

CIVIC GARDEN CENTER OF GREATER CINCINNATI
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
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, 2007 and 2006, 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, 2007 and 2006, 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

November 11, 2008

CIVIC GARDEN CENTER OF GREATER CINCINNATI

STATEMENT OF FINANCIAL POSITION

December 31, 2007 and 2006

ASSETS	<u>2007</u>	<u>2006</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 175,082	\$ 140,013
Prepaid expenses	640	928
Accounts receivable	1,174	75
Investments	<u>222,217</u>	<u>233,413</u>
Total current assets	399,113	374,429
PROPERTY AND EQUIPMENT:		
Land	179,887	179,887
Buildings	1,167,844	1,167,844
Furniture and equipment	313,592	296,856
Planting and landscaping	<u>177,913</u>	<u>199,182</u>
	1,839,236	1,843,769
Less accumulated depreciation	<u>(1,016,270)</u>	<u>(968,094)</u>
Net property and equipment	822,966	875,675
OTHER ASSETS:		
Beneficial interest in charitable trusts - unrestricted	143,485	121,243
Beneficial interest in charitable trusts - temporarily restricted	46,151	59,963
Beneficial interest in charitable trusts - permanently restricted	33,042	33,042
Permanently restricted investments	261,752	261,752
Cash restricted for capital acquisitions	<u>67,943</u>	<u>25,324</u>
Total assets	<u>\$ 1,774,452</u>	<u>\$ 1,751,428</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	<u>\$ 18,675</u>	<u>\$ 15,568</u>
Total current liabilities	18,675	15,568
NET ASSETS:		
Unrestricted	1,307,462	1,323,845
Temporarily restricted	153,521	117,221
Permanently restricted	<u>294,794</u>	<u>294,794</u>
Total net assets	<u>1,755,777</u>	<u>1,735,860</u>
Total liabilities and net assets	<u>\$ 1,774,452</u>	<u>\$ 1,751,428</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, 2007 and 2006

	2007			2006			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND OTHER SUPPORT:							
Contributions	\$ 301,796	\$ 203,216	\$ -	\$ 287,144	\$ 68,017	\$ -	\$ 355,161
Special events	135,686	-	-	145,810	-	-	145,810
Grants from governmental agencies	-	25,000	-	-	25,000	-	25,000
Investment income	22,633	3,477	-	7,791	17,480	-	25,271
Net realized and unrealized gain on investments	22,641	6,385	-	72,809	10,035	-	82,844
Program services fees	3,269	-	-	2,439	-	-	2,439
Donated services and supplies	40,954	-	-	52,416	-	-	52,416
Other	49,546	-	-	39,434	-	-	39,434
Net assets released from restrictions	201,778	(201,778)	-	141,186	(141,186)	-	-
Net revenues and other support	778,303	36,300	-	749,029	(20,654)	-	728,375
EXPENSES:							
Program services	624,228	-	-	576,551	-	-	576,551
Supporting services:							
Management and general	124,959	-	-	74,217	-	-	74,217
Fundraising	45,499	-	-	40,387	-	-	40,387
Total supporting services	170,458	-	-	114,604	-	-	114,604
Total operating expenses	794,686	-	-	691,155	-	-	691,155
Change in net assets	(16,383)	36,300	-	57,874	(20,654)	-	37,220
NET ASSETS:							
Beginning of year	1,323,845	117,221	294,794	1,265,971	137,875	294,794	1,698,640
End of year	\$ 1,307,462	\$ 153,521	\$ 294,794	\$ 1,323,845	\$ 117,221	\$ 294,794	\$ 1,735,860

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, 2007 and 2006

	2007			2006				
	Program Services	Management and General	Supporting Services	Program Services	Management and General	Supporting Services		
			Fundraising			Fundraising		
		Total	Total	Total	Total	Total		
Salaries	\$ 229,175	\$ 44,322	\$ 28,335	\$ 72,657	\$ 301,832	\$ 24,333	\$ 48,738	\$ 271,258
Payroll taxes and benefits	52,337	10,122	6,471	16,593	68,930	6,083	8,122	63,752
Professional fees	65,197	11,514	-	11,514	76,711	1,375	1,676	9,064
Supplies	133,141	22,362	3,589	25,951	159,092	-	12,686	140,716
Occupancy	41,862	10,040	663	10,703	52,565	727	7,229	53,012
Marketing	4,988	2,831	1,993	4,824	9,812	2,374	3,346	9,455
Professional development	1,140	1,104	-	1,104	2,244	35	793	3,605
Bank charges and interest	150	9,435	226	9,661	9,811	-	4,851	11,485
Donated services and supplies	33,685	6,589	680	7,269	40,954	2,040	16,643	52,416
Depreciation	62,553	4,209	3,475	7,684	70,237	3,420	6,840	66,383
Miscellaneous	-	2,431	67	2,498	2,498	-	3,680	10,009
	<u>\$ 624,228</u>	<u>\$ 124,959</u>	<u>\$ 45,499</u>	<u>\$ 170,458</u>	<u>\$ 794,686</u>	<u>\$ 40,387</u>	<u>\$ 114,604</u>	<u>\$ 691,155</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, 2007 and 2006

