

THE ATLANTA BOTANICAL GARDEN, INC.

FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
and
SUPPLEMENTAL INFORMATION

with
INDEPENDENT AUDITORS' REPORT

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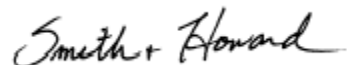
INDEPENDENT AUDITORS' REPORT

To The Board of Trustees of The Atlanta Botanical Garden, Inc.

We have audited the accompanying statement of financial position of The Atlanta Botanical Garden, Inc. (a not-for-profit organization) (the "Garden") as of December 31, 2011 and 2010 and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Garden'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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also 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 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 Atlanta Botanical Garden, Inc. as of December 31, 2011 and 2010 and the changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



November 14, 2012

THE ATLANTA BOTANICAL GARDEN, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011 AND 2010

ASSETS

| | <u>2011</u> | <u>2010</u> |
|---|-----------------------|-----------------------|
| Cash and cash equivalents | \$ 3,502,336 | \$ 4,450,201 |
| Investments | 39,590,505 | 38,828,811 |
| Pledges receivable, less allowance for doubtful pledges of \$238,203 and \$240,097 in 2011 and 2010, respectively | 4,417,672 | 4,258,576 |
| Inventory | 149,192 | 148,281 |
| Property and equipment, net | 60,592,424 | 63,207,625 |
| Bond issuance costs, net | 251,134 | 269,740 |
| Other assets | <u>387,644</u> | <u>418,660</u> |
| | <u>\$ 108,890,907</u> | <u>\$ 111,581,894</u> |

LIABILITIES AND NET ASSETS

| | | |
|--|-----------------------|-----------------------|
| Accounts payable and accrued liabilities | \$ 1,301,313 | \$ 930,603 |
| Deferred membership dues | 1,124,485 | 974,104 |
| Interest rate swap liability | 4,545,025 | 2,587,270 |
| Financing arrangements | <u>36,149,738</u> | <u>36,168,922</u> |
| Total Liabilities | <u>43,120,561</u> | <u>40,660,899</u> |
| Net assets | | |
| Unrestricted | | |
| Designated | 1,700,000 | 1,000,000 |
| Undesignated | <u>45,137,032</u> | <u>52,763,496</u> |
| | 46,837,032 | 53,763,496 |
| Temporarily restricted | 3,783,022 | 2,007,207 |
| Permanently restricted | <u>15,150,292</u> | <u>15,150,292</u> |
| Total Net Assets | <u>65,770,346</u> | <u>70,920,995</u> |
| | <u>\$ 108,890,907</u> | <u>\$ 111,581,894</u> |

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

THE ATLANTA BOTANICAL GARDEN, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2011 AND 2010

| | 2011 | | | <u>Total</u> |
|--|------------------------|-------------------------------|-------------------------------|------------------------|
| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | |
| Revenue, Gains And Other Support: | | | | |
| Contributions and grants | \$ 1,916,773 | \$ 2,151,215 | \$ - | \$ 4,067,988 |
| Membership dues | 2,346,551 | - | - | 2,346,551 |
| Auxiliary services and exhibits | 6,320,809 | - | - | 6,320,809 |
| Tuition | 218,791 | - | - | 218,791 |
| Other | 119,416 | - | - | 119,416 |
| Realized and unrealized gains (losses) on investments and other investment income (loss) | (1,214,180) | - | - | (1,214,180) |
| Net assets released from restrictions | <u>375,400</u> | <u>(375,400)</u> | <u>-</u> | <u>-</u> |
| Total Revenue, Gains and Other Support | <u>10,083,560</u> | <u>1,775,815</u> | <u>-</u> | <u>11,859,375</u> |
| Expenses: | | | | |
| Program services: | | | | |
| Improvement and maintenance of gardens | 5,085,747 | - | - | 5,085,747 |
| Education | 721,679 | - | - | 721,679 |
| Auxiliary services and exhibits | <u>5,917,175</u> | <u>-</u> | <u>-</u> | <u>5,917,175</u> |
| Total Program Services | <u>11,724,601</u> | <u>-</u> | <u>-</u> | <u>11,724,601</u> |
| Support services: | | | | |
| General and administrative | 1,431,084 | - | - | 1,431,084 |
| Public relations | 410,910 | - | - | 410,910 |
| Fund-raising | 961,213 | - | - | 961,213 |
| Membership development | <u>524,461</u> | <u>-</u> | <u>-</u> | <u>524,461</u> |
| Total Support Services | <u>3,327,668</u> | <u>-</u> | <u>-</u> | <u>3,327,668</u> |
| Total Expenses | <u>15,052,269</u> | <u>-</u> | <u>-</u> | <u>15,052,269</u> |
| Other gains (losses): | | | | |
| Change in market value of interest rate swap | <u>(1,957,755)</u> | <u>-</u> | <u>-</u> | <u>(1,957,755)</u> |
| Increase (Decrease) in Net Assets | <u>(6,926,464)</u> | <u>1,775,815</u> | <u>-</u> | <u>(5,150,649)</u> |
| Net assets at beginning of year | <u>53,763,496</u> | <u>2,007,207</u> | <u>15,150,292</u> | <u>70,920,995</u> |
| Net assets at end of year | <u>\$ 46,837,032</u> | <u>\$ 3,783,022</u> | <u>\$ 15,150,292</u> | <u>\$ 65,770,346</u> |

