



LOFTIS & LOVATO

— G R O U P —

CERTIFIED PUBLIC ACCOUNTANTS

Santa Fe Botanical Garden

Financial Statements
And Independent Auditor's Report

December 31, 2021 and 2020

Santa Fe Botanical Garden

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Independent Auditor's Report

To the Board of Directors of
Santa Fe Botanical Garden

Opinion

We have audited the accompanying financial statements of Santa Fe Botanical Garden (the "Garden") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and cash flows for the year, then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Garden as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Garden and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Garden's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Garden's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Garden's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Loftis & Lovato Group

Albuquerque, New Mexico
September 19 2022

Financial Statements

Santa Fe Botanical Garden
Statements of Financial Position
December 31,

	2021	2020
Assets		
Current assets		
Cash and cash equivalents	\$ 677,991	\$ 674,843
Accounts receivable	1,000	12,750
Pledges receivable	4,000	8,740
Prepaid expenses	1,483	-
Inventory	29,309	46,643
Total current assets	713,783	742,976
Investments	102,497	-
Property and equipment, net	4,022,656	3,961,085
Total assets	\$ 4,838,936	\$ 4,704,061
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 8,922	\$ 23,218
Accrued expenses	10,967	4,647
Notes payable - current portion	297	-
Line of credit	-	150,000
Refundable advances - Paycheck Protection Program	-	120,809
Total current liabilities	20,186	298,674
Notes payable - noncurrent portion	449,703	450,000
Total liabilities	469,889	748,674
Net assets		
Without donor restrictions	4,153,756	3,845,919
With donor restrictions	215,291	109,468
Total net assets	4,369,047	3,955,387
Total liabilities and net assets	\$ 4,838,936	\$ 4,704,061

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

Santa Fe Botanical Garden
Statement of Activities
For the Year Ended December 31, 2021

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Support and Revenue			
Contributions	\$ 195,403	\$ 192,300	\$ 387,703
Refundable advances - forgiveness	217,157	-	217,157
Membership dues	153,096	-	153,096
Garden admissions	141,145	-	141,145
Grants	70,500	-	70,500
Other income	42,344	-	42,344
Contracts	25,000	-	25,000
Product sales, net of cost of goods sold	21,475	-	21,475
Investment income	1,786	-	1,786
Loss from asset disposal	(14,670)	-	(14,670)
Net assets released from restriction	86,477	(86,477)	-
Total support and revenue	<u>939,713</u>	<u>105,823</u>	<u>1,045,536</u>
Expenses			
Program services	<u>451,149</u>	<u>-</u>	<u>451,149</u>
Supporting services			
Management and general	142,427	-	142,427
Fundraising	<u>38,300</u>	<u>-</u>	<u>38,300</u>
Total supporting services	<u>180,727</u>	<u>-</u>	<u>180,727</u>
Total expenses	<u>631,876</u>	<u>-</u>	<u>631,876</u>
Change in net assets	307,837	105,823	413,660
Net assets, beginning of year	<u>3,845,919</u>	<u>109,468</u>	<u>3,955,387</u>
Net assets, end of year	<u>\$ 4,153,756</u>	<u>\$ 215,291</u>	<u>\$ 4,369,047</u>

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

Santa Fe Botanical Garden
Statement of Activities
For the Year Ended December 31, 2020

