

SANTA FE BOTANICAL GARDEN

Financial Statements

Years Ended December 31, 2014 and 2013

(With Independent Auditors' Report Thereon)



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

SANTA FE BOTANICAL GARDEN

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December 31, 2014

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SANTA FE BOTANICAL GARDEN

Table of Contents

December 31, 2014 and 2013

	<u>Page</u>
Independent Auditors' Report	1-2
Financial Statements	
Statements of Financial Position	3
Statement of Activities 2014	4
Statement of Activities 2013	5
Statements of Cash Flows	6
Notes to Financial Statements	7-16

"30 Years of Excellence"

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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 financial statements of Santa Fe Botanical Garden (Garden), a non-profit organization, which comprise the statements of financial position as of December 31, 2014 and 2013, 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, 2014 and 2013, 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
May 14, 2015

SANTA FE BOTANICAL GARDEN

Statements of Financial Position

December 31, 2014 and 2013

	2014	2013
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 327,560	\$ 136,072
Museum Hill Campaign pledges net of allowance, current	258,098	184,602
Inventory	9,451	3,085
Other assets	3,404	3,000
Total current assets	598,513	326,759
Property and equipment, net	2,627,842	2,309,563
Museum Hill Campaign pledges, net of current	212,590	234,909
Total Assets	\$ 3,438,945	\$ 2,871,231
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 47,426	\$ 50,733
Line of credit	304,880	204,305
Other current liabilities	4,078	9,030
Total current liabilities	356,384	264,068
Total liabilities	356,384	264,068
Unrestricted net assets		
Undesignated	1,728,648	1,814,651
Board designated - operating reserve	49,674	-
	1,778,322	1,814,651
Temporarily restricted net assets	1,304,239	792,512
Permanently restricted net assets	-	-
Total net assets	3,082,561	2,607,163
Total Liabilities and Net Assets	\$ 3,438,945	\$ 2,871,231

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

SANTA FE BOTANICAL GARDEN

Statement of Activities

December 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT				
Contributions	\$ 153,175	\$ 697,356	\$ -	\$ 850,531
Membership dues	196,035	-	-	196,035
Grant income	19,379	50,000	-	69,379
Special events	83,053	-	-	83,053
Sponsorships	16,000	-	-	16,000
Garden admissions	66,214	-	-	66,214
Product sales, net cost of goods sold of \$20,772	15,410	-	-	15,410
Education and workshops	4,952	-	-	4,952
In-kind contributions	24,889	-	-	24,889
Other income	6,813	-	-	6,813
Net assets released from restrictions	235,629	(235,629)	-	-
Total revenues, gains, and other support	<u>821,549</u>	<u>511,727</u>	<u>-</u>	<u>1,333,276</u>
EXPENSES				
Program services	413,637	-	-	413,637
General and administrative	254,061	-	-	254,061
Fundraising	190,180	-	-	190,180
Total expenses	<u>857,878</u>	<u>-</u>	<u>-</u>	<u>857,878</u>
Change in net assets	(36,329)	511,727	-	475,398
Net assets, beginning of the year	<u>1,814,651</u>	<u>792,512</u>	<u>-</u>	<u>2,607,163</u>
Net assets, end of the year	<u>\$ 1,778,322</u>	<u>\$ 1,304,239</u>	<u>\$ -</u>	<u>\$ 3,082,561</u>

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

SANTA FE BOTANICAL GARDEN

Statement of Activities

December 31, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT				
Contributions	\$ 56,591	\$ 817,944	\$ -	\$ 874,535
Membership dues	169,195	-	-	169,195
Grant income	74,500	-	-	74,500
Special events	48,447	-	-	48,447
Sponsorships	24,500	-	-	24,500
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	<u>1,857,286</u>	<u>(1,857,286)</u>	<u>-</u>	<u>-</u>
Total revenues, gains, and other support	<u>2,290,963</u>	<u>(1,019,670)</u>	<u>-</u>	<u>1,271,293</u>
EXPENSES				
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

