

CHEEKWOOD BOTANICAL GARDEN
AND MUSEUM OF ART

FINANCIAL STATEMENTS,
ADDITIONAL INFORMATION
AND
INDEPENDENT AUDITORS' REPORTS

DECEMBER 31, 2011

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Cheekwood Botanical Garden
and Museum of Art

We have audited the accompanying statement of financial position of Cheekwood Botanical Garden and Museum of Art ("Cheekwood") as of December 31, 2011, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Cheekwood's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Cheekwood's December 31, 2010 financial statements, and in our report dated June 24, 2011, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 audit provides 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 Cheekwood Botanical Garden and Museum of Art as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

KraftCPAs PLLC

Nashville, Tennessee
August 6, 2012

CHEEKWOOD BOTANICAL GARDEN AND MUSEUM OF ART

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2011 WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2010

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,745,822	\$ 1,108,717
Investments	3,008,810	3,529,641
Pledges and accounts receivable	1,339,661	689,412
Inventories	127,730	262,293
Prepaid expenses	150,614	84,060
Property, plant and equipment, net	16,553,446	16,764,402
Collections - Note 6	-	-
TOTAL ASSETS	<u>\$ 22,926,083</u>	<u>\$ 22,438,525</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable and accrued expenses	\$ 695,369	\$ 441,789
Notes payable	2,786,699	2,263,081
Unearned revenue	<u>220,038</u>	<u>44,476</u>
TOTAL LIABILITIES	<u>3,702,106</u>	<u>2,749,346</u>
COMMITMENTS		
NET ASSETS		
Unrestricted	14,063,468	15,353,543
Temporarily restricted	2,298,090	1,651,640
Permanently restricted	<u>2,862,419</u>	<u>2,683,996</u>
TOTAL NET ASSETS	<u>19,223,977</u>	<u>19,689,179</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 22,926,083</u>	<u>\$ 22,438,525</u>

See accompanying notes to financial statements.

CHEEKWOOD BOTANICAL GARDEN AND MUSEUM OF ART

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2011 WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2011</u>	<u>2010</u>
SUPPORT AND REVENUES					
Contributions	\$ 957,266	\$ 1,603,789	\$ 178,423	\$ 2,739,478	\$ 1,865,563
Volunteer fundraising contributions	266,530	550,000	-	816,530	368,041
Government grants	149,720	-	-	149,720	164,800
Contributions and net revenues from special events	1,634,901	-	-	1,634,901	1,592,750
Changes in value of split-interest gifts	-	(27,277)	-	(27,277)	30,546
In-kind contributions	71,085	-	-	71,085	48,468
Admission fees	520,704	-	-	520,704	1,607,874
Membership dues	658,146	-	-	658,146	689,795
Educational programs	206,255	-	-	206,255	169,889
Restaurant, catering and gift shop	1,008,573	-	-	1,008,573	1,473,919
Rental event income	371,585	-	-	371,585	449,651
Investment income (loss) - net	(23,594)	(87,269)	-	(110,863)	428,858
Loss on disposal of property, plant and equipment	(7,372)	-	-	(7,372)	-
Miscellaneous income	78,590	96	-	78,686	10,500
Net assets released resulting from satisfaction of donor restrictions	<u>1,392,889</u>	<u>(1,392,889)</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>7,285,278</u>	<u>646,450</u>	<u>178,423</u>	<u>8,110,151</u>	<u>8,900,654</u>
FUNCTIONAL EXPENSES					
Program services	6,362,247	-	-	6,362,247	6,563,509
Administrative	762,099	-	-	762,099	947,851
Fundraising	<u>1,451,007</u>	<u>-</u>	<u>-</u>	<u>1,451,007</u>	<u>1,843,478</u>
TOTAL FUNCTIONAL EXPENSES	<u>8,575,353</u>	<u>-</u>	<u>-</u>	<u>8,575,353</u>	<u>9,354,838</u>
CHANGE IN NET ASSETS	(1,290,075)	646,450	178,423	(465,202)	(454,184)
NET ASSETS - BEGINNING OF PERIOD	<u>15,353,543</u>	<u>1,651,640</u>	<u>2,683,996</u>	<u>19,689,179</u>	<u>20,143,363</u>
NET ASSETS - END OF PERIOD	<u>\$ 14,063,468</u>	<u>\$ 2,298,090</u>	<u>\$ 2,862,419</u>	<u>\$ 19,223,977</u>	<u>\$ 19,689,179</u>

See accompanying notes to financial statements.

CHEEKWOOD BOTANICAL GARDEN AND MUSEUM OF ART

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2011 WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2010