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Support and Revenue			
Contributions	\$ 652,056	\$ 155,955	\$ 808,011
Membership dues	120,922	-	120,922
Garden admissions	28,194	-	28,194
Grants	113,313	-	113,313
Other income	428	-	428
Contracts	33,000	-	33,000
Sponsorships	5,350	-	5,350
Education and workshops	2,149	-	2,149
Net assets released from restriction	199,567	(199,567)	-
Total support and revenue	<u>1,154,979</u>	<u>(43,612)</u>	<u>1,111,367</u>
Expenses			
Program services	<u>630,959</u>	<u>-</u>	<u>630,959</u>
Supporting services			
Management and general	238,544	-	238,544
Fundraising	<u>52,310</u>	<u>-</u>	<u>52,310</u>
Total supporting services	<u>290,854</u>	<u>-</u>	<u>290,854</u>
Total expenses	<u>921,813</u>	<u>-</u>	<u>921,813</u>
Change in net assets	233,166	(43,612)	189,554
Net assets, beginning of year	<u>3,612,753</u>	<u>153,080</u>	<u>3,765,833</u>
Net assets, end of year	<u><u>\$ 3,845,919</u></u>	<u><u>\$ 109,468</u></u>	<u><u>\$ 3,955,387</u></u>

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

Santa Fe Botanical Garden
Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program Services	Management and General	Fundraising	Total
Depreciation	\$ 124,070	\$ 39,633	\$ 8,616	\$ 172,319
Salaries and wages	102,450	41,911	10,866	155,227
Professional fees	69,144	562	-	69,706
Rent	22,224	7,099	1,543	30,866
Repairs and maintenance	17,692	5,652	1,229	24,573
Production expenses	24,244	-	-	24,244
Dues and subscriptions	7,862	11,203	590	19,655
Payroll taxes	10,389	4,250	1,102	15,741
Accounting	-	14,866	-	14,866
Interest	14,744	-	-	14,744
Bank and investment fees	9,807	1,401	2,802	14,010
Insurance	7,710	2,863	440	11,013
Utilities	7,696	2,458	535	10,689
Telephone and internet	6,076	1,940	422	8,438
Supplies	6,181	1,854	347	8,382
Cultivation and stewardship	-	-	7,979	7,979
Advertising	7,095	79	710	7,884
Printing and reproduction	4,271	1,586	244	6,101
Equipment	3,876	1,440	222	5,538
Travel	2,394	2,394	416	5,204
Miscellaneous	1,732	643	102	2,477
Employee benefits	1,029	421	109	1,559
Postage and shipping	463	172	26	661
Total expenses	<u>\$ 451,149</u>	<u>\$ 142,427</u>	<u>\$ 38,300</u>	<u>\$ 631,876</u>

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

Santa Fe Botanical Garden
Statement of Functional Expenses
For the Year Ended December 31, 2020

	Program Services	Management and General	Fundraising	Total
Depreciation	\$ 118,301	\$ 37,790	\$ 8,216	\$ 164,307
Salaries and wages	279,300	114,259	29,623	423,182
Professional fees	21,191	172	-	21,363
Rent	26,732	8,539	1,856	37,127
Repairs and maintenance	19,739	6,306	1,371	27,416
Production expenses	45,207	-	-	45,207
Dues and subscriptions	6,568	9,360	493	16,421
Payroll taxes	28,935	11,837	3,069	43,841
Accounting	-	18,274	-	18,274
Interest	20,786	-	-	20,786
Bank and investment fees	11,594	1,656	3,313	16,563
Insurance	7,464	2,772	426	10,662
Utilities	5,548	1,772	386	7,706
Telephone and internet	753	240	52	1,045
Supplies	1,548	464	87	2,099
Cultivation and stewardship	-	-	171	171
Advertising	20,044	223	2,005	22,272
Printing and reproduction	7,091	2,634	406	10,131
Equipment	512	190	29	731
Travel	427	427	74	928
Miscellaneous	4,705	1,747	269	6,721
Employee benefits	4,204	1,720	446	6,370
Postage and shipping	310	115	18	443
Bad debt expense	-	11,300	-	11,300
Professional development	-	6,747	-	6,747
Total expenses	\$ 630,959	\$ 238,544	\$ 52,310	\$ 921,813

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

Santa Fe Botanical Garden
Statements of Cash Flows
For the Years Ended December 31,

