

CIVIC GARDEN CENTER OF GREATER CINCINNATI
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
with
INDEPENDENT AUDITORS' REPORT



To the Board of Directors
Civic Garden Center of Greater Cincinnati

Independent Auditors' Report

We have audited the accompanying statement of financial position of the Civic Garden Center of Greater Cincinnati as of December 31, 2009 and 2008, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Civic Garden Center of Greater Cincinnati's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Civic Garden Center of Greater Cincinnati as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Rippe & Kingston Co PSC

October 26, 2010

CIVIC GARDEN CENTER OF GREATER CINCINNATI

STATEMENT OF FINANCIAL POSITION

December 31, 2009 and 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
CURRENT ASSETS:		
Cash	\$ 97,834	\$ 165,425
Prepaid expenses	442	2,027
Grants receivable	5,905	722
Accounts receivable	2,730	3,673
Investments	<u>1,061,334</u>	<u>1,148,077</u>
Total current assets	1,168,245	1,319,924
PROPERTY AND EQUIPMENT:		
Land	179,887	179,887
Buildings and improvements	1,195,993	1,194,829
Furniture and equipment	319,784	316,737
Planting and landscaping	236,393	197,862
Construction in process	<u>37,392</u>	
	1,969,449	1,889,315
Less accumulated depreciation	<u>(1,161,584)</u>	<u>(1,084,670)</u>
Net property and equipment	807,865	804,645
NON-CURRENT CASH AND INVESTMENTS:		
Cash restricted for investment in property and equipment	10,740	32,656
Investments	226,807	202,136
Beneficial interest in charitable trusts	<u>143,193</u>	<u>121,296</u>
Total non-current cash and investments	<u>380,740</u>	<u>356,088</u>
Total assets	<u>\$ 2,356,850</u>	<u>\$ 2,480,657</u>
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 46,743	\$ 63,986
Refundable advance - agency transaction	<u>-</u>	<u>16,041</u>
Total current liabilities	46,743	80,027
NET ASSETS:		
Unrestricted	1,979,558	2,059,785
Temporarily restricted	35,755	46,051
Permanently restricted	<u>294,794</u>	<u>294,794</u>
Total net assets	<u>2,310,107</u>	<u>2,400,630</u>
Total liabilities and net assets	<u>\$ 2,356,850</u>	<u>\$ 2,480,657</u>

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

CIVIC GARDEN CENTER OF GREATER CINCINNATI

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Years Ended December 31, 2009 and 2008

	2009			2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND OTHER SUPPORT:							
Contributions	\$ 272,555	\$ 62,731	\$ -	\$ 1,236,887	\$ 159,007	\$ -	\$ 1,395,894
Special events	138,398	-	-	144,816	-	-	144,816
Grants from governmental agencies	-	43,053	-	-	35,487	-	35,487
Investment income	34,726	4,604	-	17,459	2,331	-	19,790
Net realized and unrealized gain (loss)							
on investments	88,936	17,796	-	(154,934)	(24,966)	-	(179,900)
Program services fees	8,161	-	-	9,796	-	-	9,796
Donated services and supplies	21,649	131	-	36,718	-	-	36,718
Other	51,467	-	-	60,679	-	-	60,679
Net assets released from restrictions	138,611	(138,611)	-	279,329	(279,329)	-	-
Net revenues and other support	754,503	(10,296)	-	1,630,750	(107,470)	-	1,523,280
EXPENSES:							
Program services	624,922	-	-	696,698	-	-	696,698
Supporting services:							
Management and general	136,012	-	-	130,901	-	-	130,901
Fundraising	73,796	-	-	50,828	-	-	50,828
Total supporting services	209,808	-	-	181,729	-	-	181,729
Total operating expenses	834,730	-	-	878,427	-	-	878,427
Change in net assets	(80,227)	(10,296)	-	752,323	(107,470)	-	644,853
NET ASSETS:							
Beginning of year	2,059,785	46,051	294,794	1,307,462	153,521	294,794	1,755,777
End of year	\$ 1,979,558	\$ 35,755	\$ 294,794	\$ 2,059,785	\$ 46,051	\$ 294,794	\$ 2,400,630