	<u>2011</u>	<u>2010</u>
OPERATING ACTIVITIES		
Change in net assets	\$ (465,202)	\$ (454,184)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	667,486	687,325
Contributions restricted or designated for long-term purposes	(278,423)	(142,206)
Loss on disposal of property, plant and equipment	7,372	-
Realized and unrealized (gains) losses on investments	170,191	(366,317)
Decrease (increase) in:		
Pledges and accounts receivable - operating	(650,249)	(149,684)
Inventories	134,563	44,188
Prepaid expenses	(66,554)	98,568
Increase (decrease) in:		
Accounts payable and accrued expenses	242,177	(4,699)
Unearned revenue	<u>175,562</u>	<u>(157,270)</u>
TOTAL ADJUSTMENTS	<u>402,125</u>	<u>9,905</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(63,077)</u>	<u>(444,279)</u>
INVESTING ACTIVITIES		
Purchases of investment securities	(2,949,524)	(297,691)
Proceeds from sale of investment securities	3,300,164	300,000
Purchase of property, plant and equipment	<u>(452,499)</u>	<u>(60,267)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(101,859)</u>	<u>(57,958)</u>
FINANCING ACTIVITIES		
Proceeds from contributions restricted or designated for:		
Investment in permanently restricted net assets	178,423	42,206
Investment in capital improvements	100,000	150,000
Payments on notes payable	(28,406)	(31,074)
Net proceeds (repayments) on line of credit	<u>552,024</u>	<u>(512,144)</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>802,041</u>	<u>(351,012)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	637,105	(853,249)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	<u>1,108,717</u>	<u>1,961,966</u>
CASH AND CASH EQUIVALENTS - END OF PERIOD	<u>\$ 1,745,822</u>	<u>\$ 1,108,717</u>
SUPPLEMENTAL CASH FLOW DISCLOSURE		
Interest paid	<u>\$ 73,722</u>	<u>\$ 68,838</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
Purchase of property, plant and equipment included in accounts payable	<u>\$ 11,403</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CHEEKWOOD BOTANICAL GARDEN AND MUSEUM OF ART

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2011 WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2010

	<u>Program Services</u>			<u>Supporting Services</u>			
	<u>Exhibitions and Programs</u>	<u>Restaurant and Gift Shops</u>	<u>Total</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>	<u>2010</u>
Personnel	\$ 1,661,929	\$ 679,307	\$ 2,341,236	\$ 476,944	\$ 402,226	\$ 3,220,406	\$ 3,475,706
Professional fees and contract services	589,250	28,053	617,303	61,047	16,777	695,127	399,504
Exhibitions and public programs	559,403	365	559,768	3,923	2,301	565,992	849,428
Special events and projects	48,466	-	48,466	-	860,762	909,228	1,085,704
Communication, advertising and donor cultivation	463,012	16,917	479,929	31,254	110,997	622,180	676,939
Utilities	296,606	46,960	343,566	2,087	4,886	350,539	357,690
Maintenance and repairs	271,322	44,517	315,839	5,428	6,353	327,620	278,411
Equipment	35,862	18,708	54,570	37,640	12,687	104,897	146,914
Supplies	45,568	43,594	89,162	5,184	7,544	101,890	127,786
Travel	18,221	202	18,423	3,264	795	22,482	36,298
Insurance	106,070	10,413	116,483	11,650	-	128,133	200,072
Interest expense and bank fees	22,704	30,073	52,777	83,947	18,381	155,105	184,365
Permits/fees/miscellaneous	9,153	19,911	29,064	26,509	3,236	58,809	55,210
Bad debt expense	-	2,320	2,320	-	-	2,320	1,145
Cost of goods sold	-	643,139	643,139	-	-	643,139	734,086
Art acquisitions	-	-	-	-	-	-	58,255
Depreciation	649,602	600	650,202	13,222	4,062	667,486	687,325
Total	<u>\$ 4,777,168</u>	<u>\$ 1,585,079</u>	<u>\$ 6,362,247</u>	<u>\$ 762,099</u>	<u>\$ 1,451,007</u>	<u>\$ 8,575,353</u>	<u>\$ 9,354,838</u>

See accompanying notes to financial statements.

CHEEKWOOD BOTANICAL GARDEN AND MUSEUM OF ART

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Cheekwood Botanical Garden and Museum of Art ("Cheekwood") is a Tennessee not-for-profit corporation whose mission is to preserve the institution as a historical landmark where beauty and excellence in art and horticulture stimulate the mind and nurture the spirit. Located on 55 acres of botanical gardens, the institution provides unique art and garden educational experiences for residents of Middle Tennessee and visitors from across the nation. The financial statements include the accounts and operations of the Swan Ball, an unincorporated group operating under Cheekwood's tax exemptions with the sole purpose of raising funds to support Cheekwood. Swan Ball volunteers administer an annual special event (the "Swan Ball") to benefit Cheekwood.

Basis of Presentation

The accompanying financial statements present the financial position and changes in net assets of Cheekwood on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Resources are classified as unrestricted, temporarily restricted, or permanently restricted net assets, based on the existence or absence of donor-imposed restrictions, as follows:

Unrestricted net assets are free of donor-imposed restrictions. All revenues, gains and losses that are not temporarily or permanently restricted by donors are included in this classification. All expenditures are reported in the unrestricted class of net assets, since the use of restricted contributions in accordance with the donors' stipulations results in the release of the restriction. Cheekwood has classified unrestricted net assets as follows:

Undesignated - Cumulative results from activities which have not been designated by management or the Board of Directors for specific purposes.

Amounts functioning as endowment - Contributions received with no specific restrictions by donors, but which have been designated by the Board of Directors to function as endowments.

Designated for property, plant and equipment - Net investment in land, buildings and equipment.

Various other designations (see Note 8).

Temporarily restricted net assets are limited as to use by donor-imposed restrictions that expire with the passage of time or that can be satisfied by use for the specific purpose.