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

2010

| <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|----------------------|-----------------------------------|-----------------------------------|----------------------|
| \$ 1,436,977 | \$ 1,580,759 | \$ - | \$ 3,017,736 |
| 2,053,951 | - | - | 2,053,951 |
| 4,618,268 | - | - | 4,618,268 |
| 210,539 | - | - | 210,539 |
| 4,332,949 | - | - | 4,332,949 |
| 1,093,607 | (1,093,607) | - | - |
| <u>13,746,291</u> | <u>487,152</u> | <u>-</u> | <u>14,233,443</u> |
| 4,713,713 | - | - | 4,713,713 |
| 707,881 | - | - | 707,881 |
| <u>4,168,102</u> | <u>-</u> | <u>-</u> | <u>4,168,102</u> |
| <u>9,589,696</u> | <u>-</u> | <u>-</u> | <u>9,589,696</u> |
| 1,728,576 | - | - | 1,728,576 |
| 554,722 | - | - | 554,722 |
| 782,021 | - | - | 782,021 |
| <u>505,608</u> | <u>-</u> | <u>-</u> | <u>505,608</u> |
| <u>3,570,927</u> | <u>-</u> | <u>-</u> | <u>3,570,927</u> |
| <u>13,160,623</u> | <u>-</u> | <u>-</u> | <u>13,160,623</u> |
| <u>(1,333,212)</u> | <u>-</u> | <u>-</u> | <u>(1,333,212)</u> |
| <u>(747,544)</u> | <u>487,152</u> | <u>-</u> | <u>(260,392)</u> |
| <u>54,511,040</u> | <u>1,520,055</u> | <u>15,150,292</u> | <u>71,181,387</u> |
| <u>\$ 53,763,496</u> | <u>\$ 2,007,207</u> | <u>\$ 15,150,292</u> | <u>\$ 70,920,995</u> |

THE ATLANTA BOTANICAL GARDEN, INC.
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2011 AND 2010

| | <u>2011</u> | <u>2010</u> |
|--|---------------------|---------------------|
| Cash Flows from Operating Activities: | | |
| Decrease in net assets | \$ (5,150,649) | \$ (260,392) |
| Adjustments to reconcile decrease in net assets to net cash provided (required) by operating activities: | | |
| Net realized and unrealized (gains) losses on investments | 2,508,025 | (3,520,716) |
| Credit for doubtful pledges | (1,895) | (5,118) |
| Discount on pledges receivable | (14,444) | (2,255) |
| Depreciation and amortization | 2,513,892 | 2,269,190 |
| Change in fair market value of interest rate swap | 1,957,755 | 1,333,212 |
| Changes in net assets and liabilities: | | |
| Pledges receivable | (142,757) | 2,102,132 |
| Inventory | (911) | 25,647 |
| Other assets | 31,016 | (65,664) |
| Accounts payable and accrued liabilities | 370,710 | (431,055) |
| Deferred membership dues | 150,381 | 272,342 |
| Contribution restricted for long-term investment | <u>(1,130,617)</u> | <u>(2,623,425)</u> |
| Net Cash Provided (Required) by Operating Activities | <u>1,090,506</u> | <u>(906,102)</u> |
| Cash Flows from Investing Activities: | | |
| Purchases of investments | (12,473,922) | (8,275,868) |
| Proceeds from sales of investments | 9,204,203 | 19,615,197 |
| Proceeds from insurance settlement | 1,349,352 | - |
| Purchases of property and equipment, net | <u>(1,229,437)</u> | <u>(7,085,895)</u> |
| Net Cash Provided (Required) By Investing Activities | <u>(3,149,804)</u> | <u>4,253,434</u> |
| Cash Flows from Financing Activities: | | |
| Payments under financing arrangements | (19,184) | (6,512,091) |
| Net proceeds from contributions restricted for long-term investment | <u>1,130,617</u> | <u>2,623,425</u> |
| Net Cash Provided (Required) by Financing Activities | <u>1,111,433</u> | <u>(3,888,666)</u> |
| Net Decrease in Cash and Cash Equivalents | (947,865) | (541,334) |
| Cash and Cash Equivalents at Beginning of Year | <u>4,450,201</u> | <u>4,991,535</u> |
| Cash and Cash Equivalents at End of Year | <u>\$ 3,502,336</u> | <u>\$ 4,450,201</u> |

(Continued)

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

**THE ATLANTA BOTANICAL GARDEN, INC.
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

(Continued)

| | <u>2011</u> | <u>2010</u> |
|--|---------------------|---------------------|
| <u>Supplemental Disclosure of Cash Flow Information</u> | | |
| Cash paid for interest, including \$149,840 capitalized in 2010 | <u>\$ 1,394,923</u> | <u>\$ 1,174,794</u> |

Schedule of Non-Cash Investing and Financing Activities

During 2010, the Garden financed acquisitions of property with notes payable in the amount of \$291,000.

As further discussed in Note 5, during 2010, the Garden entered into agreements to convert \$35,500,000 in bonds payable into term notes.

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

THE ATLANTA BOTANICAL GARDEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

The Atlanta Botanical Garden, Inc. (the “Garden”) was formed to develop and maintain plant collections in the metropolitan Atlanta area and at satellite locations for display, education, research, conservation and enjoyment. The Garden was incorporated under the laws of the state of Georgia on January 28, 1976.

The Garden conducts various lecture series and seminars on botanical topics and displays and conducts tours of its botanical gardens to carry out its mission; admission and program service fees are received for certain of these activities. Auxiliary services and exhibits maintained by the Garden include admissions, facility rentals and a gift shop. Additional sources of revenue include contributions and grants from agencies, foundations, corporations and individuals, membership dues from Garden members, functions, fund-raisers and building rental for parties and weddings.

Basis of Accounting

The Garden follows accounting standards set by the Financial Accounting Standards Board (“FASB”). The FASB sets accounting principles generally accepted in the United States of America (“GAAP”).