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

CIVIC GARDEN CENTER OF GREATER CINCINNATI

STATEMENT OF FUNCTIONAL EXPENSES

For the Years Ended December 31, 2009 and 2008

	2009			2008		
	Program Services	Management and General	Supporting Services	Program Services	Management and General	Supporting Services
			Total			Total
Salaries	\$ 269,166	\$ 44,410	\$ 88,679	\$ 244,004	\$ 44,018	\$ 73,122
Payroll taxes and benefits	61,764	10,191	20,349	55,688	16,701	23,634
Professional fees	601	28,762	29,257	113,248	24,111	24,286
Supplies	150,462	12,497	20,059	139,638	10,654	17,381
Occupancy	54,189	9,138	9,138	45,017	11,828	11,851
Marketing	3,216	5,571	11,764	3,939	2,652	5,990
Professional development	1,332	869	1,424	3,437	1,080	1,435
Bank charges and fees	764	13,280	13,353	-	9,723	9,723
Donated services and supplies	13,904	7,256	7,876	30,109	5,875	6,609
Depreciation	69,400	3,660	7,513	61,560	3,420	6,840
Miscellaneous	124	378	396	58	839	858
	<u>\$ 624,922</u>	<u>\$ 136,012</u>	<u>\$ 209,808</u>	<u>\$ 696,698</u>	<u>\$ 130,901</u>	<u>\$ 181,729</u>
			<u>\$ 834,730</u>			<u>\$ 878,427</u>

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

CIVIC GARDEN CENTER OF GREATER CINCINNATI

STATEMENT OF CASH FLOWS

For the Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	(\$ 90,523)	\$ 644,853
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Net realized and unrealized (gain) loss on investments	(106,732)	179,900
Net decrease in charitable trusts' investments	5,393	5,177
Depreciation expense	76,913	68,400
Donated stock	(13,808)	(992,677)
Changes in assets - (increase) decrease:		
Prepaid expenses	1,585	(1,387)
Grants receivable	(5,183)	(722)
Accounts receivable	943	(2,499)
Changes in liabilities - increase (decrease):		
Accounts payable and accrued expenses	(17,243)	45,311
Refundable advance - agency transaction	(16,041)	16,041
Net cash used in operating activities	(164,696)	(37,603)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(80,133)	(50,079)
Purchase of investments	(1,631,868)	(137,565)
Proceeds from sale of investments	1,787,190	180,303
Sale of assets for investment in property and equipment	21,916	35,287
Net cash provided by investing activities	97,105	27,946
Net decrease in cash	(67,591)	(9,657)
CASH:		
Beginning of year	165,425	175,082
End of year	<u>\$ 97,834</u>	<u>\$ 165,425</u>

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

CIVIC GARDEN CENTER OF GREATER CINCINNATI

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2009 and 2008

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization - Civic Garden Center of Greater Cincinnati (the Organization) is an Ohio not-for-profit organization chartered in November 1942. The purpose of the Organization is to promote interest and involvement in horticulture and to encourage beautification and the effective use of open space throughout the Greater Cincinnati community by maintaining the Organization as a source of education, advice and assistance, and by providing professional staff and trained volunteers to carry out these goals.

Basis of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Financial Statement Presentation - Net assets, revenues and other public support are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Unrestricted - Net assets that are not subject to donor-imposed stipulations and over which the Organization retains full control to use in achieving any of its objectives.

Temporarily Restricted - Net assets subject to donor-imposed stipulations that can be fulfilled either by actions of the Organization pursuant to those stipulations or that expire by the passage of time.

Permanently Restricted - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Contributions received are measured at their fair values and are reported as increases in net assets. Revenues from sources other than contributions are reported as increases in unrestricted net assets.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period, are reported as unrestricted revenue.

When the Organization receives gifts of long-lived assets without donor stipulation about how long the donated asset must be used, it is the Organization's accounting policy not to imply a time restriction that expires over the useful life of the asset.

Revenues and Other Support - Revenues and other support include contributions, grants,

CIVIC GARDEN CENTER OF GREATER CINCINNATI

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2009 and 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

program fees and other various revenues and support. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Contributions received are recorded in the year the commitment is received as unrestricted, temporarily restricted or permanently restricted revenue.

