

**Quail Botanical Gardens  
Foundation, Inc.  
dba San Diego Botanic Garden**

**Financial Statements**

\* \* \* \* \*

**June 30, 2015 and 2014**



**Quail Botanical Gardens Foundation, Inc.  
dba San Diego Botanic Garden  
Audited Financial Statements**

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## **Independent Auditors' Report**

To the Board of Directors  
Quail Botanical Gardens Foundation, Inc.  
dba San Diego Botanic Garden  
Encinitas, California

We have audited the accompanying financial statements of Quail Botanical Gardens Foundation, Inc. dba San Diego Botanic Garden (a nonprofit organization) which comprise the statement of financial position as of June 30, 2015, 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 error or fraud.

### **Auditors' 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 from 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 error or fraud. 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 Quail Botanical Gardens Foundation, Inc. dba San Diego Botanic Garden as of June 30, 2015, 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 Quail Botanical Gardens Foundation, Inc. dba San Diego Botanic Garden's 2014 financial statements, and our report dated March 25, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Polito Eppich Associates LLP*

December 29, 2015  
San Marcos, California

**Quail Botanical Gardens Foundation, Inc.**  
**dba San Diego Botanic Garden**  
**Statements of Financial Position**  
**June 30, 2015 and 2014**

	Unrestricted - Operating	Unrestricted -Board Designated	Temporarily Restricted	2015 Total	2014 Total
<b>Assets</b>					
Cash and cash equivalents	\$ 728,740	\$ 97,151	\$ 0	\$ 825,891	\$ 391,577
Accounts receivable	37,624			37,624	18,058
Beneficial interest in assets held by others - agency funds	44,857		942,929	987,786	878,901
Inventories	35,490			35,490	29,670
Prepaid expenses	82,501			82,501	73,376
Pledges receivable			1,362,857	1,362,857	183,987
Bequests receivable	784,690			784,690	0
Property and equipment, net	3,791,333			3,791,333	3,990,605
Beneficial interest in assets held by others - endowments	29,045	150,000		179,045	180,134
Intangible assets, net	14,183			14,183	15,601
Total assets	<u>\$ 5,548,463</u>	<u>\$ 247,151</u>	<u>\$ 2,305,786</u>	<u>\$ 8,101,400</u>	<u>\$ 5,761,909</u>
<b>Liabilities and Net Assets</b>					
<b>Liabilities</b>					
Accounts payable	\$ 74,997	\$ 0	\$ 0	\$ 74,997	\$ 98,986
Credit cards payable	8,409			8,409	9,597
Accrued liabilities	102,967			102,967	90,789
Sales tax payable	2,939			2,939	2,346
Deferred revenue	229,049			229,049	191,337
Total liabilities	<u>418,361</u>			<u>418,361</u>	<u>393,055</u>
Net Assets	<u>5,130,102</u>	<u>247,151</u>	<u>2,305,786</u>	<u>7,683,039</u>	<u>5,368,854</u>
Total liabilities and net assets	<u>\$ 5,548,463</u>	<u>\$ 247,151</u>	<u>\$ 2,305,786</u>	<u>\$ 8,101,400</u>	<u>\$ 5,761,909</u>

The accompanying notes are an integral part of these financial statements.

**Quail Botanical Gardens Foundation, Inc.**  
**dba San Diego Botanic Garden**  
**Statements of Activities**  
**For the Years Ended June 30, 2015 and 2014**

	Unrestricted - Operating	Unrestricted -Board Designated	Temporarily Restricted	2015 Total	2014 Total
Revenue, gains and other support:					
Contributions	\$ 960,169	\$ 0	\$ 2,042,598	\$ 3,002,767	\$ 759,451
Memberships	666,641			666,641	641,492
Admissions	721,574			721,574	711,468
Donated assets and services	48,506			48,506	166,480
Rental and wedding income	239,526			239,526	287,060
Programs and classes	233,386			233,386	214,318
Government Grants			35,000	35,000	10,500
Net realized and unrealized gains/losses on financial instruments	(17,791)			(17,791)	119,192
Sales, net of discounts	118,072			118,072	109,247
Interest and dividends	32,412			32,412	21,775
Miscellaneous	20,860			20,860	2,185
Special event	166,793			166,793	145,864
Total support, gains and other revenues	<u>3,190,148</u>	<u>0</u>	<u>2,077,598</u>	<u>5,267,746</u>	<u>3,189,032</u>
Temporarily restricted					
Net assets released from restriction	299,900	(12,672)	(287,228)	0	0
	<u>3,490,048</u>	<u>(12,672)</u>	<u>1,790,370</u>	<u>5,267,746</u>	<u>3,189,032</u>
Expenses:					
Cost of goods sold	55,553			55,553	56,308
Costs of direct benefits to donors	52,567			52,567	49,695
Program services:					
Gardens and programs	1,794,456			1,794,456	1,683,211
Supporting services:					
Management and general	419,093			419,093	523,235
Fundraising	631,892			631,892	576,712
Total expenses	<u>2,953,561</u>	<u>0</u>	<u>0</u>	<u>2,953,561</u>	<u>2,889,161</u>
Change in net assets	536,487	(12,672)	1,790,370	2,314,185	299,871
Interfund transfer	(96,223)	96,223	0	0	0
Net assets at beginning of year	4,689,838	163,600	515,416	5,368,854	5,068,983
Net assets at end of year	<u>\$ 5,130,102</u>	<u>\$ 247,151</u>	<u>\$ 2,305,786</u>	<u>\$ 7,683,039</u>	<u>\$ 5,368,854</u>