Permanently restricted net assets are amounts required by donors to be held in perpetuity, including gifts requiring that the principal be invested and the income or specific portions thereof be used for certain restricted or unrestricted purposes.

CHEEKWOOD BOTANICAL GARDEN AND MUSEUM OF ART

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Comparative Amounts

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2010, from which the summarized information was derived.

Contributions and Support

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

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a restriction is fulfilled (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted and reported in the Statement of Activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the support is reported as unrestricted.

Cheekwood also receives grant revenue from various state and local agencies. Grant revenue is recognized in the period a liability is incurred for eligible expenditures under the terms of the grant.

Cheekwood reports any gifts of equipment or materials as unrestricted support unless explicit donor restrictions specify how the assets must be used. Gifts of long-lived assets with explicit restrictions as to how the assets are to be used or funds restricted for the acquisition of long-lived assets are reported as restricted support. Expirations of donor restrictions are recognized when the donated or acquired long-lived assets are placed in service.

Revenue Recognition

Membership dues, at differing levels, are generally collected for a one year period throughout the fiscal year. Dues income is recognized when paid and entitle the member to certain benefits. Memberships are generally not cancelable, and dues collected are non-refundable.

Rental income is derived from rental of the Cheekwood campus for weddings, receptions, etc. Other revenues are received for special events, classes, sponsorships, etc. Revenues received in advance are deferred and recognized in the period the related event or class takes place.

CHEEKWOOD BOTANICAL GARDEN AND MUSEUM OF ART

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Art Collection

In accordance with professional standards, art objects acquired through purchases and contributions since Cheekwood's inception are not valued in the accompanying statements of financial position. The cost of art objects purchased are reflected as program expenses and treated as decreases in unrestricted net assets in the year in which the items are acquired, or as decreases in temporarily or permanently restricted net assets if the assets used to purchase the items are restricted by donors. Proceeds from the sale of any deaccessioned items are classified as temporarily restricted net assets, to be applied toward future art acquisitions. The value of collection items contributed each year by donors is not recorded in the financial statements but is disclosed at estimated fair value as a non-cash activity in the Statement of Cash Flows.

Cash and Cash Equivalents

Cheekwood considers all highly liquid instruments with original maturities when purchased of three months or less to be cash equivalents, except for money market funds with brokerage firms, which are included in investments.

Promises to Give

Unconditional promises to give that are expected to be collected in future years are reported in pledges and accounts receivable and recorded at the present value of estimated future cash flows. The discount on those amounts is computed using a risk-free interest rate applicable to the year in which the promise is received. In 2011 and 2010, management considered this amount to be immaterial and it was not recorded. Amortization of the discount is recognized on the interest method over the term of the gift and included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Charitable Remainder Trusts

Cheekwood has remainder interests in, and is the named charitable beneficiary of, certain charitable trusts. A charitable remainder trust is a split-interest agreement in which the charitable beneficiary receives its beneficial interest in the donated assets after the primary beneficiary (life income recipient) has received benefits for a specified time period. At the termination of the agreement, the remaining assets in the trust pass to the charitable beneficiary for its use. A temporarily restricted contribution and the related receivable are recognized in the period the trust is established based on the fair value of the assets contributed less the present value of the future payments to be made to the donor or other beneficiaries. Beneficial interests in charitable remainder trusts are based on the actuarial life expectancy of the life income recipient using the discount rate in existence at the time of notification by the trustee of Cheekwood's remainder interest. Discount amortization and any revaluations of expected future payments to the donor or other beneficiaries are recognized as periodic adjustments to the receivable. Corresponding changes in the value of split interest agreements are recognized currently and included in temporarily restricted support.

CHEEKWOOD BOTANICAL GARDEN AND MUSEUM OF ART

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Charitable Lead Trust

Cheekwood was beneficiary of a charitable lead annuity trust. Under terms of the split-interest agreement, Cheekwood received an annuity over an eight-year period ending in 2011. At the end of the period, the trust terminated, and remaining trust assets were distributed to the residual beneficiary. Receipts were recorded as a reduction in the receivable and a corresponding reclassification from temporarily restricted to unrestricted net assets.

Investments

Investments are carried at the quoted market value on the last business day of the reporting period. Net realized and unrealized gains and losses are reflected in the Statement of Activities.

Inventories

Inventories consist principally of restaurant supplies and gift shop items and are reported at the lower of cost (first-in, first-out method) or market.

Property, Plant and Equipment

Land, buildings, equipment and furnishings are stated at cost or, if donated, at estimated fair value at the date of donation. Cheekwood capitalizes assets with a cost over \$1,000 and an estimated useful life greater than one year. Depreciation of buildings, equipment and furnishings is provided on a straight-line basis over estimated useful lives ranging from five to forty years. Costs of maintenance and repairs are charged to expense. When depreciable assets are disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain (except trade-ins) or loss is included in operations for the period. Gains on trade-ins are applied to reduce the cost of the new acquisition.

Donated Services

A substantial number of volunteers have donated significant amounts of their time to Cheekwood's program services and fundraising activities; however, no amounts have been shown in the accompanying financial statements for donated services by volunteers since there is no objective basis by which to measure the value of such services. Donated services that require specialized skills and would be purchased if not provided by the donor are recognized as support and expenses based on the estimated fair value of the services received.