Statements of Cash Flows

December 31, 2014 and 2013

	2014	2013
Cash flows from operating activities		
Increase in net assets	\$ 475,398	\$ 573,780
Adjustments to reconcile changes in net assets to net cash provided in operating activities:		
Depreciation	67,399	23,534
Bad debt expense	-	32,963
(Increase) decrease in operating assets:		
Grants receivable	-	125,000
Pledges	(51,177)	(196,910)
Other current assets	(404)	(1,700)
Inventory	(6,366)	(3,085)
Increase (decrease) in operating liabilities:		
Unearned revenue	-	(100,000)
Accounts payable	(3,307)	(64,346)
Other current liabilities	(4,952)	6,777
	476,591	396,013
Cash flows from investing activities		
Payments for property and equipment	(385,678)	(702,016)
Net proceeds from line of credit	100,575	164,305
	(285,103)	(537,711)
Net cash (used) for investing activities		
	191,488	(141,698)
Increase (decrease) in cash and cash equivalents		
	136,072	277,770
Cash and cash equivalents, beginning of the year		
	\$ 327,560	\$ 136,072
Cash and cash equivalents, end of the year		
Supplemental disclosure of cash flow information:		
Interest paid, total amount capitalized	\$ 15,672	\$ 5,908
Non-cash contributions		
In-kind goods and services	\$ 59,509	\$ 1,384

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

SANTA FE BOTANICAL GARDEN

Notes to the Financial Statements

December 31, 2014 and 2013

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, 2014 and 2013

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.

Membership Dues

Membership dues generally allow members to visit the Garden during the membership year as well as participate in certain other benefits. Dues are recorded as income during the year received since no significant future costs related to membership are anticipated to be incurred.

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, or designated by the board of directors for a specific use.

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

SANTA FE BOTANICAL GARDEN

Notes to the Financial Statements (Continued)

December 31, 2014 and 2013

2. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

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.

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 accounting principles generally accepted in the United States of America 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 consists of various merchandise items purchased for resale in the Garden's gift shop. Inventory is valued using the specific identification method on a periodic basis. Inventory is stated at the lower of cost or market value.

SANTA FE BOTANICAL GARDEN

Notes to the Financial Statements (Continued)

December 31, 2014 and 2013

2. Summary of Significant Accounting Policies (Continued)

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 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.

Contributed 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, a substantial number of individuals volunteer a significant amount of their time to operate the gift shop and perform a variety of tasks that assists 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.

Sponsorships

The Garden has sponsorship agreements. These agreements allow for the sponsor to have their name displayed on specified promotional materials and/or at the sponsored event. Sponsorships received for future events are recorded to the extent cash is received as deferred revenue until the event occurs.

SANTA FE BOTANICAL GARDEN

Notes to the Financial Statements (Continued)

December 31, 2014 and 2013

2. Summary of Significant Accounting Policies (Continued)

Classification of Expenses

Expenses are classified as program, general and administrative, or fundraising, depending on the activities supported. Certain costs have been allocated among the programs and supporting services benefited.

General and administrative activities include oversight, business management, general recordkeeping, budgeting, financing and related administrative activities, and all management and administration except for direct conduct of program services or fundraising activities.

Fundraising activities include publicizing and conducting fundraising campaigns, maintaining donor mailing lists, conducting special fundraising events, preparing and distributing fundraising materials, and conducting other activities involved with soliciting contributions from individuals, foundations, government agencies and others.

Advertising

The cost of advertising is charged to expense as incurred. Advertising expense for the years ended December 31, 2014 and 2013 was \$16,010 and \$17,507, 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, 2014 and 2013.

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, 2014 and 2013.

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, 2014 and 2013. 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.

Reclassification

Certain 2013 items may have been reclassified in order to conform to the 2014 financial statement presentation.

SANTA FE BOTANICAL GARDEN

Notes to the Financial Statements (Continued)

December 31, 2014 and 2013

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:

		2014		
Payment Year	Amount	Less Present Value Discount	Less Allowance	Present Value
2015	\$ 262,098	\$ -	\$ (4,000)	\$ 258,098
2016	122,073	(5,243)	-	116,830
2017	70,720	(4,505)	-	66,215
2018	32,253	(2,708)	-	29,545
Total	487,144	(12,456)	(4,000)	470,688
Less current portion	(262,098)	-	4,000	(258,098)
Unconditional promises to give Museum Hill Capital Campaign	<u>\$ 225,046</u>	<u>\$ (12,456)</u>	<u>\$ -</u>	<u>\$ 212,590</u>

		2013		
Payment Year	Amount	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	<u>\$ 246,453</u>	<u>\$ (11,544)</u>	<u>\$ -</u>	<u>\$ 234,909</u>

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 2.2% was used for 2014 pledges and 1.6% was used for 2013.

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, 2014 and 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, 2014 and 2013.