The accompanying notes are an integral part of these financial statements.

**Quail Botanical Gardens Foundation, Inc.**  
**dba San Diego Botanic Garden**  
**Schedule of Functional Expenses**  
**For the Years Ended June 30, 2015 and 2014**

	Program Services	Supporting Services		Total	2014 Total
		Management and General	Fundraising		
Salaries	\$ 630,546	\$ 193,936	\$ 363,965	\$ 1,188,447	1,133,196
Depreciation and amortization	341,105	21,354	0	362,459	360,206
Events and program costs	156,528	0	109,316	265,844	271,347
Repairs, maintenance and supplies	147,389	15,857	7,387	170,633	231,458
Other	71,838	24,982	31,437	128,257	133,226
Utilities	120,420	9,491	3,020	132,931	126,658
Insurance	106,094	29,461	24,575	160,130	147,205
Payroll taxes	49,748	15,552	23,962	89,262	87,093
Printing, copying and supplies	19,789	4,061	35,141	58,991	70,813
Advertising	70,895	0	0	70,895	54,910
Professional fees	11,403	36,137	0	47,540	54,717
Credit and bank charges	0	47,132	0	47,132	47,340
Contract services	51,387	15,805	24,750	91,942	47,004
Pension contributions	17,314	5,325	8,339	30,978	17,985
Total expenses	<u>\$ 1,794,456</u>	<u>\$ 419,093</u>	<u>\$ 631,892</u>	<u>\$ 2,845,441</u>	<u>\$ 2,783,158</u>

The accompanying notes are an integral part of these financial statements.

**Quail Botanical Gardens Foundation, Inc.**  
**dba San Diego Botanic Garden**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2015 and 2014**

	2015	2014
Cash flows from operating activities		
Increase in net assets	\$ 2,314,185	\$ 299,871
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	362,459	360,206
Net investment (gain) loss on assets held by others	(8,057)	(97,946)
Contributed securities	(10,579)	0
Change in operating assets and liabilities:		
Accounts receivable	(19,566)	4,500
Inventories	(5,820)	13,483
Prepaid expenses	(9,125)	(9,503)
Pledges receivable	(1,178,870)	(173,987)
Bequests receivable	(784,690)	0
Accounts payable	(23,989)	3,549
Credit cards payable	(1,188)	3,540
Accrued liabilities	12,178	(3,779)
Sales tax payable	593	(453)
Deferred revenue	37,712	(5,791)
Net cash provided by operating activities	<u>685,243</u>	<u>393,690</u>
Cash flow from investing activities:		
Purchase of property and equipment	(161,769)	(164,386)
Contributions to assets held by others	(93,218)	(40,089)
Distributions from assets held by others	4,058	4,036
Net cash used in investing activities:	<u>(250,929)</u>	<u>(200,439)</u>
Cash flow from financing activities	<u>0</u>	<u>0</u>
Net increase in cash and cash equivalents	434,314	193,251
Cash and cash equivalents, beginning	<u>391,577</u>	<u>198,326</u>
Cash and cash equivalents, ending	<u>\$ 825,891</u>	<u>\$ 391,577</u>

The accompanying notes are an integral part of these financial statements.



**Quail Botanical Gardens Foundation, Inc.**  
**dba San Diego Botanic Garden**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

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**Note 1: Nature of Business**

**Nature of Activities:** Quail Botanical Gardens Foundation, Inc. dba San Diego Botanic Garden (the Organization) is a California nonprofit corporation. The Organization operates the San Diego Botanic Garden, formerly known as Quail Botanical Gardens, located in Encinitas, California. The mission of San Diego Botanic Garden is to inspire people of all ages to connect with plants and nature. Visitors enjoy restful vista, flowering trees, majestic palms and the nation's largest bamboo collection. The Organization's diverse topography provides a wide variety of microclimates giving visitors the sensation of strolling through a tropical rainforest to hiking in the high-desert. Four miles of trails wind through 29 uniquely themed gardens. The Organization is supported primarily by admission and program fees, public contributions and grants, and gift shop sales.