Financial Statement Presentation

The Garden prepares its financial statements in accordance with GAAP. Under GAAP, the Garden is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted or permanently restricted net assets, based on stipulations made by the donor.

To ensure observance of limitations and restrictions placed on the use of resources available to the Garden, the resources are classified for accounting and reporting purposes into categories established according to their nature and purpose. The assets, liabilities and net assets of the Garden are reported in three self-balancing categories as follows:

Unrestricted net assets are resources that are neither permanently nor temporarily restricted by donor-imposed stipulations. The only limits on unrestricted net assets are those resulting from the nature of the Garden and its purposes (see Note 6).

THE ATLANTA BOTANICAL GARDEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

Temporarily restricted net assets are resources whose use by the Garden is limited by donor-imposed restrictions that either expire by the passage of time or can be removed by the actions of the Garden (see Note 7).

Permanently restricted net assets are those whose use by the Garden is limited by donor-imposed stipulations that neither expire by the passage of time nor can be removed by actions of the Garden. Permanently restricted net assets consist of certain endowment funds and land restricted for development (see Note 8).

Use of Estimates in Financial Statements

The preparation of financial statements in conformity with GAAP 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 reported period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid investments that are readily convertible into cash and have a maturity of ninety days or less when purchased. At times, cash and cash equivalent balances may exceed federally insured amounts. The Garden believes it mitigates any risks by depositing cash and investing in cash equivalents with major financial institutions.

Investments

Investments are carried at fair value.

Investment income and gains and losses on investments are recorded as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

THE ATLANTA BOTANICAL GARDEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

The investments primarily consist of mutual funds which are comprised of equity securities, bonds, and alternative funds. Investment securities are exposed to various risks, such as interest rate risk, market risk and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the accompanying financial statements.

During 2011 and 2010, the Garden entered into subscription agreements totaling \$7,250,000 and \$2,500,000, respectively, with various alternative investment capital funds. These funds make loans to or invest in private companies. As of December 31, 2011, the Garden had invested \$5,114,440 in these funds and may be required to contribute an additional \$2,135,560 should the funds make future capital calls.

Approximately 11% and 1% of the long-term investments held at fair value by the Garden at December 31, 2011 and 2010, respectively, are alternative investments including private equity funds, real estate investment funds and hedge funds. Some of these alternative investments are not liquid and the determination of the fair value of these investments is determined by the portfolio managers and management of the Garden. These estimates of fair value may differ significantly from the values that would have been used had a ready market existed for the investment.

Donated investments are recognized as contributions at their estimated fair values at the date of donation.

Property and Equipment

Property and equipment are stated at cost, if purchased, or fair value at the date of gift, if donated. The Garden capitalizes items with a purchase price or fair value greater than \$1,000 and a useful life greater than one year. Depreciation is calculated using the straight-line method over the estimated useful lives of the individual assets. General grounds improvements, gardens and permanent plantings are depreciated over ten to fifteen years; buildings are depreciated over thirty years; and furniture and equipment are depreciated over three to twenty-five years.

THE ATLANTA BOTANICAL GARDEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Collections

The Garden's collections include living plants, books, prints and herbarium specimens. The Garden has not capitalized the collections; instead the cost of collection items is reported as a decrease in the appropriate class of net assets and insurance recoveries of lost or destroyed collection items are reported as an increase in the appropriate class of net assets in the accompanying statement of activities and changes in net assets. The Garden's collections are maintained for display, education, conservation and enjoyment rather than for financial gain. Collections are important assets of the Garden and are protected, kept unencumbered, cared for and preserved.

Revenue Recognition

Contributions and grants (including unconditional promises to give, i.e., pledges) are recognized as revenue in the year they are received or pledged, with allowances provided by pledges estimated to be uncollectible. Unconditional pledges that are expected to be collected within one year are recorded at net realizable value. Unconditional pledges that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received (see Note 3).

Amortization of the discounts on unconditional pledges is included in contributions in the accompanying statement of activities and changes in net assets. Conditional pledges are not included as support until the conditions are substantially met.

The Garden is the beneficiary of certain beneficial interest trusts held and administered by others. The present value of the estimated future cash receipts from the trusts is recognized as an asset and contribution revenue in the appropriate class of net assets at the date such trusts are established. The carrying value of the assets is adjusted annually for changes in the estimates of future receipts. Investment income (loss) associated with such perpetual trusts is recognized when earned.

The Garden recognizes contributions and grants as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor-imposed temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and presented in the accompanying statement of activities and changes in net assets as net assets released from restrictions.

THE ATLANTA BOTANICAL GARDEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

The Garden recognizes contributions of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-term assets with explicit restrictions that specify how the assets are to be used and contributions of cash and other assets that must be used to acquire long-term assets are recognized as restricted support. In the absence of explicit donor stipulations about how long those long-term assets must be maintained, the Garden reports expirations of donor-imposed restrictions when the donated or acquired long-term assets are placed in service.

Annual payments for membership dues are deferred and recognized ratably over the life of the membership to which the dues relate. Revenue related to sales, special events and tuition is recognized when the transaction is complete, in the period in which the event is held or when services are provided, respectively.

Contribution revenue related to fund-raising events is recognized in the year in which the event occurs.

Donated Materials, Equipment and Services

A substantial number of volunteer hours have been donated by individuals in the Garden's program services and, to a lesser extent, its fund-raising campaigns and administration. No amounts have been recorded in the accompanying statement of activities and changes in net assets for these donated services. Under GAAP, donations of services that create or enhance nonfinancial assets, or require specialized skills that would otherwise typically be purchased, are recorded as support and expense.