CHEEKWOOD BOTANICAL GARDEN AND MUSEUM OF ART

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

Cheekwood is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. All activities of the Swan Ball (see Note 12) are included in the federal Form 990 filed by Cheekwood.

Cheekwood files U.S. Federal Form 990 for organizations exempt from income tax. Tax returns are subject to audit by the U.S. Internal Revenue Service for three years following the date of filing. Tax returns for years prior to the short period ended December 31, 2008 are no longer open to examination.

Management performs an evaluation of all income tax positions taken or expected to be taken in the course of preparing Cheekwood's income tax returns to determine whether the income tax positions meet a "more likely than not" standard of being sustained under examination by the applicable taxing authorities. Management has performed its evaluation of all income tax positions taken on all open income tax returns and has determined that there were no positions taken that do not meet the "more likely than not" standard. Accordingly, there are no provisions for income taxes, penalties or interest receivable or payable relating to uncertain income tax positions in the accompanying financial statements.

Fair Value Measurements

Cheekwood classifies its assets measured at fair value based on a hierarchy consisting of: Level 1 (valued using quoted prices from active markets for identical assets), Level 2 (not traded on an active market but for which observable market inputs are readily available), and Level 3 (valued based on significant unobservable inputs).

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

Investments - Money market funds, mutual funds and equity securities are valued at the closing price reported on the active market which they are traded, and are classified within level 1 of the valuation hierarchy.

CHEEKWOOD BOTANICAL GARDEN AND MUSEUM OF ART

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

Beneficial interest in charitable trusts - The measurement of Cheekwood's beneficial interest in charitable trusts was determined at the date of gift and is adjusted annually for the change in present value of the estimated future cash flows. The valuation is based on the term of the trust or actuarial life expectancy of the life income recipient using the discount rate in existence at the time of notification by the trustee of Cheekwood's interest and is classified within Level 3 of the valuation hierarchy.

There have been no changes in the methodologies used at December 31, 2011 and 2010.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Cheekwood's valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Endowment Funds

Cheekwood has various endowment funds, which include both donor-restricted endowment funds and funds designated by the Board to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Cheekwood's permanently restricted endowment funds are subject to the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA") and the State of Tennessee's State Uniform Prudent Management of Institutional Funds Act ("SUPMIFA").

Interpretation of applicable law - The Board of Directors has interpreted SUPMIFA 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, Cheekwood classified 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 remaining portion of the investment funds designated as an endowment that is not classified in permanently restricted net assets is classified as unrestricted as part of the Board-designated endowment fund, which is consistent with the standard of prudence prescribed by UPMIFA.

Spending policy - Cheekwood has a policy of appropriating for distribution each year a payout of 4.5% of the moving average, which is based on the quarter-end values of the portfolio over the previous three years. The spending amount resulting from this calculation is withdrawn over four quarters.

CHEEKWOOD BOTANICAL GARDEN AND MUSEUM OF ART

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Endowment Funds (Continued)

Investment return objective, risk parameters and strategies - Cheekwood has adopted investment and spending policies to establish asset allocation targets, investment objectives and guidelines and the degree of investment risk the Board deems acceptable. The goal of the investment program is for the purpose of providing funds that grow in value and provide a source of income primarily for the support of operating costs. Investment objectives are as follows:

- Maintain the purchasing power of current assets and all future contributions by protecting and growing the investments with a total return strategy.
- Maintain a consistent spending rate. The desire, at a minimum, is to maintain the level of programs and services currently provided.
- Apply a smoothing rule to mitigate the effects of short-term volatility on spending.
- Maximize return within reasonable and prudent levels of risk.
- Maintain an appropriate asset allocation based on a total return policy that is compatible with the spending policy, while still having the potential to produce positive real returns.

Cheekwood recognizes and acknowledges some risk must be assumed in order to achieve the long-term investment objectives, and there are uncertainties and complexities associated with contemporary investment markets. Cheekwood's prospects for the future, current financial condition and level of funding suggest collectively some interim fluctuations in market value rates of return may be tolerated in order to achieve longer-term objectives.

The asset allocation target is 15% to 25% large cap growth equity and large cap value equity, 5% to 10% mid cap equity and small cap equity, 12% to 18% international equity, and 25% to 35% fixed income.

CHEEKWOOD BOTANICAL GARDEN AND MUSEUM OF ART

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The following program and supporting services are included in the accompanying financial statements:

Program Services - expenses related to providing a premiere cultural resource for Tennessee residents and visitors to Middle Tennessee. Cheekwood provides arts, gardens and nature to students of all ages through a significant commitment to educational programming. Cheekwood programs are blended through two distinctive areas:

Exhibitions and Programs - Cheekwood provides a wide variety of activities inspired by its extensive indoor and outdoor collections. The Museum of Art, accredited by the American Association of Museums, is housed in the former Cheek residence and named to the National Register of Historic Places. It offers a spectrum of American and European art and decorative arts through its permanent collection, traveling exhibitions, and Woodland Sculpture Trail. Cheekwood encompasses 55 acres of woodland, pastoral and landscaped gardens and is designated as a level IV Arboretum by the Tennessee Urban Forestry Council. The historic gardens designed by Bryant Fleming in 1930, mingle harmoniously with specialized gardens featuring outstanding collections of plants that thrive in this area of the country, including boxwoods, dogwoods, and plants native to the Southeastern United States. These offerings are brought alive regularly through classes, lectures, family days and festivals.