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 19,917	\$ 37,220
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Net loss on disposal of assets	1,707	-
Net realized and unrealized gain on investments	(29,025)	(82,844)
Decrease in charitable trusts	4,182	4,692
Depreciation expense	70,237	66,383
Donated stock	(38,496)	(35,508)
Changes in assets - (increase) decrease:		
Prepaid expenses	288	171
Grants receivable	-	3,312
Accounts receivable	(1,099)	174
Changes in liabilities - increase (decrease):		
Accounts payable and accrued expenses	<u>3,107</u>	<u>(19,362)</u>
Net cash provided by (used in) operating activities	30,818	(25,762)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(19,235)	(3,267)
Purchase of investments	(278,863)	(468,226)
Proceeds from sale of investments	344,968	766,712
Purchase of assets restricted for capital acquisitions	<u>(42,619)</u>	<u>(25,324)</u>
Net cash provided by investing activities	4,251	269,895
CASH FLOWS FROM FINANCING ACTIVITY:		
Payments on line of credit	<u>-</u>	<u>(234,153)</u>
Net cash used in financing activity	<u>-</u>	<u>(234,153)</u>
Net increase in cash and cash equivalents	35,069	9,980
CASH AND CASH EQUIVALENTS:		
Beginning of year	<u>140,013</u>	<u>130,033</u>
End of year	<u>\$ 175,082</u>	<u>\$ 140,013</u>
<u>Supplemental Disclosure of Cash Flow Information:</u>		
Cash paid during the year for interest:	<u>\$ -</u>	<u>\$ 2,624</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, 2007 and 2006

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.

CIVIC GARDEN CENTER OF GREATER CINCINNATI
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2007 and 2006

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Revenues and Other Support - Revenues and other support include contributions, grants, 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 balances that are insured by the Federal Deposit Insurance Corporation up to \$100,000. At December 31, 2007 and 2006, the Organization's cash and cash equivalents exceeded federally insured amounts by approximately \$99,000 and \$12,000, respectively. These amounts are invested in money market accounts. The Organization has not experienced any losses in such accounts and management believes the Organization is not exposed to any significant credit risk related to cash and cash equivalents.

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.

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

CIVIC GARDEN CENTER OF GREATER CINCINNATI
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2007 and 2006

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

estimated values at the date of receipt. Total donated services and supplies included as contributions and expenses in the statement of activities were \$40,954 and \$52,416 for the years ended December 31, 2007 and 2006, 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 under Statement of Financial Accounting Standards No. 116 have not been satisfied.

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.

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.

2. **INVESTMENTS**

Investments in equity securities with readily determinable fair values and all investments in

CIVIC GARDEN CENTER OF GREATER CINCINNATI

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2007 and 2006

2. **INVESTMENTS** (Continued)

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 income, gain or loss is restricted by donor or law.

Investments consist of the following at December 31:

	<u>Fair Market Value</u>	
	<u>2007</u>	<u>2006</u>
Mutual funds - equities	\$332,626	\$347,447
Mutual funds - fixed income	149,692	123,038
Money market funds	<u>1,651</u>	<u>24,680</u>
Total	<u>\$483,969</u>	<u>\$495,165</u>

The statement of financial position includes the following investments:

	<u>2007</u>	<u>2006</u>
Current assets - investments	\$222,217	\$233,413
Permanently restricted investments	<u>261,752</u>	<u>261,752</u>
Total	<u>\$483,969</u>	<u>\$495,165</u>

Subsequent to year end, the credit and liquidity crisis in the United States and throughout the global financial system has resulted in substantial volatility in financial markets and the banking system. These and other economic events have had a significant adverse impact on investment portfolios. As a result, the Organization's investments have likely incurred a significant decline in fair value since December 31, 2007.

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 (7.25% and 8.25% at December 31, 2007 and 2006, respectively), less .75% at December 31, 2007. The line of credit expires September 30, 2008, and is secured by the Organization's investments (see Note 2). Borrowings of zero were outstanding under this line of credit as of December 31, 2007 and 2006. Subsequent to year end, the line of credit was extended to September 30, 2009.

CIVIC GARDEN CENTER OF GREATER CINCINNATI

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2007 and 2006

4. **TEMPORARILY RESTRICTED NET ASSETS**

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

	<u>2007</u>	<u>2006</u>
Library Fund	\$ 23,825	\$ 32,185
Marjorie Rauh Garden Intern Fund	<u>22,326</u>	<u>27,778</u>
Subtotal interest in charitable trusts	46,151	59,963
Neighborhood gardens grants	3,463	843
Grants to be used upon the approval of donor	10,291	10,156
Public education grants	25,673	20,935
Landscaping renovation and grounds grants	15,684	15,479
Hoffman Terrace and library improvements	14,551	9,845
Capital fund and computer upgrades	23,770	-
Green learning station project	<u>13,938</u>	<u>-</u>
Subtotal grants and contributions	<u>107,370</u>	<u>57,258</u>
	<u>\$153,521</u>	<u>\$117,221</u>

5. **PERMANENTLY RESTRICTED NET ASSETS**

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

	<u>2007</u>	<u>2006</u>
PNC Advisors:		
Endowment investment	\$191,752	\$191,752
Hoffman Terrace and library improvements	70,000	70,000
Greater Cincinnati Foundation:		
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>

6. **OPERATING LEASES**

The Organization leases various equipment. The monthly payments on these non-cancelable leases are \$108 and \$275 and expire at various times through December 31, 2008. The following is a schedule, by year, of the approximate future minimum rental payments required under the above operating leases:

Year Ending	
<u>December 31,</u>	
2008	<u>\$2,779</u>

CIVIC GARDEN CENTER OF GREATER CINCINNATI

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2007 and 2006

6. **OPERATING LEASES** (Continued)

Rent expense was approximately \$5,800 and \$5,600 for the years ended December 31, 2007 and 2006, respectively.

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 \$6,715 and \$7,324 for the years ended December 31, 2007 and 2006, respectively.