Concentration of Credit Risk - The Organization maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. Because of recent economic events, the FDIC offered increased coverage to banks opting to participate in a special program. Participation in the program means FDIC insurance is unlimited for non-interest bearing accounts through December 31, 2009. The Organization's bank opted to participate in this program. Therefore, at December 31, 2009, the Organization's cash on deposit in the non-interest bearing accounts with a bank is not considered to have associated credit risk.

Investments - Investments are carried at fair market value. Contributed investments are recorded at the fair market value of the gift. Beneficial interests in charitable trusts held by third party administrators with no variance power are recorded at fair market value.

Property and Equipment - Property and equipment are stated at cost at the date of acquisition, or the fair market value at the date of donation in the case of gifts. Major repairs or betterments are capitalized; minor repairs and maintenance are expensed as incurred. Depreciation of property and equipment is provided on the straight-line method over their estimated useful lives as follows;

Buildings	10 - 39 years
Furniture and equipment	5 - 7 years
Planting and landscaping	10 - 15 years

When property and equipment are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in operations for the period.

The Organization tests property, plant and equipment for impairment whenever events or circumstances indicate that certain assets may be impaired. No such impairment reserve was considered necessary at December 31, 2009 and 2008.

Beneficial Interest in Charitable Trusts - The Organization recognizes contributions received by a recipient organization, such as a not-for-profit organization or a charitable trust, based on its interest in the net assets held by the recipient organization.

Donated Services and Supplies - Donated services and supplies are recorded at their estimated

CIVIC GARDEN CENTER OF GREATER CINCINNATI

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2009 and 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

values at the date of receipt. Total donated services and supplies included as contributions and expenses in the statement of activities were \$21,780 and \$36,718 for the years ended December 31, 2009 and 2008, respectively. In addition, a substantial number of individuals have donated significant amounts of time to the Organization's fund raising efforts and education programs. However, this donated time has not been recognized in the statement of activities because the criteria for recognition.

Functional Classification of Expenses - Program services are costs that directly relate to the purpose for which the Organization exists. Supporting services are costs that are not identifiable directly with a single program but are indispensable to the conduct of the Organization's activities and to its existence.

Library Books and Videos - The Organization maintains a collection of horticulture books and videos for use by members and the general public. Because the value of the collection is not readily determinable, it has not been recorded as an asset on the statement of financial position. The value of the books received as donations for which the Organization can make a reasonable estimate (together with books purchased) is reported as contributions revenue and program services expense in the statement of activities.

Income Taxes - The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

Management has evaluated the Organization's tax positions and has concluded that the Organization has no unrelated business income tax for the years ended December 31, 2009 and 2008. The Organization files a U.S. Federal tax return. Generally, the Organization is no longer subject to tax examinations for years before 2006. The Organization has no examinations in progress.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events - Subsequent events have been evaluated through October 26, 2010, the date the financial statements were available to be issued.

CIVIC GARDEN CENTER OF GREATER CINCINNATI

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2009 and 2008

2. **INVESTMENTS**

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Investment income, gains and losses are included in the statement of activities as increases or decreases in unrestricted net assets unless the investment income, gain or loss is restricted by donor or law.

Investments consist of the following at December 31:

	<u>Fair Market Value</u>	
	<u>2009</u>	<u>2008</u>
Mutual funds - equities	\$ 851,206	\$ 226,689
Mutual funds - fixed income	420,901	97,541
Equity security	-	1,023,677
Money market funds	<u>16,034</u>	<u>2,306</u>
Total	<u>\$1,288,141</u>	<u>\$1,350,213</u>

The statement of financial position includes the following investments:

	<u>2009</u>	<u>2008</u>
Current assets - investments	\$1,061,334	\$1,148,077
Non-current investments	<u>226,807</u>	<u>202,136</u>
Total	<u>\$1,288,141</u>	<u>\$1,350,213</u>

3. **LINE OF CREDIT**

The Organization has a revolving line of credit with a bank providing for borrowings up to \$250,000. Interest is payable monthly at the bank's prime rate (3.25% at December 31, 2009 and 2008) less .75% at December 31, 2009 and 2008. The line of credit expires September 30, 2010, and is secured by the Organization's investments (see Note 2). There were no borrowings outstanding under this line of credit as of December 31, 2009 and 2008.