SANTA FE BOTANICAL GARDEN

Notes to the Financial Statements (Continued)

December 31, 2014 and 2013

4. Property and Equipment

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

	<u>2014</u>	<u>2013</u>
Leasehold improvements	\$ 1,748,877	\$ 1,650,937
Equipment	5,556	6,415
Furniture	3,551	3,551
Construction in progress - Museum Hill	<u>1,031,036</u>	<u>743,192</u>
	2,789,020	2,404,095
Less accumulated depreciation	<u>161,178</u>	<u>94,531</u>
Property and equipment, net	<u><u>\$ 2,627,842</u></u>	<u><u>\$ 2,309,564</u></u>

Depreciation expense for the years ended December 31, 2014 and 2013 amounted to \$67,399 and \$23,534, respectively.

The Garden's projected cost for the completion of the Santa Fe Botanical Garden at Museum Hill is approximately \$6,500,000.

5. 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 January 2015. This agreement is collateralized by cash and pledges. The interest rate is a fixed rate of 5.25% and the term is twelve months. The outstanding balance for the agreement was \$304,880 and \$204,305 as of December 31, 2014 and 2013, respectively. Total interest expense for the years ended December 31, 2014 and 2013 was \$15,672 and \$5,908, respectively.

6. Net Assets

Unrestricted net assets at December 31, 2014 and 2013 were \$1,728,648 and \$1,814,651, respectively. Board designated net assets at December 31, 2014 and 2013 were \$49,674 and \$0, respectively.

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

	<u>Temporarily Restricted</u>	
	<u>2014</u>	<u>2013</u>
Museum Hill Capital Campaign	\$ 1,201,957	\$ 726,776
Children's Education at the Leonora Curtin Preserve	92,282	65,736
Plant Guide	<u>10,000</u>	<u>-</u>
	<u><u>\$ 1,304,239</u></u>	<u><u>\$ 792,512</u></u>

SANTA FE BOTANICAL GARDEN

Notes to the Financial Statements (Continued)

December 31, 2014 and 2013

6. Net Assets (Continued)

During the year ended December 31, 2014, \$93,440 of construction in progress was capitalized due to the completion of Art Trail phase of the Museum Hill project and released from temporary restricted net assets. 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, 2014 and 2013, substantially all of construction in progress costs capitalized are included in temporary restricted net assets until phases are completed.

7. Net Assets Released from Restrictions

Net assets of \$235,629 and \$1,857,286 were released from temporary donor restrictions during the years ended December 31, 2014 and 2013, respectively, by capitalizing the Art Trail and Orchard Garden phases of the Museum Hill project and by incurring expenses satisfying the restricted purposes of expenditures.

8. Commitments and Contingencies

The Garden entered into a new office space and lease in 2012. The lease term was for one year with four one year extensions. A request for lease extension was made for another year in fiscal year 2015. 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.

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 and 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, 2014 and 2013

8. 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>	
2015	\$ 20,218
2016	6,926
2017	4,268
2018	4,268
2019	4,268
2020-2036	<u>68,289</u>
Total	<u>\$ 108,237</u>

Total lease expense for all leases is \$24,842 and \$25,204 for the years ended December 31, 2014 and 2013, respectively.

9. In-kind Contributions

The Garden received \$53,734 and \$0 of donated materials for the years ended December 31, 2014 and 2013, respectively. The Garden also received \$5,775 of in-kind advertising and professional services and \$1,384 of in-kind advertising for the years ended December 31, 2014 and 2013, respectively. The total value of in-kind contributions were \$59,509 and \$1,384 for the years ended December 31, 2014 and 2013, respectively. These amounts are included as in-kind contribution revenue and expense for the years ended December 31, 2014 and 2013.

10. 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 \$8,688 and \$4,456 in contributions to the plan for the year ended December 31, 2014 and 2013, respectively.

11. Related Party Transactions

Members of the Board and employees provide financial assistance to the Garden through support and membership dues. Included in contribution revenue, membership dues and in-kind was \$205,008 and \$30,475 at December 31, 2014 and 2013, respectively. Included in the 2014 and 2013 amounts of \$205,008 and \$30,475 were \$4,082 and \$17,507 of stock donations, respectively and in-kind contributions was \$8,344 and \$0, respectively.

SANTA FE BOTANICAL GARDEN

Notes to the Financial Statements (Continued)

December 31, 2014 and 2013

12. Subsequent Events

Management has evaluated subsequent events through May 14, 2015 to determine whether such events should be recorded or disclosed in the financial statements or notes for the year ended December 31, 2014. 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 2014 financial statements.