	2021	2020
Cash flows from operating activities		
Cash received from contributions and grants	\$ 499,693	\$ 966,611
Cash received from membership fees	153,096	120,922
Cash received from admissions	141,145	28,194
Cash received from forgivable Paycheck Protection Program advances	96,348	120,809
Other receipts	42,581	2,577
Cash received from product sales, net of cost of goods sold	21,475	-
Cash paid for interest expense	(14,744)	(20,786)
Cash paid to employees and suppliers	(436,938)	(782,869)
Net cash provided by operating activities	502,656	435,458
Cash flows from investing activities		
Purchase of securities	(100,948)	-
Purchase of property and equipment	(248,560)	(44,689)
Net cash used by investing activities	(349,508)	(44,689)
Cash flows from financing activities		
Net (payments) proceeds from line of credit	(150,000)	60,000
Proceeds for note payable	-	150,000
Payments for note payable	-	(20,200)
Net cash (used) provided by financing activities	(150,000)	189,800
Net increase in cash and cash equivalents	3,148	580,569
Cash and cash equivalents, beginning of year	674,843	94,274
Cash and cash equivalents, end of year	\$ 677,991	\$ 674,843
Reconciliation of change in net assets to net cash provided by operating activities		
Change in net assets	\$ 413,660	\$ 189,554
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	172,319	164,307
Refundable advances - forgiveness	(120,809)	-
Unrealized gain	(1,549)	-
Loss on asset disposal	14,670	-
Inventory write down	-	8,000
Bad debt expense	-	11,300
Changes in assets and liabilities		
Accounts receivable	11,750	(323)
Pledges receivable	4,740	(4,040)
Prepaid expenses	(1,483)	-
Inventory	17,334	2,231
Accounts payable	(14,296)	(38,517)
Accrued liabilities	6,320	(17,863)
Refundable advances	-	120,809
Total adjustments	88,996	245,904
Net cash provided by operating activities	\$ 502,656	\$ 435,458

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

Santa Fe Botanical Garden
Notes to Financial Statements
December 31, 2021 and 2020

1) Nature of Operations

The Organization

Santa Fe Botanical Garden (the “Garden”) is a New Mexico nonprofit corporation organized under the laws of the State of New Mexico in 1987. The Garden was established through a vision of a small group of local gardeners, botanists, and environmentally oriented citizens to establish a botanical garden in Santa Fe. Their vision grew and, in 1992, a membership program was initiated.

The visitor experience, education and community service have remained the primary goals of the Garden, as it offers relevant workshops, programs, and events for visitors of all ages and backgrounds that focus on horticultural design, plant selection, conservation and stewardship of the natural environment.

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, as the primary site at the time, quickly became the focus of much of the Garden's educational programming. The unique and fragile beauty of this site 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 include trails, a floating dock, boardwalks, and a bird blind that have allowed visitors access to the site while protecting and preserving its delicate ecosystem. This lease after several renewals, ended in late 2021.

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. Current development of the Garden land is primarily funded by private contributions. In 2010, the Garden entered into a long-term lease with the Department of Cultural Affairs (“DCA”) for 1.69 acres with a term ending November 20, 2036, which has been amended to increase the site to 2.4 acres in 2013, while reducing the lease term to November 20, 2035, and amended again in September 2016 adding additional 3.226 acres and a service entrance. In 2018, additional acreage was leased from the DCA, which after the initial additions of acreage in 2013 and 2016, and combining land leased from the City and DCA bring the total to approximately nineteen leased acres at the Museum Hill site.

Santa Fe Botanical Garden
Notes to Financial Statements
December 31, 2021 and 2020

1) Nature of Operations - continued

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, nature plant selection, and historic garden restoration.

Events

Special events are often organized as fundraisers, but additionally have an educational focus. Several events are held each year. Special events are designed to inform and educate as well as promote engagement, make and foster relationships, promote the Garden, promote membership and to raise funds, principally in support of educational programs. There were no special events during 2020 due to public health concerns. Special events have resumed in 2021 although they have not reached pre pandemic levels of activity.

