

SANTA FE BOTANICAL GARDEN

Financial Statements

Years Ended December 31, 2011 and 2010

(With Independent Auditors' Report Thereon)



Barraclough & Associates, P.C.
Certified Public Accountants & Consultants

SANTA FE BOTANICAL GARDEN

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December 31, 2011

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SANTA FE BOTANICAL GARDEN

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December 31, 2011 and 2010

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"27 Years of Excellence"



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

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees of
Santa Fe Botanical Garden

We have audited the accompanying statements of financial position of Santa Fe Botanical Garden (Garden), a non-profit organization, as of December 31, 2011 and 2010 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Garden's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Santa Fe Botanical Garden as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

June 29, 2012

SANTA FE BOTANICAL GARDEN

Statements of Financial Position

December 31, 2011 and 2010

	2011	2010
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 440,073	\$ 228,010
Certificates of deposit	84,254	156,757
Total cash and certificates of deposit	524,327	384,767
Due from City of Santa Fe	-	3,308
Museum Hill Campaign Pledges, current	175,500	74,000
Other assets	17,400	5,510
Total current assets	717,227	467,585
Property and equipment, net	682,441	416,777
Museum Hill Campaign Pledges, net of current	131,492	130,672
TOTAL ASSETS	\$ 1,531,160	\$ 1,015,034
LIABILITIES		
Accounts payable	\$ 17,567	\$ 20,666
Other current liabilities	3,399	3,132
Total liabilities	20,966	23,798
NET ASSETS		
Unrestricted net assets	146,588	180,285
Temporarily restricted net assets	1,363,606	810,951
Permanently restricted net assets	-	-
Total net assets	1,510,194	991,236
TOTAL LIABILITIES AND NET ASSETS	\$ 1,531,160	\$ 1,015,034

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

SANTA FE BOTANICAL GARDEN

Statement of Activities

December 31, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT				
Membership dues	\$ 69,235	\$ -	\$ -	\$ 69,235
Contributions	50,566	618,095	-	668,661
In-kind contributions	-	12,692	-	12,692
Grant income	-	36,125	-	36,125
Special event	38,591	-	-	38,591
Other income	2,390	-	-	2,390
Net assets released from restrictions	114,257	(114,257)	-	-
Total revenues, gains, and other support	<u>275,039</u>	<u>552,655</u>	<u>-</u>	<u>827,694</u>
EXPENSES				
Program services				
Education and workshops	402	-	-	402
Events	60,031	-	-	60,031
Public outreach	105,064	-	-	105,064
Sites	27,463	-	-	27,463
Total program services	<u>192,960</u>	<u>-</u>	<u>-</u>	<u>192,960</u>
Supporting services				
General and administrative	47,009	-	-	47,009
Membership and development	8,767	-	-	8,767
Fundraising	60,000	-	-	60,000
Total supporting services	<u>115,776</u>	<u>-</u>	<u>-</u>	<u>115,776</u>
TOTAL EXPENSES	<u>308,736</u>	<u>-</u>	<u>-</u>	<u>308,736</u>
CHANGES IN NET ASSETS	(33,697)	552,655	-	518,958
NET ASSETS AT BEGINNING OF FISCAL YEAR	<u>180,285</u>	<u>810,951</u>	<u>-</u>	<u>991,236</u>
NET ASSETS AT END OF FISCAL YEAR	<u>\$ 146,588</u>	<u>\$ 1,363,606</u>	<u>\$ -</u>	<u>\$ 1,510,194</u>

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

SANTA FE BOTANICAL GARDEN

Statement of Activities

December 31, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT				
Membership dues	\$ 33,391	\$ -	\$ -	\$ 33,391
Contributions	25,726	465,847	-	491,573
Grant income	14,642	-	-	14,642
Special event	52,189	-	-	52,189
Contract with the City	-	146,499	-	146,499
Other income	3,784	-	-	3,784
Net assets released from restrictions	36,161	(36,161)	-	-
Total revenues, gains, and other support	<u>165,893</u>	<u>576,185</u>	<u>-</u>	<u>742,078</u>
EXPENSES				
Program services				
Education and workshops	3,941	-	-	3,941
Events	19,439	-	-	19,439
Public outreach	131,878	-	-	131,878
Sites	17,481	-	-	17,481
Total program services	<u>172,739</u>	<u>-</u>	<u>-</u>	<u>172,739</u>
Supporting services				
General and administrative	40,346	-	-	40,346
Membership and development	3,538	-	-	3,538
Fundraising	34,666	-	-	34,666
Total supporting services	<u>78,550</u>	<u>-</u>	<u>-</u>	<u>78,550</u>
TOTAL EXPENSES	<u>251,289</u>	<u>-</u>	<u>-</u>	<u>251,289</u>
CHANGES IN NET ASSETS	(85,396)	576,185	-	490,789
NET ASSETS AT BEGINNING OF FISCAL YEAR	<u>265,681</u>	<u>234,766</u>	<u>-</u>	<u>500,447</u>
NET ASSETS AT END OF FISCAL YEAR	<u>\$ 180,285</u>	<u>\$ 810,951</u>	<u>\$ -</u>	<u>\$ 991,236</u>