Restaurant and Gift Shops - The Pineapple Room Restaurant and Gift Shop offer visitors of Cheekwood an oasis to enjoy delicious food and beverages and take away a souvenir of their day's experience. This service area also provides rental and catering facilities to further open Cheekwood to the public through the hosting of events on the grounds.

Supporting Services

Administrative - relates to the overall direction of the organization. These expenses are not identifiable with a particular program or with fundraising, but are indispensable to the conduct of those activities and are essential to the organization. Specific activities include organization oversight, business management, recordkeeping, budgeting, financing, and other administrative duties.

Fundraising - includes costs of activities directed toward appeals for financial support, including special events. Other activities include the cost of solicitations and creation and distribution of fundraising materials.

Direct expenses are allocated to applicable functional classifications. Indirect expenses are allocated to functional classifications based on objectively determinable factors (e.g. square footage, time, etc.), or reasonable subjective methods determined by management.

CHEEKWOOD BOTANICAL GARDEN AND MUSEUM OF ART

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Sales Taxes Collected

Sales taxes collected and remitted to governmental authorities are excluded from sales and costs and presented on a net basis in the financial statements.

Use of Estimates in the Preparation of 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 reporting period. Actual results could differ from those estimates.

Events Occurring After Reporting Date

Cheekwood has evaluated events and transactions that occurred between December 31, 2011 and August 6, 2012, the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements

Reclassifications

Certain reclassifications have been made in the 2010 financial statements to conform to the 2011 presentation. These reclassifications had no effect on the results of operations previously reported.

CHEEKWOOD BOTANICAL GARDEN AND MUSEUM OF ART

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

NOTE 2 - FAIR VALUE MEASUREMENTS

The following table sets forth Cheekwood's major categories of assets measured at fair value on a recurring basis, by level within the fair value hierarchy, as of December 31:

	2011			
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Investments:				
Money market funds	\$ 94,946	\$ -	\$ -	\$ 94,946
Mutual funds:				
Large cap	1,745,146	-	-	1,745,146
Small cap	162,569	-	-	162,569
Equity securities:				
Mid cap	156,881	-	-	156,881
Bond index fund	849,268	-	-	849,268
	3,008,810	-	-	3,008,810
Beneficial interests in charitable trusts	-	-	390,972	390,972
	<u>\$ 3,008,810</u>	<u>\$ -</u>	<u>\$ 390,972</u>	<u>\$ 3,399,782</u>

CHEEKWOOD BOTANICAL GARDEN AND MUSEUM OF ART

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

NOTE 2 - FAIR VALUE MEASUREMENTS (CONTINUED)

	2010			
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Investments:				
Money market funds	\$ 97,011	\$ -	\$ -	\$ 97,011
Mutual funds:				
Fixed income	837,250	-	-	837,250
Large cap	1,425,408	-	-	1,425,408
Mid cap	291,077	-	-	291,077
Small cap	284,013	-	-	284,013
International	594,882	-	-	594,882
	<u>3,529,641</u>	<u>-</u>	<u>-</u>	<u>3,529,641</u>
Beneficial interests in charitable trusts	<u>-</u>	<u>-</u>	<u>424,887</u>	<u>424,887</u>
	<u>\$ 3,529,641</u>	<u>\$ -</u>	<u>\$ 424,887</u>	<u>\$ 3,954,528</u>

A summary of the changes in assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) follows for the years ended December 31:

	2011	2010
<u>Beneficial interests in charitable trusts</u>		
Balance, beginning of year	\$ 424,887	\$ 394,341
Distributions received from charitable lead trust	(6,638)	-
Change in value of beneficial interests	<u>(27,277)</u>	<u>30,546</u>
Balance, end of year	<u>\$ 390,972</u>	<u>\$ 424,887</u>

CHEEKWOOD BOTANICAL GARDEN AND MUSEUM OF ART

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

NOTE 3 - INVESTMENTS

A summary of investment income (loss) follows for the years ended December 31:

	<u>2011</u>	<u>2010</u>
Interest and dividend income	\$ 51,370	\$ 54,497
Capital gain distributions	7,958	8,044
Realized and unrealized gain (loss) on investments - net	<u>(170,191)</u>	<u>366,317</u>
Total investment income (loss)	<u>\$ (110,863)</u>	<u>\$ 428,858</u>

NOTE 4 - PLEDGES AND ACCOUNTS RECEIVABLE

Pledges and accounts receivable consisted of the following at December 31:

	<u>2011</u>	<u>2010</u>
Pledges receivable	\$ 934,300	\$ 251,550
Other receivables:		
Beneficial interests in charitable trusts	390,972	424,887
Rental and catering clients	7,855	6,365
Other	<u>6,534</u>	<u>6,610</u>
Total receivables	<u>\$ 1,339,661</u>	<u>\$ 689,412</u>

Pledges receivable were due as follows at December 31:

	<u>2011</u>	<u>2010</u>
In less than one year	\$ 434,300	\$ 201,550
In one to five years	<u>500,000</u>	<u>50,000</u>
	<u>\$ 934,300</u>	<u>\$ 251,550</u>

CHEEKWOOD BOTANICAL GARDEN AND MUSEUM OF ART

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following at December 31:

	<u>2011</u>	<u>2010</u>
Land	\$ 2,620,000	\$ 2,620,000
Buildings	23,695,886	24,254,514
Equipment and furnishings	1,062,423	2,605,042
Construction in progress	<u>354,439</u>	<u>-</u>
	27,732,748	29,479,556
Less accumulated depreciation	<u>11,179,302</u>	<u>12,715,154</u>
	<u>\$ 16,553,446</u>	<u>\$ 16,764,402</u>

As of December 31, 2011, Cheekwood had remaining commitments of approximately \$53,000 related to construction of a garden that will be completed in 2012.