**Note 2: Significant Accounting Policies**

**Financial Statement Presentation:** The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, based on the following criteria:

*Unrestricted net assets* represent expendable funds available for operations that are not otherwise limited by donor restrictions.

*Temporarily restricted net assets* consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Organization may spend the funds or recognize the support.

*Permanently restricted net assets* represent those assets contributed to the Organization where the original dollar value is to remain in perpetuity as a permanent fund of the Organization.

**Cash and Cash Equivalents:** The Organization considers all highly liquid investments available for current uses with an initial maturity of three months or less to be cash equivalents.

**Inventories:** Inventories consist of retail merchandise to be sold at the Organization's gift shop. Inventories are recorded at the lower of cost or market value. Cost is determined by the first-in, first-out (FIFO) method.

**Property and Equipment:** Acquisitions of property and equipment of \$5,000 or more are capitalized. Property and equipment are stated at cost, or if donated, at the approximate fair market value at the date of donation. Expenditures for maintenance and repairs are charged against operations. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets of 5 – 39 years. Depreciation expense for the years ended June 30, 2015 and 2014 was \$362,459 and \$360,206, respectively.

Property and equipment donated with explicit restrictions regarding their use or disposal are reported as temporarily or permanently restricted assets and support depending on the nature of the restrictions.

All buildings and improvements will become County property if the Organization's operating lease with the County of San Diego is terminated.

**Quail Botanical Gardens Foundation, Inc.**  
**dba San Diego Botanic Garden**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

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**Note 2: Significant Accounting Policies (Continued)**

**Fair Value Measurements:** Fair value is 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. A framework for measuring fair value prioritizes the use of market-based inputs over the use of unobservable inputs when measuring fair value. An investment's categorization is based upon the lowest level of input that is significant to the fair value measurement.

Three levels of inputs are used to measure fair value:

- Level 1 inputs are quoted prices (observable inputs) in active markets for identical assets or liabilities accessible by the Organization.
- 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. Fair value is determined through the use of models or other valuation methodologies.
- Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The observable inputs should be developed based on the best information available in the circumstances and may include the Organization's own data.)

**Contributions:** Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support.

Income earned within the permanently restricted funds, which has not yet been expended for its designated purpose is also carried as temporarily restricted. Substantially all of the restrictions on net assets at June 30, 2015 and 2014 relate to donor contributions designated for use on future improvement and capital projects.

**Revenue Recognition:** Revenues are recognized when earned with the exception of membership revenue. The Organization recognizes annual memberships when received. Two-year memberships are deferred and recognized on an annual basis.

**Promises to Give:** Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Management provides an allowance for uncollectible amounts through a valuation allowance based on historical collections and its assessment of the current status of individual receivables. Accordingly, there was no allowance for doubtful accounts.

**Quail Botanical Gardens Foundation, Inc.**  
**dba San Diego Botanic Garden**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

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**Note 2: Significant Accounting Policies (Continued)**

**Donated Assets and Services:** Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by entities or persons possessing those skills, and would typically need to be purchased if they were not donated, are recorded at their fair values in the period received. The Organization recorded \$48,506 and \$166,480 of non-cash donations for the years ended June 30, 2015 and 2014, respectively.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization in providing its services. Management estimates the Organization received approximately 35,000 and 29,000 volunteer hours for each year ended June 30, 2015 and 2014. These services do not meet the criteria for recording contributions and are not recognized in the financial statements.

**Advertising:** Advertising costs are expensed as incurred. Advertising expense was \$70,895 and \$54,910 for the years ended June 30, 2015 and 2014, respectively.

**Income Taxes:** The Organization is a not-for-profit organization 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.

The Organization has analyzed its tax positions taken for filings with the Internal Revenue Service and the State of California. The Organization believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Organization's financial condition, results of operations, or cash flows. Accordingly, the Organization has not recorded any tax assets or liabilities, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2015 and 2014.

All tax exempt entities are subject to review and audit by federal, state and other applicable agencies. Such agencies may review the taxability of unrelated business income, or the qualification of the tax-exempt entity under the Internal Revenue Code and applicable state statutes. Currently, there are no audits of the Organization's returns in process. In general, the Organization's federal and state income tax returns remain open for the prior three and four years, respectively.

