

# **SANTA FE BOTANICAL GARDEN**

## **Financial Statements**

**Years Ended December 31, 2013 and 2012**

**(With Independent Auditors' Report Thereon)**



*Barracough & Associates, P.C.*  
Certified Public Accountants & Consultants



SANTA FE BOTANICAL GARDEN

Table of Contents

December 31, 2013 and 2012

	<u>Page</u>
Independent Auditors' Report	1-2
Financial Statements	
Statements of Financial Position	3
Statement of Activities 2013	4
Statement of Activities 2012	5
Statements of Cash Flows	6
Notes to Financial Statements	7-15

"29 Years of Excellence"



*Barracough & Associates, P.C.*  
Certified Public Accountants & Consultants

807 Camino De Monte Rey  
Post Office Box 1847  
Santa Fe, New Mexico 87504  
(505) 983-3387  
(505) 988-2505 FAX  
(800) 983-1040 Toll Free  
[ba@barracough.com](mailto:ba@barracough.com)

**Principals**  
John E. Barracough, Jr., C.P.A.  
Annette V. Hayden, C.P.A.  
Sandra M. Shell, C.P.A./A.B.V., C.V.A.  
Rhonda G. Williams, C.P.A.  
Katherine M. Rowe, C.P.A.

**Managers**  
Douglas W. Fraser, C.P.A.  
Laura Parker, C.P.A.  
Rick W. Reynolds, C.P.A.  
Christopher Noyes, C.P.A.

## INDEPENDENT AUDITORS' REPORT

The Board of Trustees of  
Santa Fe Botanical Garden

We have audited the accompanying financial statements of Santa Fe Botanical Garden (Garden), a non-profit organization, which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Santa Fe Botanical Garden as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script, appearing to read "Barraclough & Associates P.C.", written in black ink.

Barraclough & Associates, P.C.  
Santa Fe, NM  
July 29, 2014

SANTA FE BOTANICAL GARDEN

Statements of Financial Position

December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 136,072	\$ 277,770
Museum Hill Campaign pledges net of allowance, current	184,602	156,033
Grants receivable, current	-	75,000
Inventory	3,085	-
Other assets	<u>3,000</u>	<u>1,300</u>
Total current assets	326,759	510,103
Property and equipment, net	2,309,563	1,631,081
Museum Hill Campaign pledges, net of current	234,909	99,531
Grants receivable, net of current	<u>-</u>	<u>50,000</u>
Total Assets	<u>\$ 2,871,231</u>	<u>\$ 2,290,715</u>
<b>LIABILITIES and NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 50,733	\$ 115,079
Unearned revenue, current	-	50,000
Line of credit	204,305	40,000
Other current liabilities	<u>9,030</u>	<u>2,253</u>
Total current liabilities	264,068	207,332
Unearned revenue, net of current	<u>-</u>	<u>50,000</u>
Total liabilities	<u>264,068</u>	<u>257,332</u>
Net Assets		
Unrestricted net assets	1,814,651	221,201
Temporarily restricted net assets	792,512	1,812,182
Permanently restricted net assets	<u>-</u>	<u>-</u>
Total net assets	<u>2,607,163</u>	<u>2,033,383</u>
Total liabilities and net assets	<u>\$ 2,871,231</u>	<u>\$ 2,290,715</u>

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

SANTA FE BOTANICAL GARDEN

Statement of Activities

December 31, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>				
Contributions	\$ 56,591	\$ 817,944	\$ -	\$ 874,535
Membership dues	169,195	-	-	169,195
Grant income	74,500	-	-	74,500
Special events	72,947	-	-	72,947
Garden admissions	40,390	-	-	40,390
Contract with the City of Santa Fe	-	19,672	-	19,672
Product sales, net cost of goods sold of \$2,570	3,108	-	-	3,108
Education and workshops	5,180	-	-	5,180
In-kind contributions	1,384	-	-	1,384
Other income	10,382	-	-	10,382
Net assets released from restrictions	1,857,286	(1,857,286)	-	-
Total revenues, gains, and other support	<u>2,290,963</u>	<u>(1,019,670)</u>	<u>-</u>	<u>1,271,293</u>
<b>EXPENSES</b>				
Program services	281,848	-	-	281,848
General and administrative	231,947	-	-	231,947
Fundraising	183,718	-	-	183,718
Total expenses	<u>697,513</u>	<u>-</u>	<u>-</u>	<u>697,513</u>
Change in net assets	1,593,450	(1,019,670)	-	573,780
Net assets, beginning of the year	<u>221,201</u>	<u>1,812,182</u>	<u>-</u>	<u>2,033,383</u>
Net assets, end of the year	<u>\$ 1,814,651</u>	<u>\$ 792,512</u>	<u>\$ -</u>	<u>\$ 2,607,163</u>