4. **TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of the following at December 31:

	<u>2009</u>	<u>2008</u>
Marjorie Rauh Garden Intern Fund	<u>\$10,515</u>	<u>\$13,395</u>
Subtotal interest in charitable trusts	10,515	13,395
Grants to be used upon the approval of donor	10,740	11,041
Landscaping renovation and grounds grants	-	17,089

CIVIC GARDEN CENTER OF GREATER CINCINNATI

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2009 and 2008

4. **TEMPORARILY RESTRICTED NET ASSETS** (Continued)

	<u>2009</u>	<u>2008</u>
Hoffman Terrace and library improvements	-	4,526
Neighborhood gardens program	<u>14,500</u>	<u>-</u>
Subtotal grants and contributions	<u>25,240</u>	<u>32,656</u>
	<u>\$35,755</u>	<u>\$46,051</u>

5. **PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets consist of the following at December 31:

	<u>2009</u>	<u>2008</u>
Endowment investment	\$191,752	\$191,752
Hoffman Terrace and library improvements	70,000	70,000
Marjorie Rauh Garden Intern Endowment Fund	28,042	28,042
General Endowment Fund	<u>5,000</u>	<u>5,000</u>
	<u>\$294,794</u>	<u>\$294,794</u>

The amounts above are the portions of perpetual endowment funds that are required to be restricted permanently by explicit donor stipulation or state law.

6. **OPERATING LEASES**

The Organization leases various equipment. The monthly payments on these non-cancelable leases range from \$18 to \$269 and expire at various times through August 2013. The following is a schedule, by year, of the approximate future minimum rental payments required under the above operating leases:

<u>Year Ending</u> <u>December 31,</u>	
2010	\$ 4,900
2011	4,900
2012	4,800
2013	<u>2,300</u>
	<u>\$16,900</u>

Rent expense was approximately \$5,600 and \$3,600 for the years ended December 31, 2009 and 2008, respectively.

CIVIC GARDEN CENTER OF GREATER CINCINNATI

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2009 and 2008

7. RETIREMENT PLAN

The Organization has established a Simple IRA plan covering employees with compensation of \$5,000 or more during any calendar year. The Organization contributes 3 percent of the participating employees' deferral amount, which amounted to approximately \$7,400 and \$7,800 for the years ended December 31, 2009 and 2008, respectively.

8. ENDOWMENT

The Organization's endowment consists of various funds established for a variety of purposes. Its endowment includes only donor-restricted endowment funds. As required by Accounting Principles Generally Accepted in the United States of America (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted state law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of the interpretation, the Organization classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts donated to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by state law. In accordance with state law, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund.
- (2) The purposes of the organization and the donor-restricted endowment fund.
- (3) General economic conditions.
- (4) The possible effect of inflation and deflation.
- (5) The expected total return from income and the appreciation of investments.
- (6) Other resources of the organization.
- (7) The investment policies of the organization.

Endowment net asset composition as of December 31, 2009 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowment funds	(\$43,716)	\$ -	\$294,794	\$251,078

CIVIC GARDEN CENTER OF GREATER CINCINNATI

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2009 and 2008

8. **ENDOWMENT** (Continued)

Changes in net assets for the year ended December 31, 2009:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	(\$47,812)	\$ 1,443	\$294,794	\$248,425
Investment return:				
Investment income	3,725	3,723	-	7,448
Net appreciation (realized and unrealized)	<u>8,601</u>	<u>17,796</u>	-	<u>26,397</u>
Total investment return	12,326	21,519	-	33,845
Contributions	-	-	-	-
Appropriation of endowment assets for expenditure	<u>(8,230)</u>	<u>(22,962)</u>	-	<u>(31,192)</u>
Endowment net assets, end of year	<u>(\$43,716)</u>	<u>\$ -</u>	<u>\$294,794</u>	<u>\$251,078</u>

Endowment net asset composition as of December 31, 2008 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowment funds	<u>(\$47,812)</u>	<u>\$1,443</u>	<u>\$294,794</u>	<u>\$248,425</u>