Donated materials, equipment and services are recognized as contributions at their estimated fair values at the date of donation. These amounts totaled \$129,378 and \$117,390 during 2011 and 2010, respectively.

THE ATLANTA BOTANICAL GARDEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When indicators of impairment are present, the Garden evaluates the carrying amount of such assets in relation to the operating performance and future estimated undiscounted net cash flows expected to be generated by the assets or underlying businesses. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount which the carrying amount of the assets exceeds the fair value of assets. The assessment of the recoverability of assets will be impacted if estimated future operating cash flows are not achieved. In the opinion of management, no long-lived assets were impaired as of December 31, 2011 and 2010.

Income Tax Status

The Garden has been granted tax-exempt status under Section 501 (a)(3) of the Internal Revenue Code (the "Code") as an organization described in Section 501 (c)(3) whereby only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to Federal income tax. The Garden had no significant unrelated business taxable income during 2011 and 2010; accordingly, no provision or benefit for income taxes has been included in the accompanying financial statements.

The Garden annually evaluates all federal and state income tax positions. This process includes an analysis of whether these income tax positions the Garden takes meet the definition of an uncertain tax position under the Income Taxes Topic of the Financial Accounting Standards Codification.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

THE ATLANTA BOTANICAL GARDEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Major Donors and Vendors

At December 31, 2011, approximately 73% of net pledges receivable related to three major donors. During 2011, approximately 25% of contributions related to one major donor.

At December 31, 2010, approximately 80% of net pledges receivable related to five major donors. During 2010, approximately 37% of contributions related to three major donors.

During 2010, approximately 62% of the Garden's purchases were from one vendor.

Concentrations of Credit Risk

Financial instruments that potentially subject the Garden to concentrations of credit risk consist principally of cash and cash equivalents, investments and receivables. As a result of liquidity issues experienced in the global credit and capital markets, it is at least reasonably possible that changes in risks in the near term could occur which in turn could materially affect the amounts reported in the accompanying financial statements.

Endowment Fund

GAAP requires the following financial statement disclosures for the Garden:

- Classification of net assets

Endowment funds are used to account for investments in which the principal is temporarily or permanently restricted or Board-designated for a specific purpose.

- Interpretation of Relevant Law

The Garden has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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 this interpretation, the Garden classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts 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 ATLANTA BOTANICAL GARDEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Endowment Fund (Continued)

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 Garden in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Garden 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 Garden 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 Garden
- (7) The investment policies of the Garden

- Return Objectives and Risk Parameters

The Garden 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. Endowment assets include those assets of donor-restricted funds that the Garden must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Garden, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

- Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Garden 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 Garden 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.

THE ATLANTA BOTANICAL GARDEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Endowment Fund (Continued)

- Spending Policy

The Board of Trustees has approved a spending policy for the Garden whereby a certain percentage (generally not to exceed 4.5% of the fair value of investments) of investments may be expended. During the years ended December 31, 2011 and 2010, earnings from the endowment fund used in operations were \$891,531 and \$914,701, respectively.

Fair Values Measured on Recurring Basis

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs in which little or no market data exists (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 - Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Total assets and liabilities at fair value classified within Level 3 were \$8,547,927 and \$4,169,884 as of December 31, 2011 and 2010, respectively, which consists of investments in hedge funds, alternative investments, and an interest rate swap with a financial institution. The table below represents fair value measurement hierarchy of the assets (liabilities) at fair value as of December 31:

THE ATLANTA BOTANICAL GARDEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Values Measured on Recurring Basis (Continued)

| | | 2011 | | |
|------------------------------|----------------------|----------------------|----------------|---------------------|
| | <u>Fair Value</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| Stocks | \$ 3,445,019 | \$ 3,445,019 | \$ - | \$ - |
| Bonds | 2,243,105 | 2,243,105 | - | - |
| Mutual funds | 20,809,429 | 20,809,429 | - | - |
| Hedge funds | 8,546,804 | - | - | 8,546,804 |
| Alternative investments | 4,546,148 | - | - | 4,546,148 |
| Interest rate swap agreement | <u>(4,545,025)</u> | <u>-</u> | <u>-</u> | <u>(4,545,025)</u> |
| | <u>\$ 35,045,480</u> | <u>\$ 26,497,553</u> | <u>\$ -</u> | <u>\$ 8,547,927</u> |

| | | 2010 | | |
|------------------------------|----------------------|----------------------|----------------|---------------------|
| | <u>Fair Value</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| Stocks | \$ 5,294,471 | \$ 5,294,471 | \$ - | \$ - |
| Bonds | 2,882,828 | 2,882,828 | - | - |
| Mutual funds | 23,894,358 | 23,894,358 | - | - |
| Hedge funds | 6,462,995 | - | - | 6,462,995 |
| Alternative investments | 294,159 | - | - | 294,159 |
| Interest rate swap agreement | <u>(2,587,270)</u> | <u>-</u> | <u>-</u> | <u>(2,587,270)</u> |
| | <u>\$ 36,241,541</u> | <u>\$ 32,071,657</u> | <u>\$ -</u> | <u>\$ 4,169,884</u> |

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

The table below sets forth a summary of changes in the fair value of the Garden's Level 3 assets (liabilities) for the years ended December 31:

| | 2011 | 2010 |
|--|---------------------|---------------------|
| Balance, beginning of year | \$ 4,169,884 | \$ 1,890,412 |
| Purchase of investments | 7,281,449 | 3,512,040 |
| Sale of investments | (328,116) | (325,000) |
| Change in fair value of investments | (617,535) | 425,644 |
| Change in fair value of interest rate swap | <u>(1,957,755)</u> | <u>(1,333,212)</u> |
| Balance, end of year | <u>\$ 8,547,927</u> | <u>\$ 4,169,884</u> |

**THE ATLANTA BOTANICAL GARDEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derivative Financial Instruments

The Garden accounts for derivative financial instruments in accordance with GAAP which requires that all derivative instruments be recorded on the statement of financial position at their respective fair values.