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

SANTA FE BOTANICAL GARDEN

Statements of Cash Flows

December 31, 2011 and 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 518,958	\$ 490,789
Adjustments to reconcile changes in net assets to net cash provided in operating activities:		
Depreciation	7,152	7,206
(Increase) decrease in operating assets:		
Due from City of Santa Fe	3,308	(3,308)
Pledges	(102,320)	(204,672)
Other current assets	(11,890)	(2,529)
Increase (decrease) in operating liabilities:		
Accounts payable	(3,099)	20,666
Other current liabilities	267	1,416
Net cash provided by operating activities	412,376	309,568
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property and equipment	(272,816)	(158,725)
Purchases of certificate of deposits	-	(61,530)
Maturities of certificates of deposits	72,503	122,808
Net cash (used) for investing activities	(200,313)	(97,447)
NET INCREASE IN CASH AND CASH EQUIVALENTS	212,063	212,121
CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR	228,010	15,889
CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR	\$ 440,073	\$ 228,010

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

SANTA FE BOTANICAL GARDEN

Notes to the Financial Statements

December 31, 2011 and 2010

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 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 one 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 is \$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, 2011 and 2010

1. Nature of Operations (Continued)

Events

Special events are organized as fundraisers, but never-the-less have an educational focus. Two are held each year. The annual garden tour and the annual plant sale, featuring 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.

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 Organizations*, 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 – Net assets not subject to donor-imposed stipulations.

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

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

Permanently Restricted Net Assets – Net 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 the reported amounts of 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.

SANTA FE BOTANICAL GARDEN

Notes to the Financial Statements (Continued)

December 31, 2011 and 2010

2. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For purposes of statement of cash flows, cash and cash equivalents consist of deposits held in banks, short term certificates of deposit and money market funds. Certificates of deposit with original maturity greater than 90 days are classified as investments.

Due from City of Santa Fe

As of December 31, 2010 the amount due from the City of Santa Fe represent reimbursements for costs incurred on the contract to provide planning and designing services to the City. The reimbursements were collected subsequent to year end and no allowance has been recorded at December 31, 2010.

Property and Equipment

Property and equipment are stated at cost or the fair market value at date of donation or purchase. Depreciation of property and equipment is computed using the straight-line method over the assets' estimated useful lives, ranging from three to thirty years. Leasehold improvements are depreciated over the estimated lives of the leases. Expenditures for property and equipment costing over \$500 are capitalized.

Gift of land, buildings, and equipment are reported as unrestricted support unless explicit donor stipulations specify how the assets are to be used; gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

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. 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.

Advertising

The cost of advertising is charged to expense as incurred. Advertising expense for the years ended December 31, 2011 and 2010 was \$4,081 and \$5,800, 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. In addition, the Garden has been determined by the Internal Revenue Service not to be a "private foundation."

SANTA FE BOTANICAL GARDEN

Notes to the Financial Statements (Continued)

December 31, 2011 and 2010

2. Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

In accordance with FASB Accounting Standards Update No. 2009-6, *Accounting for Uncertainty in Income Taxes and Disclosure Amendments for Nonpublic Entities*, no uncertain tax positions were taken by the Garden at December 31, 2011 and 2010.

Concentration of Credit Risk

The Garden maintains its operating cash account and a money market account in one bank. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Total uninsured cash balances at December 31, 2011 and 2010 were \$206,223 and \$53,723, respectively. The Garden believes it is not exposed to any significant credit risk on its cash balances.

Donated Services

Noncash donations are recorded as contributions at their estimated fair values at the date of donation. Donated services are recognized as contributions in accordance with FASB ASC 958-605-25-16, *Revenue Recognition – Recognition*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individuals possessing those skills, and typically need to be purchased by the Garden if not provided by donation.

The Garden has many individuals volunteer their time and perform a variety of tasks that assist the Garden with education, workshops, various programs, and special events, which are not reflected in the accompanying financial statements.