The accompanying notes are an integral part of this financial statement.

SANTA FE BOTANICAL GARDEN

Statement of Activities

December 31, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>				
Contributions	\$ 31,432	\$ 583,158	\$ -	\$ 614,590
Membership dues	110,275	-	-	110,275
Grant income	25,336	61,500	-	86,836
Special events	38,315	-	-	38,315
Contract with the City of Santa Fe	-	30,251	-	30,251
Product sales	12,997	-	-	12,997
Education and workshops	5,497	-	-	5,497
In-kind contributions	8,364	-	-	8,364
Other income	320	-	-	320
Net assets released from restrictions	226,333	(226,333)	-	-
Total revenues, gains, and other support	<u>458,869</u>	<u>448,576</u>	<u>-</u>	<u>907,445</u>
<b>EXPENSES</b>				
Program services	207,867	-	-	207,867
General and administrative	111,300	-	-	111,300
Fundraising	65,089	-	-	65,089
Total expenses	<u>384,256</u>	<u>-</u>	<u>-</u>	<u>384,256</u>
Change in net assets	74,613	448,576	-	523,189
Net assets, beginning of the year	<u>146,588</u>	<u>1,363,606</u>	<u>-</u>	<u>1,510,194</u>
Net assets, end of the year	<u>\$ 221,201</u>	<u>\$ 1,812,182</u>	<u>\$ -</u>	<u>\$ 2,033,383</u>

The accompanying notes are an integral part of this financial statement.



SANTA FE BOTANICAL GARDEN

Statements of Cash Flows

December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Increase in net assets	\$ 573,780	\$ 523,189
Adjustments to reconcile changes in net assets to net cash provided in operating activities:		
Depreciation	23,534	2,171
Bad debt expense	32,963	-
(Increase) decrease in operating assets:		
Grants receivable	125,000	(125,000)
Pledges	(196,910)	51,428
Other current assets	(1,700)	16,100
Inventory	(3,085)	-
Increase (decrease) in operating liabilities:		
Unearned revenue	(100,000)	100,000
Accounts payable	(64,346)	97,512
Other current liabilities	6,777	(1,146)
Net cash provided by operating activities	<u>396,013</u>	<u>664,254</u>
Cash flows from investing activities		
Payments for property and equipment	(702,016)	(950,811)
Maturities of certificates of deposits	-	84,254
Net proceeds from line of credit	164,305	40,000
Net cash (used) for investing activities	<u>(537,711)</u>	<u>(826,557)</u>
(Decrease) in cash and cash equivalents	(141,698)	(162,303)
Cash and cash equivalents, beginning of the year	<u>277,770</u>	<u>440,073</u>
Cash and cash equivalents, end of the year	<u>\$ 136,072</u>	<u>\$ 277,770</u>
Supplemental disclosure of cash flow information:		
Interest paid	<u>\$ 5,908</u>	<u>\$ 327</u>
Non-cash contributions		
In-kind goods and services	<u>\$ 1,384</u>	<u>\$ 8,364</u>

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

# SANTA FE BOTANICAL GARDEN

## Notes to the Financial Statements

December 31, 2013 and 2012

### 1. Nature of Operations

#### The Organization

The Santa Fe Botanical Garden (Garden) is a 501(c)(3) nonprofit corporation, established in 1987 by a small group of gardeners, botanists and environmentally oriented people who shared the vision of establishing a botanical garden in Santa Fe. Their vision grew, and in 1992 a membership program was initiated.