The Garden uses an interest rate swap agreement in the management of interest rate risk and carries this derivative instrument on the statement of financial position at fair value. The interest rate swap agreement effectively fixes the interest rate at 3.29% on \$30,000,000 of variable rate borrowings under the Garden's financing arrangements (see Note 5). The initial fair value and subsequent changes in the fair value of the agreement are reported as a gain or loss in the accompanying statement of activities and changes in net assets.

Subsequent Events

Management has evaluated subsequent events through the date of this report, which is the date the financial statements were available to be issued.

NOTE 2 – INVESTMENTS

Investments consisted primarily of mutual funds which are comprised of equity, securities, corporate bonds and alternative funds at December 31, 2011 and 2010 and were stated at fair market value.

The components of the investment return for 2011 and 2010 (included in realized and unrealized gains (losses) on investments and other investment income (loss) in the accompanying statement of activities and changes in net assets) were as follows:

| | <u>2011</u> | <u>2010</u> |
|---|-----------------------|---------------------|
| Net realized and unrealized gains (losses) on investments, net of related fees | \$ (2,508,025) | \$ 3,520,716 |
| Investment income | <u>1,293,845</u> | <u>812,233</u> |
| | <u>\$ (1,214,180)</u> | <u>\$ 4,332,949</u> |

THE ATLANTA BOTANICAL GARDEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 3 – PLEDGES RECEIVABLE

At December 31, 2011 and 2010, pledges receivable were as follows:

| | <u>2011</u> | <u>2010</u> |
|-------------------------------------|---------------------|---------------------|
| Capital campaigns | \$ 3,236,612 | \$ 3,075,595 |
| Land and buildings pledge | 1,400,000 | 1,400,000 |
| Other | 22,266 | 40,525 |
| Less allowance for discounts | <u>(3,003)</u> | <u>(17,447)</u> |
| | 4,655,875 | 4,498,673 |
| Less allowance for doubtful pledges | <u>(238,203)</u> | <u>(240,097)</u> |
| | <u>\$ 4,417,672</u> | <u>\$ 4,258,576</u> |

The estimated present value of future cash flows at December 31, 2011 was as follows:

Year Ending December 31

| | |
|------------|---------------------|
| 2012 | \$ 2,513,982 |
| 2013 | 572,344 |
| 2014 | 54,063 |
| 2015 | 14,399 |
| 2016 | 101,087 |
| Thereafter | <u>1,400,000</u> |
| | <u>\$ 4,655,875</u> |

At December 31, 2011 and 2010, pledges receivable were discounted to their present values using a 0.4% interest rate.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2011 and 2010 were as follows:

| | <u>2011</u> | <u>2010</u> |
|---------------------------------|----------------------|----------------------|
| General grounds improvements | \$ 666,261 | \$ 666,261 |
| Gardens and permanent plantings | 8,423,028 | 8,423,028 |
| Buildings | 67,687,496 | 68,340,497 |
| Furniture and equipment | 2,154,460 | 1,757,026 |
| Land | 3,497,132 | 3,497,132 |
| Construction in progress | <u>639,557</u> | <u>502,406</u> |
| | 83,067,934 | 83,186,350 |
| Less accumulated depreciation | <u>(22,475,510)</u> | <u>(19,978,725)</u> |
| | <u>\$ 60,592,424</u> | <u>\$ 63,207,625</u> |

THE ATLANTA BOTANICAL GARDEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 4 – PROPERTY AND EQUIPMENT (Continued)

The Garden had non-depreciable artwork valued at \$503,018 at December 31, 2011 and 2010; such assets are not considered to be collections in accordance with GAAP and are included in gardens and permanent plantings in the schedule above.

Depreciation expense totaled \$2,586,743 and \$2,242,392 in 2011 and 2010, respectively.

NOTE 5 – FINANCING ARRANGEMENTS

Under a Trust Indenture, dated November 1, 2007, between The Atlanta Development Authority (Issuer) and a commercial bank (Trustee), Atlanta Development Authority Revenue Bonds (Atlanta Botanical Garden Improvements Project), Series 2007 Bonds totaling \$48,500,000 were issued on November 29, 2007. The issuer loaned the net proceeds of the sale of the Bonds to the Garden, pursuant to a Loan Agreement, dated November 1, 2007 between the Issuer and the Garden to enable the Garden to finance acquisition, construction and equipping of certain improvements to the facilities of the Garden. During the years ended December 31, 2010 and 2009, the Garden paid \$13,000,000 toward the principal of the Series 2007 Bonds. During 2010, the Garden converted the final \$35,500,000 of the Series 2007 bonds into term notes payable with a financial institution.

The \$30,000,000 term note is payable in twelve annual installments – each November - commencing in November 2018 and bears interest at 67% of LIBOR plus 2.1% (an effective rate of 1.60% at December 31, 2011).

The \$5,500,000 term note is payable in ten annual installments of \$550,000 – each December - commencing in December 2011 (the first payment being made in January 2012) and bears interest at 67% of LIBOR plus 2.1% (an effective rate of 1.60% at December 31, 2011).

The average interest rate during 2011 was 1.56%. Interest expense totaled \$554,843 and \$530,107 for 2011 and 2010, respectively. During 2010, \$149,840 of interest was capitalized as construction in progress in accordance with GAAP.