Public Outreach

Public Outreach informs the general public about plants, flowers, water wise gardening and land conservation, as well as nature more broadly, including climate change. The Garden's website features a plant database of the hundreds of plants found at the garden, plants, newsletters, and garden-related activities, including activities regarding when the Garden partners with other organizations.

Garden Admissions

The Garden is open year-round, and admission is charged at various rates for various levels or is free with an annual membership and free to members at other gardens which are participant members in the American Horticultural Society (AHS) reciprocal program. The Garden hosts monthly Community Days, where free admission is offered to New Mexico residents and students with valid identification.

Memberships

Memberships offered at various levels and amounts allow members to visit the Garden during the membership year as well as provide certain other benefits. Dues are recorded as income during the year received. The organization suggests the appropriate portion of higher denominated memberships as deductible contributions for the member.

Santa Fe Botanical Garden
Notes to Financial Statements
December 31, 2021 and 2020

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 financial statements of the Garden have been prepared in accordance with GAAP, which require the Garden to report information regarding its financial position and activities according to the following net asset classifications:

- *Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Garden. These net assets may be used at the discretion of management and the board of directors.
- *Net assets with donor restrictions:* Net assets that are subject to stipulations imposed by donors and grantors and must be expended on a basis consistent with these stipulations. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Garden or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Garden considers all unrestricted highly liquid investments 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 net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When, or if, a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Santa Fe Botanical Garden
Notes to Financial Statements
December 31, 2021 and 2020

2) Summary of Significant Accounting Policies — continued

Promises to Give - continued

The Garden uses the allowance method to determine uncollectible receivables. The allowance is based on prior years' experience and management's analysis of specific promises made. The majority of the Garden's contributions and membership dues are received from donors and members located in the greater Santa Fe, New Mexico area. As such, the Garden's ability to generate resources via contributions is correlated to the economic health, as well as other factors that impact donations in its geographic locale.

Inventory

Inventory consists of various merchandise items purchased for resale in the Garden's gift shop. Inventory is valued using the weighted average cost basis, first in first out method. In July 2015, the FASB issued ASU 2015-11, *Inventory (Topic 330): Simplifying the Measurement of Inventory*, which requires inventory to be measured at the lower of cost or net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predicable costs of sale (completion, disposal, and transportation).

Property and Equipment

The Garden capitalizes property and equipment purchases either singularly or for purchases involving a related group of discreet items, whenever the costs exceed \$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 net assets without donor restrictions 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 specific property or equipment are reported as net assets with donor restrictions. 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 that utilize the restricted funds are placed in service. The Garden reclassifies net assets with donor restrictions to net assets without donor restrictions 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 life of the lease that governs the property on which the improvement has been made.

Income Taxes

The Garden is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified by the Internal Revenue Service as an organization that is not a private foundation. The Garden regularly evaluates activities as it relates to its tax-exempt status.

Santa Fe Botanical Garden
Notes to Financial Statements
December 31, 2021 and 2020

2) Summary of Significant Accounting Policies — continued

Income Taxes - continued

If the Garden activities are determined to be outside of its tax-exempt status the potential exists for tax liabilities on those unrelated activities. Currently, the Garden engages in no activities that would be taxed as potentially generating unrelated business income. Accordingly, no provision for income taxes has been reflected in the Garden's financial statements. The Garden's income tax filings are subject to audit by various taxing authorities. The Garden's open audit periods are for the years ended December 31, 2018 and thereafter. The Garden has not recognized any changes to the financial statements for uncertain tax positions.

In-Kind Services

In-kind contributions are recorded at estimated fair value on the date of donation with a corresponding increase in either operation expenses or assets in the accompanying statements of activities or financial position, as applicable. The contributions are recorded as net assets without donor restrictions 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. A substantial number of individual volunteers and docents collectively donate material amounts of their time to perform a variety of tasks that assists the Garden with garden maintenance, education, workshops, various programs, and special events, however, 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 net assets with or without donor restrictions, depending on the existence or nature of any donor restrictions.