Education and community service have remained the primary goals of the Garden, as it offers relevant workshops and events for visitors of all ages that focus on horticultural design, plant selection, and stewardship of our natural environments.

#### Leonora Curtin Wetland Preserve

In 1993, the Garden entered into a long-term lease with El Rancho de las Golondrinas for the 35 acre site, the Leonora Curtin Wetland Preserve, which quickly became the focus of much of the Garden's educational programming. The unique and fragile beauty of this land is a treasure in Santa Fe. Many dedicated volunteers have spent countless hours removing exotic and invasive plants, restoring the habitat through revegetation and ensuring that the pond remains a healthy environment for riparian plants, birds and invertebrates. Improvements including a floating dock, boardwalk and bird blind that have allowed visitors access to the site without damaging its delicate ecosystem.

#### Ortiz Mountains Educational Preserve

The 1,350 acre Ortiz Mountains Educational Preserve was acquired by the Garden in 2001 as a condition in the settlement agreement of a lawsuit requiring the cessation of mining activities by a mining conglomerate. Since assuming stewardship of this land, volunteers have made the land accessible to our members and visitors through the addition of a network of trails and a visitors' kiosk. In 2007 the land was sold to the County of Santa Fe. Management of the preserve remains the responsibility of the Garden. Each season a series of free lecture tours and hikes is offered to the public on varied topics including the history of gold mining in the Ortiz Mountains, native plant communities at 8,000 feet, photographing the natural landscape, early morning bird walks, and more.

#### Santa Fe Botanical Garden at Museum Hill

In December 2006 eleven acres of land were leased from the City of Santa Fe for the development of a new botanical garden. A landscape architect was hired to create a master plan for the new garden. The plan was approved by the City of Santa Fe in 2008. Development costs have been funded by capital outlay funding from the State of New Mexico to the City of Santa Fe. The total appropriations expended to date are \$330,000. As the City does not retain the title to the assets, the Garden capitalizes the assets that were purchased with their funds and recognized the corresponding revenue.

#### Education and Workshops

The Garden's mission of education and community service inspires programming for children and adults on topics ranging from water conservation, habitat restoration, best gardening practices, and historic garden restoration. Most programs are offered free of charge, or free to the membership.

# SANTA FE BOTANICAL GARDEN

## Notes to the Financial Statements (Continued)

December 31, 2013 and 2012

### 1. Nature of Operations (Continued)

#### Events

Special events are organized as fundraisers, but nevertheless have an educational focus. Usually, two are held each year. The two special events are the annual garden tour and the annual plant sale. The annual plant sale features plants that are tried and true in Santa Fe gardens. Both raise money that fund educational programs.

#### Public Outreach

Public Outreach informs the general public about plants, flowers and gardening. The Garden's website features a plant database of several hundred plants, newsletters and garden-related activities where the Garden partners with other organizations.

#### Garden Admissions

In the summer of 2013 the Garden had its grand opening of the Botanical Garden. The garden is open year around and admission is charged at various rates for various levels or free with an annual membership. The Garden also offers free Community Days, once a month free admission is offered to New Mexico residents and students with valid identification.

### 2. Summary of Significant Accounting Policies

#### Basis of Accounting

The financial statements of the Garden have been prepared on the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America (GAAP).

#### Basis of Presentation

The Garden follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-210-45, *Financial Statements of Not-for-Profit Entity*, which requires not-for-profit entities to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets depending on the existence or nature of any donor restrictions.

*Unrestricted Net Assets* – are assets not subject to stipulations imposed by the donor and are currently available for expenditures.

*Board Designated Unrestricted Net Assets* – are assets that the Board has designated to a specific purpose or designated for a specific time period.

*Temporarily Restricted Net Assets* – are assets subject to donor-imposed stipulations that may or will be met either by actions of the Garden and/or the passage of time.