THE ATLANTA BOTANICAL GARDEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 5 – FINANCING ARRANGEMENTS (Continued)

The Garden entered into a \$240,000 promissory note agreement with a financial institution on November 7, 2006 to finance the purchase of property adjacent to the Smithgall Woodland Garden in Gainesville, Georgia. The note is unsecured, payable in monthly installments of principal and interest totaling \$1,452, bears interest at 6.00% per annum and matures in November 2016. Acceleration of note payments carries a penalty fee. Outstanding borrowings totaled \$223,226 and \$226,951 at December 31, 2011 and 2010, respectively.

The Garden entered into a \$300,000 non-revolving master borrowing loan with a financial institution on September 18, 2007. The Garden was allowed to borrow up to the loan amount but could not re-borrow amounts that have been repaid. On October 31, 2009, the note was amended and matures on October 31, 2012. The note is unsecured, payable in monthly installments of principal and interest totaling \$444, and bears interest at LIBOR plus 3% (an effective rate of 3.28% at December 31, 2011). Outstanding borrowings totaled \$148,889 and \$154,223 at December 31, 2011 and 2010, respectively.

The Garden entered into a \$291,000 promissory note agreement with a financial institution on October 20, 2010 to finance the purchase of property adjacent to the Smithgall Woodland Garden in Gainesville, Georgia. The note is unsecured, payable in monthly installments of principal and interest totaling \$1,617, bears interest at LIBOR plus 3% (an effective rate of 3.28% at December 31, 2011) and matures in October 2013. Outstanding borrowings totaled \$277,623 and \$287,748 at December 31, 2011 and 2010, respectively.

Principal maturities on the notes payable at December 31 are as follows:

| | |
|------------|----------------------|
| 2012 | \$ 1,263,434 |
| 2013 | 821,778 |
| 2014 | 554,756 |
| 2015 | 555,050 |
| 2016 | 754,720 |
| Thereafter | <u>32,200,000</u> |
| | <u>\$ 36,149,738</u> |

The Garden is subject to certain financial and nonfinancial covenants under the various loan agreements. At December 31, 2011, the Garden was in compliance with these covenants.

**THE ATLANTA BOTANICAL GARDEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

NOTE 6 – UNRESTRICTED NET ASSETS

The components of unrestricted net assets at December 31, 2011 and 2010 were as follows:

| | <u>2011</u> | <u>2010</u> |
|---|----------------------|----------------------|
| Designated by governing board as follows: | | |
| Endowment | \$ 1,000,000 | \$ 1,000,000 |
| Repairs, maintenance and capital expenditures | 300,000 | - |
| Garden exhibits to occur in 2013 and 2014 | 400,000 | - |
| | <u>1,700,000</u> | <u>1,000,000</u> |
| Undesignated | <u>45,137,032</u> | <u>52,763,496</u> |
| | <u>\$ 46,837,032</u> | <u>\$ 53,763,496</u> |

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

The components of temporarily restricted net assets at December 31, 2011 and 2010 were as follows:

| | <u>2011</u> | <u>2010</u> |
|--------------------|---------------------|---------------------|
| Term endowments | \$ 466,077 | \$ 469,231 |
| Capital projects | 3,091,610 | 1,362,650 |
| General operations | 225,335 | 175,326 |
| | <u>\$ 3,783,022</u> | <u>\$ 2,007,207</u> |

Net assets were released from donor restrictions by incurring expenses satisfying the purpose specified by donors as follows:

| | <u>2011</u> | <u>2010</u> |
|--------------------|-------------------|---------------------|
| Program expenses: | | |
| Term endowments | \$ 14,190 | \$ 246,553 |
| Capital projects | 189,665 | 662,030 |
| General operations | 171,545 | 185,024 |
| | <u>\$ 375,400</u> | <u>\$ 1,093,607</u> |

**THE ATLANTA BOTANICAL GARDEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

NOTE 8 – PERMANENTLY RESTRICTED NET ASSETS

The components of permanently restricted net assets at December 31, 2011 and 2010 were as follows:

| | <u>2011</u> | <u>2010</u> |
|---|----------------------|---------------------|
| General endowment | \$ 500,000 | \$ 500,000 |
| Smithgall endowment | 5,450,292 | 5,450,292 |
| Smithgall Arboretum Land | 4,000,000 | 4,000,000 |
| Dorothy Chapman Fuqua Conservatory and Orchid Center endowment | 5,000,000 | 5,000,000 |
| John Glenn memorial endowment | <u>200,000</u> | <u>200,000</u> |
| | <u>\$ 15,150,292</u> | <u>\$15,150,292</u> |

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Leases

In March 1980, the City of Atlanta leased thirty-four acres of land in Piedmont Park to the Garden at no cost for a period of fifty years expiring in March 2030, excluding renewal options. The Garden and its operating facilities are located on the land. The Garden is required to pay utilities, maintenance and insurance and to adhere to various covenants under the lease agreement, including the requirement to develop and maintain its facilities for the benefit of the citizens of the City of Atlanta. In the event the lease is terminated, improvements made to the property by the Garden become the property of the City of Atlanta.

Under GAAP, an explicit and unconditional promise for the use of property for a specified period of time should be recognized upon receipt as a receivable and as restricted support at its fair value. However, in the opinion of management, the lease is not unconditional since the terms of the lease limit the Garden's use of the property and because the lease is subject to termination by the City of Atlanta and other governmental entities; accordingly, no receivable has been recorded for the use of the property subject to the lease. Additionally, in management's opinion, the fair rental value of the property during 2011 and 2010 was not significant; accordingly, no values have been assigned for contributed use of the property or rental expense.