Sponsorships

The Garden, generally related to events, may enter into sponsorship agreements, which allow for the sponsors to have their names and/or logos displayed on specified promotional materials and/or at the sponsored event. Sponsorships received for future events are recorded as deferred revenue until the event occurs.

Santa Fe Botanical Garden
Notes to Financial Statements
December 31, 2021 and 2020

2) Summary of Significant Accounting Policies — continued

Advertising

The cost of advertising is charged to expense as incurred. Advertising expense for the years ended December 31, 2021 and 2020 was \$7,884 and \$22,272, respectively.

Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program and supporting services benefited. Significant allocations are determined by management on a rational and quantitative basis, as detailed below:

Expense	Method of Allocation
Salaries and wages	Time spent
Depreciation	Square footage
Production expenses	Specific identification
Repairs and maintenance	Specific identification
Rent	Specific identification
Professional fees	Specific identification

Concentration of Credit Risk

The Garden maintains its cash balances in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for a customer's combined accounts. At times during the years ended December 31, 2021 and 2020, the cash balances exceeded the insured limits of the FDIC. The Garden has not experienced any losses in these cash accounts and believes it is not exposed to any significant credit risk related to uninsured cash balances. Management monitors its account balances in an attempt to minimize deposits in excess of deposit insurance programs such as FDIC and SIPC. Additionally, management monitors the financial credit ratings of its deposit institutions.

Investments

Investments consisting of exchange-traded funds are reported at fair value based on quoted prices in active markets in the statements of financial position. Investment gains and losses are included in the statements of activities.

Subsequent events

Management has evaluated subsequent events through September 19 2022, the date the financial statements were available to be issued.

Santa Fe Botanical Garden
Notes to Financial Statements
December 31, 2021 and 2020

2) Summary of Significant Accounting Policies — continued

Financial Instruments

The Garden's financial instruments include cash and cash equivalents, receivables, accounts payable and other current liabilities. The Garden estimates that the fair value of all financial instruments at December 31, 2021 and 2020 does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying financial statements.

3) **Promises to Give**

For the years ended December 31, 2021 and 2020, total current pledges on the statements of financial position of \$4,000 and \$8,740, respectively, are recorded at net realizable value, as these pledges are expected to be collected within one year. Management believes that all current pledges are collectable. No allowance is considered necessary.

4) **Property and Equipment**

Property and equipment consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Leasehold improvements	\$ 4,695,506	\$ 4,488,405
Sculptures	416,552	416,552
Construction in progress	83,383	77,356
Equipment	5,556	5,556
Furniture and fixtures	<u>3,551</u>	<u>3,551</u>
	5,204,548	4,991,420
Less accumulated depreciation	<u>(1,181,892)</u>	<u>(1,030,335)</u>
Property and equipment, net	<u>\$ 4,022,656</u>	<u>\$ 3,961,085</u>

Depreciation expense for the years ended December 31, 2021 and 2020, was \$172,319 and \$164,307, respectively. In mid 2019, the Garden contracted for an updated Master Plan of the Museum Hill site, which was completed in the Fall of 2020. The Board has divided the Master Plan into various phases, which are sequenced with consideration given to various priorities, including the Garden's strategic and tactical operating plans, and the timing and availability of the funding required for the phases. It is envisioned that the full site development, as contained in the Master Plan, will take many years and require substantial funding, while acknowledging that certain details of the Master Plan may change over time and during the site development process.