# SANTA FE BOTANICAL GARDEN

## Notes to the Financial Statements (Continued)

December 31, 2013 and 2012

### 2. Summary of Significant Accounting Policies (Continued)

#### Basis of Presentation (Continued)

*Permanently Restricted Net Assets* – are assets subject to donor-imposed stipulations that must be maintained permanently by the Garden. The donors of these assets permit the Garden to use the income earned on related investments for general or specific purposes.

#### Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Cash and Cash Equivalents

For purposes of the statement of cash flows, the Garden considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

#### Promises to Give

Contributions are recognized when the donor makes a promise to give to the Garden that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Garden uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

The majority of the Garden's contributions are received from donors located in the greater Santa Fe, New Mexico area. As such, the Garden's ability to generate resources via contributions is dependent upon the economic health and other factors that can impact donations of that area.

#### Inventory

Inventory is valued using the specific identification method on a periodic basis. Inventory is stated at the lower of cost or market value.

#### Property and Equipment

The Garden capitalizes property and equipment over \$2,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding

# SANTA FE BOTANICAL GARDEN

## Notes to the Financial Statements (Continued)

December 31, 2013 and 2012

### 2. Summary of Significant Accounting Policies (Continued)

#### Property and Equipment (Continued)

how long those donated assets must be maintained, the Garden reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Garden reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from three to thirty years. Leasehold improvements are depreciated over the estimated lives of the leases.

#### Gifts In-Kind and Contributed Services

Gifts-in-kind are recorded at market value on the date of donation with a corresponding increase in either operation expenses or assets in the accompanying statement of activities or financial position as applicable. The contributions are recorded as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

Donated services are recognized as contributions in accordance with FASB ASC 958-605-25-16, *Revenue Recognition – Contributed Services*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individuals possessing those skills, and would otherwise be purchased by the Garden. The Garden generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Garden with education, workshops, various programs, and special events, but these services do not meet the criteria for recognition as contributed services.

#### Contributions

The Garden accounts for its contributions in accordance with FASB ASC 958-605-45-3, *Revenue Recognition -- Contributions Received*. In accordance with FASB ASC 958-605-45-3, contributions received are recorded as increases in temporarily restricted, or permanently restrict net assets, depending on the existence or nature of any donor restrictions.

#### Advertising

The cost of advertising is charged to expense as incurred. Advertising expense for the years ended December 31, 2013 and 2012 was \$17,507 and \$10,138, respectively.

#### Income Taxes

The Garden is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Garden files an annual information return (Form 990) with the Internal Revenue Service.

In accordance with FASB ASC 740-10, *Income Taxes*, which requires disclosure of taxable unrelated business income, none of the present or anticipated future activities of the Garden are subject to taxation as unrelated business income. No provision for income tax has been made in the accompanying financial statements and there are no uncertain tax positions for the years ended December 31, 2013 and 2012.

SANTA FE BOTANICAL GARDEN

Notes to the Financial Statements (Continued)

December 31, 2013 and 2012

2. Summary of Significant Accounting Policies (Continued)

Concentration of Credit Risk

The Garden maintains its operating cash account and a business checking account at two banks. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Based on review of coverage available, the Garden did not have an uninsured balance at December 31, 2013 and 2012. The Garden also maintains an investment account at a bank. The investment account is used to sell donated marketable securities.

The Garden has cash at the investment account that is fully insured by SIPC at December 31, 2013 and 2012. It is the policy of the Garden to sell donated securities as soon as possible after receipts. The Garden believes it is not exposed to any significant credit risk on its cash balances.

3. Promises to Give

*Museum Hill Capital Campaign*

Unconditional promises to give are restricted for the Museum Hill Capital Campaign. Unconditional promises to give consist of the following at December 31:

Payment Year	Amount	2013		
		Less Present Value Discount	Less Allowance	Present Value
2014	\$ 188,602	\$ -	\$ (4,000)	\$ 184,602
2015	100,400	(3,135)	-	97,265
2016	69,400	(3,224)	-	66,176
2017	44,400	(2,728)	-	41,672
2018	32,253	(2,457)	-	29,796
Total	435,055	(11,544)	(4,000)	419,511
Less current portion	(188,602)	-	4,000	(184,602)
Unconditional promises to give Museum Hill Capital Campaign	\$ 246,453	\$ (11,544)	\$ -	\$ 234,909