NOTE 6 - COLLECTIONS

The collections at Cheekwood consist of a wide range of media from different periods and cultures, with special emphasis on American art from the 18th through the 20th centuries, American and English Silver, Worcester porcelain, and contemporary outdoor sculpture. Each of the items is cataloged, preserved and cared for, and activities verifying their existence and assessing their condition are performed continuously. The collections are subject to a policy that requires proceeds from their sale to be used to acquire other items for collections. There was one collection sale in the amount of \$2,696 for the year ended December 31, 2010 (none in 2011).

CHEEKWOOD BOTANICAL GARDEN AND MUSEUM OF ART

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

NOTE 7 - NOTES PAYABLE

Notes payable consisted of the following at December 31:

	<u>2011</u>	<u>2010</u>
Note payable required monthly interest payments on the outstanding principal balance at the rate of 1.0% above the LIBOR rate. The terms of the note required all unpaid principal and interest to be paid on June 30, 2011. The note was verbally extended past the maturity date and on September 30, 2011, was consolidated with the new agreement below.	\$ -	\$ 521,747
\$1,000,000 line of credit requiring monthly interest payments on the outstanding principal balance at the rate of 2.0% above the LIBOR rate with a minimum of 3.0% (effective rate of 3.0% at December 31, 2011). The terms of the note require all unpaid principal and interest to be paid on September 28, 2012.	788,592	236,568
Note payable for the purchase of museum security equipment requiring monthly principal and interest payments of \$1,689. Interest is charged at a fixed rate of 7.05%. Security equipment is pledged as collateral for this loan. This note was paid off in January 2012.	1,679	21,069
Note payable for the purchase of certain land, required monthly interest payments on the outstanding principal balance at the rate of 2.0% above the LIBOR rate. The terms of the note require all unpaid principal and interest to be paid on June 30, 2011. The note was verbally extended past the maturity date and on September 30, 2011, was consolidated with the new note agreement below.	-	1,480,000
Note payable consolidating two existing notes, requiring monthly interest payments beginning on the date of the agreement, monthly principal and interest payments of \$8,000 beginning February 29, 2012, (increasing to \$9,000 and \$11,000 monthly on February 28, 2013 and 2014, respectively.) All unpaid interest and principal are due on September 30, 2014. The note bears an interest rate of 2.0% above LIBOR with a minimum rate of 3.0% (3.0% effective rate at December 31, 2011).	1,994,747	-
Other note payable, due in monthly installments of \$219 through 2012.	1,681	3,697
	<u>\$ 2,786,699</u>	<u>\$ 2,263,081</u>

CHEEKWOOD BOTANICAL GARDEN AND MUSEUM OF ART

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

NOTE 7 - NOTES PAYABLE (CONTINUED)

A schedule of annual principal maturities of all notes payable at December 31, 2011, follows:

For the year ending December 31,

2012	\$ 824,684
2013	47,981
2014	<u>1,914,034</u>
	<u>\$ 2,786,699</u>

One note payable agreement requires the maintenance of certain financial and non-financial covenants, including a debt service covenant that will be reviewed for compliance beginning in 2012.

NOTE 8 - NET ASSETS

Unrestricted net assets consisted of the following at December 31:

	<u>2011</u>	<u>2010</u>
Accumulated deficit from unrestricted operations	\$ (1,587,349)	\$ (1,426,166)
Unexpended balance of cumulative distributions received from Swan Ball	12,094	161,547
Net assets of the Swan Ball	814,820	631,490
Amounts functioning as endowment	268,564	727,036
Amounts invested in property, plant, and equipment, less related debt	<u>14,555,339</u>	<u>15,259,636</u>
	<u>\$ 14,063,468</u>	<u>\$ 15,353,543</u>

CHEEKWOOD BOTANICAL GARDEN AND MUSEUM OF ART

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

NOTE 8 - NET ASSETS (CONTINUED)

Temporarily restricted net assets are available for the following purposes at December 31:

	<u>2011</u>	<u>2010</u>
Museum of Art	\$ 650,918	\$ 691,423
Artist-in-residency program	1,000,000	-
Botanical Garden	138,528	299,768
Beneficial interests in trusts	390,972	424,887
Maintenance	-	218,786
Other	<u>117,672</u>	<u>16,776</u>
Total temporarily restricted net assets	<u>\$ 2,298,090</u>	<u>\$ 1,651,640</u>

During 2011, Cheekwood entered into an agreement to create an artist-in-residency program by establishing an endowment fund to pay for the expenses of the program. A donor agreed to fund the program with \$1,000,000 to be paid over four years and agreed that, until the full amount is received, Cheekwood could make partial withdrawals from the corpus in order to meet cash flow requirements of the program. As a result, the full amount is being reflected in temporarily restricted net assets until the year in which the full \$1,000,000 is received, at which time the balance remaining in the corpus will be transferred to permanently restricted net assets. As of December 31, 2011, \$250,000 has been received and \$750,000 is reflected as a pledge receivable.