**Concentrations of Credit Risk:** The Organization maintains cash balances at banks located in San Diego. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation. At times, balances may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes that the Organization is not exposed to any significant credit risk with respect to its cash and cash equivalents.

**Estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Reclassification:** Certain amounts for the year ended June 30, 2014 have been reclassified in these comparative financial statements to conform to their 2015 classification. These reclassifications have no effect on net assets.

**Quail Botanical Gardens Foundation, Inc.**  
**dba San Diego Botanic Garden**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

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**Note 2: Significant Accounting Policies (Continued)**

**Subsequent Events:** The Organization has evaluated subsequent events through the report date, which is the date the financial statements were available to be issued. Management is not aware of any events that have occurred subsequent to June 30, 2015 that would require adjustment to, or disclosure in these financial statements.

**Note 3: Beneficial Interests in Assets Held By Others**

The Organization's Level 2 investments consist of agency funds and endowment funds held at local community foundations in balanced pool portfolios which include primarily publicly traded securities. The pooled investments are categorized as Level 2 because they have no direct observable inputs.

**Agency Funds:** The Organization transferred funds to community foundations primarily to take advantage of the foundations' investment management expertise. Variance power over the funds was not granted to the community foundations. The funds are considered *beneficial interests in assets held by others* in the statement of financial position at June 30, 2015 and 2014.

**Endowment Funds:** Endowment funds established with community foundations are recorded as *beneficial interests in assets held by others (endowment funds)*. The Organization transferred assets and granted variance powers to the community foundations to establish endowment funds. The Board of Directors of each community foundation has the sole discretionary power to modify the terms of the funds including restrictions, conditions and beneficiaries without the consent of the Organization.

Under the terms of the agreements, the Organization has irrevocably transferred the assets to the community foundations. Generally, the Organization is entitled to an annual distribution of income based on the amount of the endowment.

The following table presents level 2 beneficial interests in assets held by others at June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Assets held by others – agency funds	\$	\$
Rancho Santa Fe Foundation	573,954	463,021
Jewish Community Center Foundation	413,832	415,880
	<u>987,786</u>	<u>878,901</u>
Assets held by others – endowment funds		
Rancho Santa Fe Foundation	69,023	67,921
Jewish Community Foundation	57,255	57,539
San Diego Community Foundation	52,767	54,674
	<u>179,045</u>	<u>180,134</u>
Total	<u>\$ 1,166,831</u>	<u>\$ 1,059,035</u>

**Quail Botanical Gardens Foundation, Inc.**  
**dba San Diego Botanic Garden**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

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**Note 3: Beneficial Interests in Assets Held by Others (Continued)**

Investment return for the years ended June 30, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 32,412	\$ 21,775
Realized gains (losses)	20,484	19,660
Unrealized gains (losses)	(38,275)	99,532
Investment fees	(8,641)	(7,908)
	<u>\$ 5,980</u>	<u>\$ 133,059</u>

**Note 4: Pledges receivable**

Pledges receivable at June 30, 2015 and 2014 consists of the following:

	<u>2015</u>	<u>2014</u>
Receivable in less than one year	\$ 373,536	\$ 123,710
Receivable in one to five years	989,321	60,277
	<u>\$ 1,362,857</u>	<u>\$ 183,987</u>

**Note 5: Property and Equipment**

Property and equipment at June 30, 2015 and 2014 is summarized as follows:

	<u>2015</u>	<u>2014</u>
Buildings and garden improvements	\$ 5,847,495	\$ 5,833,405
Construction in progress	307,282	185,831
Office furniture and equipment	260,882	260,882
Garden equipment and fixtures	213,774	187,546
	6,629,433	6,467,664
Less: accumulated depreciation	<u>(2,838,100)</u>	<u>(2,477,059)</u>
	<u>\$ 3,791,333</u>	<u>\$ 3,990,605</u>

**Quail Botanical Gardens Foundation, Inc.**  
**dba San Diego Botanic Garden**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

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**Note 6: Intangibles**

Intangible assets at June 30, 2015 and 2014 consist of the following:

	<u>2015</u>	<u>2014</u>
Trademark	\$ 21,273	\$ 21,273
Less: accumulated amortization	<u>(7,090)</u>	<u>(5,672)</u>
	<u>\$ 14,183</u>	<u>\$ 15,601</u>

Amortization expense for the years ended June 30, 2015 and 2014 was \$1,418 for each year.