SANTA FE BOTANICAL GARDEN

Notes to the Financial Statements (Continued)

December 31, 2013 and 2012

3. Promises to Give (Continued)

	2012		
Payment Year	Amount	Less Present Value Discount	Present Value
2013	\$ 156,033	\$ -	\$ 156,033
2014	96,000	(2,261)	93,739
2015	6,000	(208)	5,792
Total	258,033	(2,469)	255,564
Less current portion	(156,033)	-	(156,033)
Unconditional promises to give Museum Hill Capital Campaign	\$ 102,000	\$ (2,469)	\$ 99,531

Unconditional promises to give due in more than one year are recognized at fair value, using present value techniques when the donor makes an unconditional promise to give. A discount rate of 1.6% was used for 2013 pledges and 1.2% was used for 2012.

During the year, December 31, 2013 amounts for two pledges were reduced resulting in a \$28,693 write-off of bad debt expense. An allowance was established at December 31, 2013 considering historical and qualitative factors impacting the collectability of unconditional promises to give. Management has determined the allowance for uncollectible promises to give is sufficient to cover any future losses at December 31, 2013. At December 31, 2012, management believed that the pledges were fully collectible based on the past payment histories of these donors and payments made in the subsequent years.

4. Grants Receivable and Unearned Revenue

Grants receivable at December 31, 2012 consist of a \$150,000 and a \$25,000 grant awarded to the Garden during 2012. The \$25,000 grant was paid during 2013. The Garden received the first payment of \$50,000 during 2012 for the \$150,000 grant. The remaining balance was payable in installments of \$50,000 during 2013 and 2014, respectively. The Garden received the funds and performed the services required for the 2013 and 2014 funds during 2013. Unearned revenue was recorded at December 31, 2012 for the future amounts because the Garden had not performed the services required for 2013 and 2014 funds.

SANTA FE BOTANICAL GARDEN

Notes to the Financial Statements (Continued)

December 31, 2013 and 2012

**5. Property and Equipment**

A summary of property and equipment at December 31 is as follows:

	2013	2012
Leasehold improvements	\$ 1,650,937	\$ 85,432
Equipment	6,414	7,915
Furniture	3,551	3,551
Construction in progress - Museum Hill	743,192	1,606,680
	2,404,094	1,703,578
Less accumulated depreciation	94,531	72,497
Property and equipment, net	\$ 2,309,563	\$ 1,631,081

Depreciation expense for the years ended December 31, 2013 and 2012 amounted to \$23,534 and \$2,171, respectively.

The Garden's projected cost for the completion of the Santa Fe Botanical Garden at Museum Hill is approximately \$6,900,000.

**6. Line of Credit**

In June 2012, the Garden obtained a line of credit for \$614,000 from a local bank. The agreement was renewed in October 2013. This agreement is collateralized by cash and pledges. The interest rate is a fixed rate of 4.75% and the term is twelve months. The outstanding balance for the agreement was \$204,305 and \$40,000 as of December 31, 2013 and 2012, respectively. Total interest expense for the years ended December 31, 2013 and 2012 was \$5,908 and \$327, respectively.

**7. Net Assets**

Unrestricted net assets at December 31, 2013 and 2012 were \$1,814,651 and \$221,201, respectively.

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

	Temporarily Restricted	
	2013	2012
Museum Hill Capital Campaign	\$ 726,776	\$ 1,781,021
Children's Education at the Leonora Curtin Preserve	65,736	31,161
	\$ 792,512	\$ 1,812,182



# SANTA FE BOTANICAL GARDEN

## Notes to the Financial Statements (Continued)

December 31, 2013 and 2012

### 7. Net Assets (Continued)

During the year ended December 31, 2013, \$1,550,271 of construction in progress was capitalized due to the completion of the Orchard Garden phase of the Museum Hill project and released from temporary restricted net assets. At December 31, 2013 and 2012, substantially all of construction in progress costs capitalized are included in temporary restricted net assets until phases are completed.

