

Melwood Horticultural Training Center, Inc. and Affiliates

Consolidated Financial Report
June 30, 2014



Independent Auditor's Report

To the Board of Directors
Melwood Horticultural Training Center, Inc.
Upper Marlboro, Maryland

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Melwood Horticultural Training Center, Inc. and Affiliates (the Center) which comprise the consolidated balance sheets as of June 30, 2014 and 2013, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Center as of June 30, 2014 and 2013, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

McGladrey LLP

Gaithersburg, Maryland
November 19, 2014

Melwood Horticultural Training Center, Inc. and Affiliates

Consolidated Balance Sheets

June 30, 2014 and 2013

(In Thousands)

	2014	2013
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,658	\$ 1,637
Receivables, net	13,474	13,244
Inventory	281	126
Prepaid expenses	251	189
Total current assets	17,664	15,196
Property and Equipment, Net	16,463	19,398
Investments	3,039	2,763
Other Assets	519	728
	\$ 37,685	\$ 38,085
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 7,320	\$ 7,483
Accrued payroll and withheld taxes	3,840	3,460
Notes payable, current portion	483	460
Deferred revenue	193	234
Total current liabilities	11,836	11,637
Notes Payable, Net of Current Portion	2,862	5,172
Other Liabilities	1	9
	14,699	16,818
Contingencies (Note 11)		
Net Assets		
Unrestricted		
Operating	19,948	17,960
Board designated	1,670	1,519
	21,618	19,479
Temporarily restricted	426	846
Permanently restricted	942	942
	22,986	21,267
	\$ 37,685	\$ 38,085

See Notes to Consolidated Financial Statements.