

AMERICAN COMMUNITY GARDENING ASSOCIATION

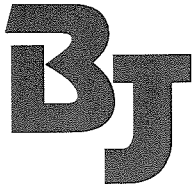
**FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2006 (AUDITED) AND 2005 (REVIEWED)**

AMERICAN COMMUNITY GARDENING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2006 (AUDITED) AND 2005 (REVIEWED)

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Bernard, Johnson & Company, P.C.

Certified Public Accountants and Business Advisors

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
American Community Gardening Association

We have audited the accompanying statement of financial position of American Community Gardening Association as of December 31, 2006 and the related statements of activities, functional expenses and cash flows for the year then ended. All information included in these financial statements is the representation of the management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 American Community Garden Association as of December 31, 2006, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The 2005 financial statements were reviewed by us, and our report hereon, dated July 17, 2006, stated we were not aware of any material modifications that should be made to those statements for them to be in conformity with generally accepted accounting principles. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements taken as a whole.

Bernard, Johnson & Co. PC

Topsfield, Massachusetts
April 26, 2007

AMERICAN COMMUNITY GARDENING ASSOCIATION

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2006 (AUDITED) AND 2005 (REVIEWED)

ASSETS	2006	2005 (REVIEWED)
ASSETS:		
Cash (Note 2)	\$ 19,335	\$ 16,047
Accounts receivable (Note 2)	200,000	145,000
Prepaid expenses	1,403	-
Inventory (Note 2)	2,208	-
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TOTAL ASSETS	\$ 222,946	\$ 161,047
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<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES:		
Accrued expenses	\$ 1,956	\$ -
Accounts payable	-	2,472
	<hr/>	<hr/>
	1,956	2,472
	<hr/>	<hr/>
NET ASSETS (Notes 2 and 3):		
Unrestricted net assets	20,990	13,575
Temporarily restricted net assets	200,000	145,000
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Total net assets	220,990	158,575
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TOTAL LIABILITIES AND NET ASSETS	\$ 222,946	\$ 161,047
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The accompanying notes are an integral part of these financial statements.

AMERICAN COMMUNITY GARDENING ASSOCIATION

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2006 (AUDITED) AND 2005 (REVIEWED)

	Unrestricted	Temporarily Restricted	2006 Total	2005 (Reviewed) Total
OPERATING REVENUES AND SUPPORT:				
Conference	\$ 102,126	\$ -	\$ 102,126	\$ 86,482
Memberships	20,641	-	20,641	20,002
Contributions	641	150,000	150,641	177,743
In-kind occupancy (Note 5)	4,600	-	4,600	-
Publications	1,827	-	1,827	1,776
Interest	62	-	62	38
Net assets released from restriction	95,000	(95,000)	-	-
TOTAL REVENUES AND SUPPORT	224,897	55,000	279,897	286,041
EXPENSES:				
Program services	180,111	-	180,111	108,467
General and administrative	37,371	-	37,371	73,675
TOTAL EXPENSES	217,482	-	217,482	182,142
CHANGE IN NET ASSETS	7,415	55,000	62,415	103,899
NET ASSETS AT BEGINNING OF YEAR	13,575	145,000	158,575	54,676
NET ASSETS AT END OF YEAR	\$ 20,990	\$ 200,000	\$ 220,990	\$ 158,575

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

AMERICAN COMMUNITY GARDENING ASSOCIATION

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2006 (AUDITED) AND 2005 (REVIEWED)

	Program Expenses	Management and General	Total 2006	Total (Reviewed) 2005
Conferences	\$ 86,043	\$ -	\$ 86,043	\$ 66,789
Office and administration	46,635	29,024	75,659	61,981
USDA training	21,519	-	21,519	25,432
Publications expense	25,914	-	25,914	13,186
Board	-	8,347	8,347	11,694
Youth scholarship	-	-	-	3,000
Outside services	-	-	-	60
	<u>\$ 180,111</u>	<u>\$ 37,371</u>	<u>\$ 217,482</u>	<u>\$ 182,142</u>

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

AMERICAN COMMUNITY GARDENING ASSOCIATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2006 (AUDITED) AND 2005 (REVIEWED)

	2006	2005 (Reviewed)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 62,415	\$ 103,899
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Accounts receivable	(55,000)	(100,262)
Prepaid expenses	(1,403)	-
Inventory	(2,208)	-
Accrued expenses	1,956	-
Accounts payable	(2,472)	(11,528)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	3,288	(7,891)
CASH AT BEGINNING OF YEAR	16,047	23,938
CASH AT END OF YEAR	<u>\$ 19,335</u>	<u>\$ 16,047</u>

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

AMERICAN COMMUNITY GARDENING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2006 (AUDITED) AND 2005 (REVIEWED)

1. NATURE OF BUSINESS:

Nature of Business - American Community Gardening Association is a non-profit Organization organized for the purpose of educating its members on community gardening and building activities, and in promoting and sponsoring youth activities related to community gardening.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation - The financial statements are presented on the accrual basis.

Cash - The Organization maintains a checking bank account.

Accounts Receivable - Accounts receivable consists of grants receivable from the United States Department of Agriculture and are deemed fully collectible.

Inventory - Inventory consists of publications and DVDs. Inventory is valued at the lower of first-in, first-out cost or market.

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

Capital Assets - The Organization does not possess capital assets.

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

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Income Taxes - The Organization is a not-for-profit Organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Promises to Give - Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefit received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Unconditional promises to give in future periods are recorded as temporarily restricted net assets.

Donated Services - Donated services have not been reflected in the accompanying financial statements since no objective basis is available to measure the value of such services.

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AMERICAN COMMUNITY GARDENING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 (AUDITED) AND 2005 (REVIEWED)
(Continued)

3. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets of \$200,000 and \$145,000 respectively at December 31, 2006 and 2005 represent grants receivable to further the general purposes of the American Community Gardening Association. It is anticipated that \$200,000 shown as a receivable as of December 31, 2006 will be received during the next fiscal year.

4. SIGNIFICANT CONCENTRATIONS RISK:

Approximately 53% and 52% of the Organization's monetary support was provided by grants from United States Department of Agriculture in the years ended December 31, 2006 and 2005 respectively.

5. OCCUPANCY:

The Organization leases office space from an Ohio conservatory at no expense. The conservatory contributes the total cost and all utilities of this space to the Organization and its value has been recorded in the accompanying Statement of Activities.