NOTE 9 - ENDOWMENT

The endowment net asset composition by type of fund was as follows, as of December 31, 2011 and 2010:

	<u>2011</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ -	\$ 2,862,419	\$ 2,862,419
Board-designated endowment funds	<u>268,564</u>	<u>-</u>	<u>-</u>	<u>268,564</u>
Total	<u>\$ 268,564</u>	<u>\$ -</u>	<u>\$ 2,862,419</u>	<u>\$ 3,130,983</u>

CHEEKWOOD BOTANICAL GARDEN AND MUSEUM OF ART

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

NOTE 9 - ENDOWMENT (CONTINUED)

	2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 118,609	\$ 2,683,996	\$ 2,802,605
Board-designated endowment funds	727,036	-	-	727,036
Total	<u>\$ 727,036</u>	<u>\$ 118,609</u>	<u>\$ 2,683,996</u>	<u>\$ 3,529,641</u>

A summary of changes in endowments follows for the years ended December 31, 2011 and 2010:

	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, January 1, 2011	\$ 727,036	\$ 118,609	\$ 2,683,996	\$ 3,529,641
Interest and dividend income	37,541	13,829	-	51,370
Realized loss on investment	(56,080)	(22,913)	-	(78,993)
Unrealized loss on investment	(9,844)	(80,327)	-	(90,171)
Capital gain distributions	5,816	2,142	-	7,958
Contributions	-	-	178,423	178,423
Bank fees	(5,154)	(1,725)	-	(6,879)
Appropriation of endowment assets for expenditure	<u>(430,751)</u>	<u>(29,615)</u>	<u>-</u>	<u>(460,366)</u>
Endowment net assets, December 31, 2011	<u>\$ 268,564</u>	<u>\$ -</u>	<u>\$ 2,862,419</u>	<u>\$ 3,130,983</u>

CHEEKWOOD BOTANICAL GARDEN AND MUSEUM OF ART

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

NOTE 9 - ENDOWMENT (CONTINUED)

	2010			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, January 1, 2010	\$ 530,455	\$ 22,706	\$ 2,641,790	\$ 3,194,951
Interest and dividend income	38,873	15,521	-	54,394
Realized loss on investment	10,564	4,202	-	14,766
Unrealized loss on investment	250,253	101,298	-	351,551
Capital gain distributions	5,741	2,303	-	8,044
Contributions	-	-	42,206	42,206
Appropriation of endowment assets for expenditure	<u>(108,850)</u>	<u>(27,421)</u>	<u>-</u>	<u>(136,271)</u>
Endowment net assets, December 31, 2010	<u>\$ 727,036</u>	<u>\$ 118,609</u>	<u>\$ 2,683,996</u>	<u>\$ 3,529,641</u>

NOTE 10 - OPERATING LEASES

Cheekwood leases a portion of its office equipment under non-cancelable operating leases which expire at various times through May 2013, and require specified minimum rental payments.

A schedule of future minimum lease commitments under all noncancelable operating leases as of December 31, 2011, follows:

For the year ending December 31,

2012	\$ 20,544
2013	<u>5,501</u>
Total future minimum lease payments	<u>\$ 26,045</u>

Total rental expense incurred under all such agreements amounted to \$25,677 and 25,249 for the year ended December 31, 2011 and 2010, respectively.

CHEEKWOOD BOTANICAL GARDEN AND MUSEUM OF ART

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

NOTE 11 - RETIREMENT PLAN

Cheekwood sponsors a Section 403(b) retirement plan for the benefit of eligible employees. Under the plan, employees may contribute a specified amount or percentage of their annual compensation, not to exceed statutory limits. Cheekwood's contribution equals 100% of the employees' contribution, limited to 5% of their annual compensation. Cheekwood's matching contributions for the year ended December 31, 2011 and 2010 totaled \$35,919 and \$57,058 respectively.

NOTE 12 - AFFILIATED ORGANIZATIONS AND SPECIAL EVENTS

The Horticulture Society of Middle Tennessee (HSMT) and the Antiques and Garden Show are affiliated but autonomously operating organizations with a primary objective of supporting Cheekwood. Accordingly, these organizations contribute significant portions of their net revenues to Cheekwood annually. Cheekwood is also beneficiary of activities of the Swan Ball and Friends of Cheekwood, unincorporated volunteer groups. Contributions and revenues from HSMT, Friends of Cheekwood, and the Antiques and Garden Show are reported in volunteer fundraising contributions in the period received. No significant direct benefits to donors are applicable to these activities.

Following is a summary of contributions and net revenues (before applicable direct fundraising expenses) from the Swan Ball for the years ended December 31:

	<u>2011</u>	<u>2010</u>
Contributions	\$ 1,083,734	\$ 823,727
Special event revenues	808,239	968,776
Interest income	1,119	490
Direct benefits to donors	<u>(258,191)</u>	<u>(200,243)</u>
Contributions and net revenues from special events	<u>\$ 1,634,901</u>	<u>\$ 1,592,750</u>

CHEEKWOOD BOTANICAL GARDEN AND MUSEUM OF ART

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

NOTE 13 - CONCENTRATIONS OF CREDIT RISK

Cheekwood maintains cash at financial institutions who accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to statutory limits. As of December 31, 2011, Cheekwood's depositor accounts exceeded the FDIC insurance limits by approximately \$1,264,000.