3. Long Term Pledges

Museum Hill Campaign

For the year ended December 31, 2011 long term pledges were receivable in the years 2012 through 2015 and are recorded net of applicable discount (using a risk free interest rate of 3% at the time of donation) to state the receivables at present value in the accompanying statement of financial position as follows:

	Payment Year	Amount	Less Present Value Discount	Present Value
	2012	\$ 175,500	\$ -	\$ 175,500
	2013	95,000	5,451	89,549
	2014	40,000	3,392	36,608
	2015	6,000	665	5,335
Total		316,500	9,508	306,992
Less current portion		(175,500)	-	(175,500)
Long term Museum Hill Campaign		\$ 141,000	\$ 9,508	\$ 131,492

SANTA FE BOTANICAL GARDEN

Notes to the Financial Statements (Continued)

December 31, 2011 and 2010

3. Long Term Pledges (Continued)

For the year ended December 31, 2010 long term pledges were receivable in the years 2011 through 2014 and are recorded net of applicable discount (using a risk free interest rate of 3% at the time of donation) to state the receivables at present value in the accompanying statement of financial position as follows:

	Payment Year	Amount	Less Present Value Discount	Present Value
	2011	\$ 74,000	\$ -	\$ 74,000
	2012	59,000	3,385	55,615
	2013	49,000	4,155	44,845
	2014	34,000	3,788	30,212
Total		216,000	11,328	204,672
Less current portion		(74,000)	-	(74,000)
Long term Museum Hill Campaign		\$ 142,000	\$ 11,328	\$ 130,672

Management feels that the pledges are fully collectible based on the past payment histories of these donors and no allowance has been recorded at December 31, 2011 and 2010.

4. Property and Equipment

Property and equipment are recorded at cost or fair value at the date of gift and consist of the following as of December 31:

	2011	2010
Leasehold improvements	\$ 85,432	\$ 85,432
Equipment	7,915	5,600
Furniture	3,551	3,551
CIP - Museum Hill	655,869	385,368
	752,767	479,951
Less accumulated depreciation	70,326	63,174
Property and equipment, net	\$ 682,441	\$ 416,777

Depreciation expense for the years ended December 31, 2011 and 2010 amounted to \$7,152 and \$7,206, respectively.

The Garden's projection cost for the completion of the Santa Fe Botanical Garden at Museum Hill is approximately \$6,968,000.

SANTA FE BOTANICAL GARDEN

Notes to the Financial Statements (Continued)

December 31, 2011 and 2010

5. Net Assets

Unrestricted net assets consist of the following at December 31:

	<u>2011</u>	<u>2010</u>
Board designated for cash reserves	\$ 84,255	\$ 156,757
Undesignated	<u>62,333</u>	<u>23,528</u>
Total	<u>\$ 146,588</u>	<u>\$ 180,285</u>

Temporarily restricted net assets are available solely for the Santa Fe Botanical Garden at Museum Hill. CIP costs capitalized are included in temporary restricted net assets until the project is completed.

6. Net Assets Released from Restrictions

Net assets of \$114,257 and \$36,161 were released from temporary donor restrictions during the years ended December 31, 2011 and 2010, respectively, by incurring expenses satisfying the restricted purposes of expenditures related to research and education.

7. Commitments and Contingencies

The Garden leases its office space. The lease term is for 3 years ending in May 2011, with an option that was extended for an additional 2 years. 2011 lease payments are \$965 per month and the payments per month will remain \$965 for the extended life of the lease through May 2013.

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 is for a term of 26 years, ending in November 2036, with option to renew for up to 99 additional years. The minimum lease payments are \$3,000 per year. 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, 2011 and 2010

7. 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>	
2012	\$ 5,896
2013	3,001
2014	3,001
2015	3,001
2016	3,001
2017-2036	<u>60,020</u>
Total	<u>\$ 77,920</u>

Total lease expense for all leases is \$20,825 and \$14,481 for the years ended December 31, 2011 and 2010, respectively.

In March 2012, the Garden cancelled their office space lease early on good terms with the lessor and entered into a new lease with monthly payments of \$1,150.

8. In-kind Contributions

The Garden received \$230 and \$0 of donated materials for the years ended December 31, 2011 and 2010, respectively. The Garden also received \$12,462 and \$0 in donated services for the years ended December 31, 2011 and 2010, respectively, for a total donated amount of \$12,692 and \$0 for the years ended December 31, 2011 and 2010, respectively.

9. 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 \$15,620 and \$172,645 at December 31, 2011 and 2010, respectively.

10. Subsequent Events

Management has evaluated subsequent events through June 29, 2012 to determine whether such events should be recorded or disclosed in the financial statements or notes for the years ended December 31, 2011 and 2010. 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 2011 financial statements other than noted in Note 7 and one other item as follows that was deemed to be significant that required disclosure to the 2011 financial statements.

On June 5, 2012, the Garden obtained a \$614,000 line of credit from Century Bank, secured by cash and pledges, to fund the construction.