Changes in net assets for the year ended December 31, 2008:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$30,466	\$294,794	\$325,260
Investment return:				
Investment income	-	7,574	-	7,574
Net depreciation (realized and unrealized)	<u>(47,812)</u>	<u>(34,924)</u>	-	<u>(82,736)</u>
Total investment return	<u>(47,812)</u>	<u>(27,350)</u>	-	<u>(75,162)</u>
Contributions	-	-	-	-
Appropriation of endowment assets for expenditure	-	<u>(1,673)</u>	-	<u>(1,673)</u>
Endowment net assets, end of year	<u>(\$47,812)</u>	<u>\$ 1,443</u>	<u>\$294,794</u>	<u>\$248,425</u>

CIVIC GARDEN CENTER OF GREATER CINCINNATI

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2009 and 2008

8. **ENDOWMENT** (Continued)

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or state law requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$43,716 and \$47,812 as of December 31, 2009 and 2008, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred during the year.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, donor restricted funds are held by a foundation and a bank investment advisor who invests the funds consisting of equity and fixed income securities assuming a moderate level of risk. The organization expects its endowment funds, over time, to provide an average rate of return of more than four percent above the rate of inflation. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Organization 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 Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

The Organization has established an investment spending policy of appropriating for distribution each year five percent of the endowment fund's average fair value over the prior twelve quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow at an acceptable rate annually. This is consistent with the organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. The endowment is maintained at the historic value. If the endowment suffers investment losses, the endowment is replenished to historic value from unrestricted net assets.

9. **FAIR VALUE MEASUREMENTS**

The Organization reports all financial instruments on a fair value basis. Fair value is the price that

CIVIC GARDEN CENTER OF GREATER CINCINNATI

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2009 and 2008

9. **FAIR VALUE MEASUREMENTS** (Continued)

would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement dates. In determining fair value, the Organization uses market approaches. Based on this approach, the Organization utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Organization utilizes valuation techniques that use observable inputs. Based on the observability of the inputs used in the valuation techniques the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1 - Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- Level 2 - Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.
- Level 3 - Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

For fiscal year ended December 31, 2009, the application of valuation techniques applied to similar assets has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Investments

The fair value of the equity security is the market value based on a quoted market price. Mutual funds and money market funds are valued at the net asset value of shares held by the Organization at year end.

CIVIC GARDEN CENTER OF GREATER CINCINNATI

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2009 and 2008

9. **FAIR VALUE MEASUREMENTS** (Continued)

Beneficial Interest in Charitable Trusts

The fair value of the Organization's beneficial interest in charitable trusts is based on the foundation that holds the funds valuing the assets based on quoted market prices from active markets, when available, or valuations from less active broker markets.

The table below presents the balances of assets measured at fair value on a recurring basis:

	December 31, 2009			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market	\$ 16,034	\$ -	\$ -	\$ 16,034
Mutual funds - equity:				
International	135,207	-	-	135,207
S&P 500	155,304	-	-	155,304
Select social	434,336	-	-	434,336
Emerging markets	29,520	-	-	29,520
Mid-cap value	34,333	-	-	34,333
Small-cap growth	14,956	-	-	14,956
Small-cap value	12,883	-	-	12,883
Mid-cap growth	34,668	-	-	34,668
	<u>851,207</u>	-	-	<u>851,207</u>
Mutual funds - fixed income:				
U.S. investment grade securities	374,248	-	-	374,248
Investment grade bonds	17,881	-	-	17,881
Inflation-indexed bonds	14,499	-	-	14,499
Intermediate investment grade	14,272	-	-	14,272
	<u>420,900</u>	-	-	<u>420,900</u>
	1,288,141	-	-	1,288,141
Beneficial interest in charitable trusts	<u>25,129</u>	<u>118,064</u>	-	<u>143,193</u>
Total	<u>\$1,313,270</u>	<u>\$118,064</u>	<u>\$ -</u>	<u>\$1,431,334</u>

	December 31, 2008			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	\$1,350,213	\$ -	\$ -	\$1,350,213
Beneficial interest in charitable trusts	<u>24,259</u>	<u>97,037</u>	-	<u>121,296</u>
Total	<u>\$1,374,472</u>	<u>\$97,037</u>	<u>\$ -</u>	<u>\$1,471,509</u>

10. **RECLASSIFICATIONS**

Certain 2008 balances have been reclassified to conform with the 2009 presentation.