THE ATLANTA BOTANICAL GARDEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 10 – EMPLOYEE BENEFIT PLANS

The Garden had a qualified defined contribution plan which covered substantially all full-time employees. Contributions by the Garden were non-discretionary and the expense incurred totaled \$70,177 in 2010. No contributions were made in 2011. Prior to 2009, the Garden was required to contribute 3.5% of compensation for eligible employees. In 2009, the Garden amended the defined contribution plan to suspend contributions. In December 2009, the Garden terminated the plan.

The Garden offers its employees a deferred compensation plan qualified under Section 403(b) of the Internal Revenue Code (“IRC”). It permits substantially all eligible employees of the Garden to voluntarily contribute 100% of compensation, up to the maximum allowed under the IRC. The Garden’s contributions are discretionary. During the year ended December 31, 2011, the Garden made contributions of \$103,000. There were no contributions made during the year ended December 31, 2010.

The Garden also has a defined contribution plan in which the employees participate. This is a tax deferred annuity plan. The Garden does not make contributions to this plan.

NOTE 11 – EMPLOYMENT AGREEMENT

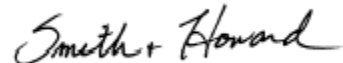
The Garden has entered into an employment agreement with the Garden’s executive director, which renews automatically for successive one-year periods starting in July every year, unless terminated by either party. This agreement provides for an annual base salary and certain allowances and benefits. If the Garden terminates the executive director without cause, the Garden has certain obligations to the executive director, all as defined in the agreement.

SUPPLEMENTAL INFORMATION

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

To the Board of Trustees of The Atlanta Botanical Garden, Inc.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole of The Atlanta Botanical Garden, Inc. (a not-for-profit organization) for the year ended December 31, 2011, which is presented in the preceding section of this report. The supplemental information presented hereinafter, which consists of December 31, 2011 financial statements presented by fund, is presented for purposes of additional analysis and is not a required part of the basic 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 information is fairly stated in all material respects in relation to the financial statements as a whole.



November 14, 2012

THE ATLANTA BOTANICAL GARDEN, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011

| | <u>General Fund</u> | <u>Endowment Fund</u> | <u>Plant Fund</u> | <u>Total All Funds</u> |
|---|-------------------------|---------------------------|-----------------------|----------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 1,768,545 | \$ - | \$ 1,733,791 | \$ 3,502,336 |
| Investments | - | 21,249,400 | 18,341,105 | 39,590,505 |
| Pledges receivable, less allowance for doubtful pledges of \$238,203 | 22,266 | - | 4,395,406 | 4,417,672 |
| Inventory | 149,192 | - | - | 149,192 |
| Property and equipment, net | - | - | 60,592,424 | 60,592,424 |
| Bond issuance costs, net | - | - | 251,134 | 251,134 |
| Other assets | 339,734 | - | 47,910 | 387,644 |
| | <u>\$ 2,279,737</u> | <u>\$ 21,249,400</u> | <u>\$ 85,361,770</u> | <u>\$ 108,890,907</u> |
| LIABILITIES AND NET ASSETS | | | | |
| Accounts payable and accrued liabilities | \$ 1,232,163 | \$ - | \$ 69,150 | \$ 1,301,313 |
| Interfund payable (receivable) | (1,805,270) | 2,432,358 | (627,088) | - |
| Deferred membership dues | 1,016,872 | - | 107,613 | 1,124,485 |
| Interest rate swap liability | - | - | 4,545,025 | 4,545,025 |
| Financing arrangements | - | - | 36,149,738 | 36,149,738 |
| Total Liabilities | <u>443,765</u> | <u>2,432,358</u> | <u>40,244,438</u> | <u>43,120,561</u> |
| Net Assets: | | | | |
| Unrestricted | | | | |
| Designated | 1,700,000 | - | - | 1,700,000 |
| Undesignated | (89,363) | 7,600,673 | 37,625,722 | 45,137,032 |
| | <u>1,610,637</u> | <u>7,600,673</u> | <u>37,625,722</u> | <u>46,837,032</u> |
| Temporarily restricted | 225,335 | 466,077 | 3,091,610 | 3,783,022 |
| Permanently restricted | - | 10,750,292 | 4,400,000 | 15,150,292 |
| Total Net Assets | <u>1,835,972</u> | <u>18,817,042</u> | <u>45,117,332</u> | <u>65,770,346</u> |
| | <u>\$ 2,279,737</u> | <u>\$ 21,249,400</u> | <u>\$ 85,361,770</u> | <u>\$ 108,890,907</u> |

THE ATLANTA BOTANICAL GARDEN, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2011