At December 31, 2011, investments with account balances totaling \$3,008,810 were held under custodial care by one brokerage and investment company. These investments are not insured by the FDIC or any other government agency and are subject to investment risk, including loss of principal. The investments are insured by the Securities Investor Protection Corporation ("SIPC"), which insures investor losses attributable to bankruptcy or fraudulent practices of brokerage firms up to \$500,000 (including \$250,000 in cash).

Contributions received from two sources during the year ended December 31, 2011, represented 44% of total volunteer fundraising and contribution revenue (no single source exceeded 10% of volunteer fundraising and contribution revenue in 2010.) At December 31, 2011, pledges receivable from one source represented 56% of total pledges and accounts receivable (no single source represented greater than 10% of total pledges receivable at December 31, 2010.)

NOTE 14 - DONOR-DESIGNATED ENDOWMENT FUNDS IN TRUST

Two donors have established donor-designated endowment funds with the Community Foundation of Middle Tennessee for the benefit of the Cheekwood Botanical Garden and Museum of Art. The Community Foundation of Middle Tennessee has the ultimate authority and control over these Funds and, therefore, these investments are not included in the financial statements of Cheekwood. Income distributions from these funds are recognized by Cheekwood in the year received. Such distributions amounted to approximately \$3,300 during the year ended December 31, 2011 (\$3,700 during 2010). Total assets held in these funds amounted to \$264,263 at December 31, 2011 (\$89,197 at December 31, 2010).

NOTE 15 - OTHER MATTERS

Cheekwood occasionally contracts with businesses controlled by or affiliated with members of its Board of Directors, and/or their family members, for outside services in the ordinary course of business, including insurance coverage, banking relationships and occasional other professional services. In management's opinion, the effect of these relationships on the nature and terms of the business arrangements entered into with the providers of these services was not significant.

CHEEKWOOD BOTANICAL GARDEN AND MUSEUM OF ART

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

NOTE 16 - LAND

Subsequent to year end, Cheekwood sold two parcels of land. The first parcel, which included a building, was sold for \$350,000. Upon the sale of the property, Cheekwood entered into a three year lease agreement with the buyer for one dollar per year, which includes a three year renewal option. Under the lease agreement, Cheekwood is responsible for all utilities, maintenance, repairs, insurance and property taxes related to the building. The resulting gain of approximately \$340,000 will be accounted for as a sale/leaseback transaction, and will be recognized over the three year lease term. The second parcel of land was sold for \$1,375,000, resulting in a net loss of \$725,000, which will be recognized in 2012.

ADDITIONAL INFORMATION

INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

The Board of Directors
Cheekwood Botanical Garden
and Museum of Art

We have audited the financial statements of Cheekwood Botanical Garden and Museum of Art ("Cheekwood") as of and for the year ended December 31, 2011, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The following statement of financial position of the Swan Ball (a component of Cheekwood) as of December 31, 2011, and the related statement of activities for the year then ended, is presented for the purpose of additional analysis and are 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 audits 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. The prior year comparative information has been derived from Cheekwood's December 31, 2010 financial statements, and in our report dated June 24, 2011, we expressed an unqualified opinion on those financial statements.

KraftCPAs PLLC

Nashville, Tennessee
August 6, 2012

CHEEKWOOD BOTANICAL GARDEN AND MUSEUM OF ART

SWAN BALL

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2011 WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2010

	<u>ASSETS</u>	
	<u>2011</u>	<u>2010</u>
Cash and cash equivalents	\$ 909,948	\$ 651,544
Inventory	1,970	2,960
Prepaid expenses	<u>120,345</u>	<u>19,546</u>
TOTAL ASSETS	<u>\$ 1,032,263</u>	<u>\$ 674,050</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Unearned revenue	\$ 217,443	\$ 42,560
NET ASSETS		
Unrestricted	<u>814,820</u>	<u>631,490</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,032,263</u>	<u>\$ 674,050</u>

CHEEKWOOD BOTANICAL GARDEN AND MUSEUM OF ART

SWAN BALL

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2011
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2010

	<u>2011</u>	<u>2010</u>
CONTRIBUTIONS AND NET REVENUES		
Contributions	\$ 1,083,734	\$ 823,727
Revenues from special events	808,239	968,776
Interest income	1,119	490
Less direct benefits to donors	<u>(258,191)</u>	<u>(200,243)</u>
TOTAL CONTRIBUTIONS AND NET REVENUES	1,634,901	1,592,750
TOTAL FUNDRAISING EXPENSES	<u>820,599</u>	<u>946,855</u>
EXCESS OF CONTRIBUTIONS AND NET REVENUES OVER FUNDRAISING EXPENSES	814,302	645,895
CONTRIBUTIONS TO CHEEKWOOD	<u>(630,972)</u>	<u>(647,866)</u>
INCREASE (DECREASE) IN NET ASSETS	183,330	(1,971)
NET ASSETS - BEGINNING OF PERIOD	<u>631,490</u>	<u>633,461</u>
NET ASSETS - END OF PERIOD	<u>\$ 814,820</u>	<u>\$ 631,490</u>