Santa Fe Botanical Garden
Notes to Financial Statements
December 31, 2021 and 2020

5) Availability and Liquidity

The following represents the Garden's financial assets at December 31,:

	2021	2020
Financial assets at year end:		
Cash and cash equivalents	\$ 677,991	\$ 674,843
Accounts receivable	1,000	12,750
Investments	102,497	-
Pledges receivable	4,000	8,740
Total financial assets	785,488	696,333
Financial assets available to meet general expenditures over the next twelve months	\$ 785,488	\$ 696,333

As part of the Garden's liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due. To help manage unanticipated liquidity needs, the Garden has a line of credit with its primary financial institution upon which it can draw (See Note 7).

6) Notes Payable

At December 31, 2021 and 2020, notes payable consisted of the following:

	2021	2020
Note payable to the SBA which matures on July 7, 2050. The interest rate is 2.75% per annum. Installment payments, including principal and interest, of \$641 monthly, will begin thirty months from July 7, 2020. The note payable is collateralized by continuing security interest in and any and all "Collateral as described in the note to secure payment and performance of all debts."	\$ 150,000	\$ 150,000
 Note payable to an individual which matures on October 29, 2025. The interest rate is the three-month LIBOR rate plus 4.25%, adjusted quarterly on the first business day of September, December, March, and June. The LIBOR rate shall be the "latest" rate, as published in the Wall Street Journal on the adjustment date. The note is interest only and all unpaid interest and principal will be due on maturity.	300,000	300,000
Total note payable	450,000	450,000
Less: current portion	(297)	-
	\$ 449,703	\$ 450,000

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6) Long Term Debt — continued

Maturities of debt for the years after December 31, 2021 are as follows:

2022	\$	297
2023		3,621
2024		3,721
2025		303,825
2026		3,932
Thereafter		134,604
		\$ 450,000

7) **Line of credit**

The Garden has a line of credit with a financial institution with a limit of \$200,000 and a renewal date of April 1, 2022. The interest rate at December 31, 2021 and 2020 was 4.25%. At December 31, 2021 and 2020, borrowings on the line of credit were \$0 and \$150,000, respectively.

8) **Net Assets With Donor Restrictions**

Net assets with donor restrictions consist of the following as of December 31:

	2021	2020
Restricted for purpose:		
Childrens Education	\$ 100,731	\$ 66,935
Linda Milbourn Internship	15,760	20,000
Capital Campaigns:		
Pinon Juniper Woodland Trail	-	13,793
Stage	10,000	-
Pinon Juniper Woodland Footbridge	40,000	-
Garden Solar	24,000	-
Lower Gardens	11,000	-
Pavilion Upgrade	9,800	-
Restricted for time:		
Pledge receivables	4,000	8,740
	\$ 215,291	\$ 109,468

9) **Net Assets Released from Restriction**

Net assets of \$86,477 and \$199,567 were released from donor restrictions during the year ended December 31, 2021 and 2020, respectively, by incurring costs or expenses satisfying the restricted purposes of expenditures and collection of Museum Hill Campaign pledges receivable.

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10) Commitments and Contingencies

The Garden entered into a lease with the Department of Cultural Affairs (DCA) for office space in 2012. The lease term was for one year with four one-year extensions. The lease was renewed in July 2017, with a maturity of July 20, 2022. Lease payments are \$1,562 per month. An amendment to the lease was executed which addresses the landlord's response to the public health order issued in March 2020. Effective October 1, 2020, and for so long as the Tenant is not permitted full access to or use of the premises the rent for the premises will be abated to 25% of the lease rate which is \$391. Effective November 2010, the Garden leased a parcel of land from the DCA or State of New Mexico for the purpose of designing, creating, and maintaining a garden and giving demonstrations. The lease was amended in fiscal years 2013, 2016, 2018 and 2019. The new lease is for a term of 25 years, ending in November 2035, and the various amendments, increasing acreage, adjusting rents and other terms increased the monthly payment, as of August 1, 2019 to \$1,184. 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. In response to the public health order, there has been a reduction of monthly rent effective October 1, 2020 to \$592.