**Note 7: Temporarily Restricted Net Assets**

Net assets released from donor restrictions upon satisfaction of donor specifications follow:

	<u>2015</u>	<u>2014</u>
Dickinson Family education conservatory	\$ 220,156	\$ 155,426
SD County grants	5,172	5,197
Seeds of wonder	286	43,828
Repairs and maintenance projects	0	30,124
Field trips	0	4,723
Others	<u>61,614</u>	<u>45,674</u>
Total restrictions released	<u>\$ 287,228</u>	<u>\$ 284,972</u>

Temporarily restricted net assets for the years ended June 30, 2015 and 2014 follow:

	<u>2015</u>	<u>2014</u>
Dickinson Family education conservatory	\$ 2,191,105	\$ 438,996
Scholarship fund	38,608	28,099
HCG Program expense	16,106	6,509
SDGE grants	13,282	0
Others	<u>46,685</u>	<u>41,812</u>
Total temporarily restricted net assets	<u>\$ 2,305,786</u>	<u>\$ 515,416</u>

**Quail Botanical Gardens Foundation, Inc.**  
**dba San Diego Botanic Garden**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

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**Note 8: Unrestricted Board Designated Funds**

Funds released from board restrictions upon satisfaction of board specifications consist of the following:

	<u>2015</u>	<u>2014</u>
Greenhouse gate	\$ 12,672	\$ 0
Other	<u>0</u>	<u>3,096</u>
Total restrictions released	<u>\$ 12,672</u>	<u>\$ 3,096</u>

Board designated funds are available for the following purpose:

	<u>2015</u>	<u>2014</u>
Permanent endowment	\$ 150,000	\$ 150,000
Dickinson Family education conservatory	76,223	0
Coffee cart project	20,000	0
Greenhouse gate	<u>928</u>	<u>13,600</u>
Total board designated funds	<u>\$ 247,151</u>	<u>\$ 163,600</u>

The Board has established three endowment funds. Changes in endowment net assets for the years ending June 30, 2015 and 2014 follow:

	<u>Unrestricted</u>	<u>Board Designated</u>	<u>Total</u>
Endowment net assets June 30, 2013	\$ 8,905	\$ 150,000	\$ 158,905
Investment income (loss):			
Interest and dividends (net of fees)	1,592	0	1,592
Realized gains (losses)	2,682	0	2,682
Unrealized gains (losses)	18,999	0	18,999
Appropriations	<u>(2,044)</u>	<u>0</u>	<u>(2,044)</u>
Endowment net assets June 30, 2014	30,134	150,000	180,134
Investment income (loss):			
Contributions	0	0	0
Interest and dividends (net of fees)	2,640	0	2,640
Realized gains (losses)	2,414	0	2,414
Unrealized gains (losses)	(3,789)	0	(3,789)
Appropriations	<u>(1,994)</u>	<u>0</u>	<u>(1,994)</u>
Endowment net assets June 30, 2015	<u>\$ 29,405</u>	<u>\$ 150,000</u>	<u>\$ 179,405</u>

**Quail Botanical Gardens Foundation, Inc.**  
**dba San Diego Botanic Garden**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

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**Note 9: Commitments**

The Organization renewed its lease with the County of San Diego through March 2031. In consideration, the Organization paid the County \$1 for the term of the lease. The Organization is responsible for the operating and maintenance costs of the leased property. The fair market value of the lease is not readily determined and therefore is not recorded in *donated assets and services* in the statement of activities.

The Organization entered into a 55-year lease with the City of Encinitas on May 16, 2003 for an adjacent property. In consideration, the Organization will pay \$1 annually and provide one day a month of free admission to Encinitas residents. Free admission to Encinitas residents is estimated at approximately \$9,000 a year. The fair market value of the lease is not readily determined and therefore is not recorded in *donated assets and services* in the statement of activities.

The Organization received a grant of \$1,000,000 from the Leichtag Foundation, to be paid over 15 years. Beginning January 1, 2015, the grant requires the Organization provide an annual \$50,000 rental credit whereby *renting organizations*, as identified by the Foundation at least annually, can utilize the credit and lease the Organization's facilities at a discounted rate. The Organization is not obligated to \$50,000 each year if not utilized and rental space is subject to availability and the Organization's standard rental terms and restrictions.

**Note 10: Retirement Plan**

Effective January 1, 2009, the Organization established a defined contribution 403(b) retirement plan (the "Plan") for eligible employees. The Plan is administered by a third party administrator. Substantially all employees who work a minimum of 20 hours a week are eligible to participate in the Plan. Under the terms of the Plan, employees may make contributions up to the maximum amount allowed by law. The Organization makes matching contributions up to 4% of the employee's wages. The Organization contributed \$30,978 and \$17,985 for the years ended June 30, 2015 and 2014, respectively.