Plant Conservation Fund earnings to general operating	218,272	-	218,272	-	(218,272)	(218,272)	-
Net assets released from donor-imposed restrictions	25,000	(25,000)	-	-	-	-	-
TOTAL REVENUE AND SUPPORT	1,450,081	(25,000)	1,425,081	-	(218,042)	(218,042)	1,207,039
EXPENSES							
Program services	1,069,046	-	1,069,046	-	-	-	1,069,046
Supporting services:							-
Management and general	215,782	-	215,782	-	-	-	215,782
Fundraising	101,448	-	101,448	-	-	-	101,448
Total supporting services	317,230	-	317,230	-	-	-	317,230
TOTAL EXPENSES	1,386,276	-	1,386,276	-	-	-	1,386,276
EXCESS (DEFICIENCY) OF REVENUE AND SUPPORT OVER EXPENSES BEFORE NON-OPERATING INCOME AND EXPENSES	63,805	(25,000)	38,805	-	(218,042)	(218,042)	(179,237)
NON-OPERATING							
Interest and dividends	-	-	-	-	73,120	73,120	73,120
Realized gain on investments, net	-	-	-	-	189,091	189,091	189,091
Unrealized loss on investments, net	-	-	-	-	(458,762)	(458,762)	(458,762)
Management fees	-	-	-	-	(44,193)	(44,193)	(44,193)
TOTAL NON-OPERATING LOSS, NET	-	-	-	-	(240,744)	(240,744)	(240,744)
CHANGE IN NET ASSETS	63,805	(25,000)	38,805	-	(458,786)	(458,786)	(419,981)
NET ASSETS AT BEGINNING OF THE YEAR	237,979	25,000	262,979	608,744	4,541,296	5,150,040	5,413,019
NET ASSETS AT END OF THE YEAR	$ 301,784	$ -	$ 301,784	$ 608,744	$ 4,082,510	$ 4,691,254	$ 4,993,038

CENTER FOR PLANT CONSERVATION, INC.
STATEMENT OF ACTIVITIES - OPERATING AND NON-OPERATING (ENDOWMENT)
DECEMBER 31, 2017

	Operating			Non-Operating (Endowment)			
	Undesignated	With Donor Restrictions	Total Operating	Board Designated	With Donor Restrictions	Total Non-Operating	TOTAL
OPERATING							
REVENUE AND SUPPORT							
Grants and contributions	$ 728,386	$ 86,748	$ 815,134	$ -	$ 26,000	$ 26,000	$ 841,134
In-kind contributions from related party	563,994	-	563,994	-	-	-	563,994
In-kind contributions	12,110	-	12,110	-	-	-	12,110
Government grants and contracts	55,248	-	55,248	-	-	-	55,248
Participating Institution fees	20,000	-	20,000	-	-	-	20,000
National meeting	20,563	-	20,563	-	-	-	20,563
Other income	11,700	-	11,700	-	-	-	11,700
Distribution of Plant Conservation Fund earnings to general operating	212,280	-	212,280	-	(212,280)	(212,280)	-
Net assets released from donor-imposed restrictions	167,967	(167,967)	-	-	-	-	-
TOTAL REVENUE AND SUPPORT	1,792,248	(81,219)	1,711,029	-	(186,280)	(186,280)	1,524,749
EXPENSES							
Program services	964,875	-	964,875	-	-	-	964,875
Supporting services:							-
Management and general	258,351	-	258,351	-	-	-	258,351
Fundraising	148,182	-	148,182	-	-	-	148,182
Total supporting services	406,533	-	406,533	-	-	-	406,533
TOTAL EXPENSES	1,371,408	-	1,371,408	-	-	-	1,371,408
EXCESS (DEFICIENCY) OF REVENUE AND SUPPORT OVER EXPENSES BEFORE NON-OPERATING INCOME AND EXPENSES	420,840	(81,219)	339,621	-	(186,280)	(186,280)	153,341
NON-OPERATING							
Interest and dividends	-	-	-	-	67,081	67,081	67,081
Realized gain on investments, net	-	-	-	-	516,231	516,231	516,231
Unrealized gain on investments, net	-	-	-	-	222,192	222,192	222,192
Management fees	-	-	-	-	(40,236)	(40,236)	(40,236)
TOTAL NON-OPERATING LOSS, NET	-	-	-	-	765,268	765,268	765,268
CHANGE IN NET ASSETS	420,840	(81,219)	339,621	-	578,988	578,988	918,609
NET ASSETS AT BEGINNING OF THE YEAR	(182,861)	106,219	(76,642)	608,744	3,962,308	4,571,052	4,494,410
NET ASSETS AT END OF THE YEAR	$ 237,979	$ 25,000	$ 262,979	$ 608,744	$ 4,541,296	$ 5,150,040	$ 5,413,019