### 8. Net Assets Released from Restrictions

Net assets of \$1,857,286 and \$226,333 were released from temporary donor restrictions during the years ended December 31, 2013 and 2012, respectively, by capitalizing the Orchard Garden phase of the Museum Hill project and by incurring expenses satisfying the restricted purposes of expenditures related to research and education.

### 9. Commitments and Contingencies

The Garden leases its office space. The Garden entered into a new office space and lease in 2012. The lease term was for one year with four one year extensions. The lease was extended for another year in fiscal year 2014. Lease payments during 2013 were \$1,150 per month and the payment increased to \$1,329 per month in 2014 for the extended life of the lease through February 2015.

Effective November 2010, the Garden leases a parcel of land from the State of New Mexico for the purpose of maintaining a garden and giving demonstrations. The lease was amended in fiscal year 2013. The new lease is for a term of 25 years, ending in November 2035, with option to renew for up to 99 additional years. The minimum lease payments were \$3,000 per year through 2012. The amended lease increased the yearly payment to \$4,267. At the end of every five years, the annual payment will increase by a percentage equal to the percentage increase in the Consumer Price Index.

Effective December 2006, the Garden leases a parcel of land from the City of Santa Fe for the purposes of maintaining gardens and giving demonstrations. The lease is for a term of 30 years, ending in December 2036, with the option to extend for an additional 30 years. The minimum lease payments are \$1 per year.

Effective October 1993, the Garden leases land from El Rancho de Las Golondrinas. The lease was renewed October 2005 for a term of 15 years, ending in October 2020. As part of the agreement, the Garden is not required to pay rent but the Garden is required to develop and maintain the property as a wetland preserve. All costs associated with the maintenance and development of this property is the responsibility of the Garden and is expensed by the Garden.

No current market rate adjustment has been recorded as in-kind contribution revenue and lease expense for any below market lease agreement as the amounts cannot be determined.

The Garden also has a month-to-month lease agreement for storage space. Lease payments are \$150 per month.

# SANTA FE BOTANICAL GARDEN

## Notes to the Financial Statements (Continued)

December 31, 2013 and 2012

### 9. Commitments and Contingencies (Continued)

The following is a schedule of future minimum lease payments required to be made under these operating leases:

<u>Years Ending December 31:</u>	
2014	\$ 19,860
2015	6,926
2016	4,268
2017	4,268
2018	4,268
2019-2036	<u>72,216</u>
Total	<u>\$ 111,806</u>

Total lease expense for all leases is \$25,204 and \$27,276 for the years ended December 31, 2013 and 2012, respectively.

### 10. In-kind Contributions

The Garden received \$0 and \$8,306 of donated materials for the years ended December 31, 2013 and 2012, respectively. The Garden also received \$1,384 of in-kind advertising and \$58 of in-kind services for computer consulting for the years ended December 31, 2013 and 2012, respectively. The total value of in-kind contributions were \$1,384 and \$8,364 for the years ended December 31, 2013 and 2012, respectively. These amounts are included as in-kind contribution revenue and expense for the years ended December 31, 2013 and 2012.

### 11. Employee Benefit Plan

Effective January 1, 2013, Garden employees may participate in a Simple IRA plan sponsored by Fidelity Investments. Under this plan, the Garden contributes a dollar-for-dollar match up to 3% of an employee's compensation for those employees who elect to participate. The Garden made \$4,456 in contributions to the plan for the year ended December 31, 2013.

### 12. Related Party Transactions

Members of the Board and employees provide financial assistance to the Garden through support and membership dues. Included in contribution revenue and membership dues was \$30,475 and \$143,680 at December 31, 2013 and 2012, respectively. Included in the 2013 and 2012 amounts of \$30,475 and \$143,680 were \$17,507 and \$97,390 of stock donations, respectively.

### 13. Subsequent Events

Management has evaluated subsequent events through July 29, 2014 to determine whether such events should be recorded or disclosed in the financial statements or notes for the year ended December 31, 2013. This date represents the date the financial statements were available to be issued. There were no items deemed to be significant that require disclosure or adjustment to the 2013 financial statements.