Effective December 2006, the Garden leased a parcel of land of approximately 11 acres 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 leased land from El Rancho de Las Golondrinas. The lease was renewed October 2005 for a term of 15 years, ending in October 2020 and then extended to December 31, 2021. The landlord elected not to renew the lease at the time of maturity. As part of the agreement, the Garden is not required to pay rent, but it is required to develop and maintain the property as a wetland preserve. All costs associated with the maintenance and development of this property are the responsibility of the Garden and are capitalized or expensed by the Garden. The loss from asset disposal on the statement of activities of \$14,670 relates primarily to undepreciated costs of Garden improvements that had ben capitalized and were written off due to the lease termination. 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.

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10) Commitments and Contingencies — continued

The Garden has a four-year lease on a multifunction copier. Base lease payments are \$423 per month and are adjusted quarterly based on paper usage above a level assumed in the base lease. The Garden leases two storage units on a month-to-month leasing arrangement. Lease payments total \$425 per month. The Garden leases a mobile trailer for its visitor center and gift shop on a month-to-month leasing arrangement. Lease payments are \$861 per month. This lease expired in the summer of 2021 and a newer, larger mobile trailer has now been leased at a larger monthly rental. Those payments are \$1,483 per month for 48 months.

Minimum future lease payments required to be made under operating leases are as follows:

<u>Year Ending December 31, 2021</u>	
2022	\$ 35,568
2023	36,979
2024	36,979
2025	20,145
2026	14,212
2027-2035	125,543
	<u>\$ 269,426</u>

Total expense for all leases was \$30,866 and \$37,127 for the year ended December 31, 2021 and 2020, respectively.

11) **Employee Benefit Plan**

Eligible Garden employees may participate in a Simple IRA plan administered by Fidelity Investments. 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 \$1,559 and \$6,369 in contributions to the plan for the years ended December 31, 2021 and 2020, respectively.

12) **Subsequent Events**

At the time of this financial statement's effective date, citizens and the economies of the United States and other countries have been impacted by the coronavirus (COVID-19) pandemic. The significance and the duration of the pandemic's financial impact are indeterminable, and as such, these financial statements do not consider the potential future financial implications of the pandemic.

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13) Fair Value Measurements

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs consist of investments for which no significant observable market inputs are available and have the lowest priority. The Garden uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Garden measures fair value using Level 1 inputs because it generally provides the most reliable evidence of fair value. The Garden has no Level 2 or 3 investments at December 31, 2021. The following table sets forth fair value measurements by level within the fair value hierarchy in the accompanying statements of financial position at December 31, 2021:

	Fair Value Measurements Using:	
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
Stock Exchange-Traded Funds	\$ 57,584	\$ 57,584
Bond Exchange-Traded Funds	44,589	44,589
Short-term reserves	324	324
Total	\$ 102,497	\$ 102,497

Level 1 Fair Value Measurements

The fair values of exchange-traded funds are based on quoted prices in active markets for identical assets.

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14) Recently Issued Accounting Pronouncements

The following accounting pronouncements have been issued but have not yet been implemented by the Garden.

Leases

On February 25, 2016, the FASB issued ASU 2016-02 Leases, which significantly changes the accounting for leases in the financial statements of lessees and supersedes FASB ASC Topic 840. With this update, U.S. GAAP now will require lessees under operating leases to recognize a liability in the statement of financial position, a liability to make lease payments (the lease liability), and an asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting election not to recognize lease assets and lease liabilities. If a lessee makes this election, it should recognize lease expense for such leases generally on a straight-line basis over the lease term. Cash flows related to operating leases will continue to be reported within operating activities on the statements of cash flows. The ASU is effective for fiscal years beginning after December 15, 2021 (i.e., the Garden's fiscal year ending December 31, 2022).

As of the date of these financial statements, management has not implemented and has not determined the impact this new accounting pronouncements will have on future reporting periods.