| | <u>General Fund</u> | <u>Endowment Fund</u> | <u>Plant Fund</u> | <u>Total All Funds</u> |
|---|-------------------------|---------------------------|-----------------------|----------------------------|
| Revenue, gains, and other support | | | | |
| Contributions and grants | \$ 2,100,016 | \$ - | \$ 1,967,972 | \$ 4,067,988 |
| Membership dues | 2,346,551 | - | - | 2,346,551 |
| Auxiliary services and exhibits | 6,320,809 | - | - | 6,320,809 |
| Tuition | 218,791 | - | - | 218,791 |
| Other | 91,663 | - | 27,753 | 119,416 |
| Realized and unrealized gains (losses) on investments and investment income (loss) | <u>-</u> | <u>(630,238)</u> | <u>(583,942)</u> | <u>(1,214,180)</u> |
| Total Revenue Gains, and Other Support | <u>11,077,830</u> | <u>(630,238)</u> | <u>1,411,783</u> | <u>11,859,375</u> |
| Expenses: | | | | |
| Program Services: | | | | |
| Improvement and maintenance of gardens | 2,771,149 | 1,617 | 2,312,981 | 5,085,747 |
| Education | 497,702 | 2,940 | 221,037 | 721,679 |
| Auxiliary services and exhibits | 4,761,308 | - | 1,155,867 | 5,917,175 |
| Total Program Services | <u>8,030,159</u> | <u>4,557</u> | <u>3,689,885</u> | <u>11,724,601</u> |
| Support Services: | | | | |
| General and administrative | 1,053,228 | 119,550 | 258,306 | 1,431,084 |
| Public relations | 385,041 | - | 25,869 | 410,910 |
| Fund-raising | 747,412 | - | 213,801 | 961,213 |
| Membership development | 505,486 | - | 18,975 | 524,461 |
| Total support services | <u>2,691,167</u> | <u>119,550</u> | <u>516,951</u> | <u>3,327,668</u> |
| Total expenses | <u>10,721,326</u> | <u>124,107</u> | <u>4,206,836</u> | <u>15,052,269</u> |
| Other Losses: | | | | |
| Change in market value of interest rate swap | <u>-</u> | <u>-</u> | <u>(1,957,755)</u> | <u>(1,957,755)</u> |
| Increase (decrease) in net assets | 356,504 | (754,345) | (4,752,808) | (5,150,649) |
| Net assets at beginning of year | 617,740 | 20,433,115 | 49,870,140 | 70,920,995 |
| Interfund transfers | <u>861,728</u> | <u>(861,728)</u> | <u>-</u> | <u>-</u> |
| Net assets at end of year | <u>\$ 1,835,972</u> | <u>\$ 18,817,042</u> | <u>\$ 45,117,332</u> | <u>\$ 65,770,346</u> |

**THE ATLANTA BOTANICAL GARDEN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2011**

| | Program Services | | | |
|---|---|------------------|-------------------------------|--------------------------|
| | Improvement and Maintenance of Gardens | Education | Auxiliary Services | Total Program |
| General Fund: | | | | |
| Salaries | \$ 1,464,391 | \$ 265,796 | \$ 1,150,870 | \$ 2,881,057 |
| Payroll taxes and benefits | 265,180 | 48,215 | 209,167 | 522,562 |
| Building and equipment maintenance | 58,107 | 25,582 | 34,144 | 117,833 |
| Garden and operating expenses: | | | | |
| Gardens and woodland | 422,985 | - | - | 422,985 |
| Conservatory | 302,208 | - | - | 302,208 |
| Professional fees | - | - | - | - |
| Development programs | 220 | 113,391 | 2,962,074 | 3,075,685 |
| Office and other expenses | 258,058 | 44,718 | 405,053 | 707,829 |
| Total Functional Expenses, General Fund | 2,771,149 | 497,702 | 4,761,308 | 8,030,159 |
| Endowment Fund: | | | | |
| Other expenses | 1,617 | 2,940 | - | 4,557 |
| Total Functional Expenses Endowment Fund | 1,617 | 2,940 | - | 4,557 |
| Plant Fund: | | | | |
| Depreciation and amortization | 2,110,049 | 53,782 | 278,160 | 2,441,991 |
| Interest expense | 177,059 | 167,255 | 877,707 | 1,222,021 |
| Professional fees | - | - | - | - |
| Other expenses | 25,873 | - | - | 25,873 |
| Total Functional Expenses, Plant Fund | 2,312,981 | 221,037 | 1,155,867 | 3,689,885 |
| Total All Funds | \$ 5,085,747 | \$ 721,679 | \$ 5,917,175 | \$ 11,724,601 |

Support Services

| <u>General and Administrative</u> | <u>Public Relations</u> | <u>Fundraising</u> | <u>Membership Development</u> | <u>Total Support</u> | <u>Total Expenses</u> |
|--|------------------------------------|---------------------------|--|---------------------------------|----------------------------------|
| \$ 388,634 | \$ 189,295 | \$ 319,661 | \$ 132,204 | \$ 1,029,794 | \$ 3,910,851 |
| 53,283 | 39,526 | 66,747 | 27,605 | 187,161 | 709,723 |
| 28,997 | 5,278 | 9,639 | - | 43,914 | 161,747 |
| - | - | - | - | - | 422,985 |
| - | - | - | - | - | 302,208 |
| 78,253 | - | - | 44,506 | 122,759 | 122,759 |
| 163,591 | 114,210 | 281,924 | 277,663 | 837,388 | 3,913,073 |
| <u>340,470</u> | <u>36,732</u> | <u>69,441</u> | <u>23,508</u> | <u>470,151</u> | <u>1,177,980</u> |
| <u>1,053,228</u> | <u>385,041</u> | <u>747,412</u> | <u>505,486</u> | <u>2,691,167</u> | <u>10,721,326</u> |
| 119,550 | - | - | - | 119,550 | 124,107 |
| <u>119,550</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>119,550</u> | <u>124,107</u> |
| 36,182 | 5,086 | 12,027 | - | 53,295 | 2,495,286 |
| 114,169 | 20,783 | 18,975 | 18,975 | 172,902 | 1,394,923 |
| - | - | 62,916 | - | 62,916 | 62,916 |
| <u>107,955</u> | <u>-</u> | <u>119,883</u> | <u>-</u> | <u>227,838</u> | <u>253,711</u> |
| <u>258,306</u> | <u>25,869</u> | <u>213,801</u> | <u>18,975</u> | <u>516,951</u> | <u>4,206,836</u> |
| <u>\$ 1,431,084</u> | <u>\$ 410,910</u> | <u>\$ 961,213</u> | <u>\$ 524,461</u> | <u>\$ 3,327,668</u> | <u>\$ 15,052,269</u> |