



**LOFTIS & LOVATO**

— G R O U P —

**CERTIFIED PUBLIC ACCOUNTANTS**

# **Santa Fe Botanical Garden**

Financial Statements  
And Independent Auditor's Report

December 31, 2023 and 2022

# 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, 2023 and 2022, 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, 2023 and 2022, 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  
November 7, 2024

Financial Statements

**Santa Fe Botanical Garden**  
**Statements of Financial Position**  
**December 31,**

	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 1,183,848	\$ 1,028,789
Accounts receivable	3,400	-
Prepaid expenses	6,269	6,057
Inventory	25,835	28,766
Total current assets	1,219,352	1,063,612
Investments	156,446	82,950
Right of use assets, property and equipment, net	4,333,206	4,572,298
Total assets	\$ 5,709,004	\$ 5,718,860
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$ 57,549	\$ 10,254
Accrued expenses	50,300	4,914
Unearned revenue	2,500	10,136
Lease liability - current portion	30,240	28,228
Notes payable - current portion	-	155,275
Total current liabilities	140,589	208,807
Lease liability - noncurrent portion	451,204	481,444
Notes payable - noncurrent portion	200,000	194,725
Total liabilities	791,793	884,976
Net assets		
Without donor restrictions		
Unrestricted	3,985,086	4,024,022
Board designated	250,000	250,000
With donor restrictions	682,125	559,862
Total net assets	4,917,211	4,833,884
Total liabilities and net assets	\$ 5,709,004	\$ 5,718,860

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

**Santa Fe Botanical Garden**  
**Statement of Activities**  
**For the Year Ended December 31, 2023**

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
<b>Support and Revenue</b>			
Contributions	\$ 399,237	\$ 135,470	\$ 534,707
Garden admissions	242,072	-	242,072
Membership dues	155,651	-	155,651
Rental income	79,544	-	79,544
Product sales, net of cost of goods sold	52,433	-	52,433
Grants	49,300	-	49,300
Special events, net of expenses of \$95,565	33,941	-	33,941
Public programs	26,605	-	26,605
Investment gain	21,602	-	21,602
Education and workshops	21,568	-	21,568
In-kind	6,387	-	6,387
Net assets released from restriction	13,207	(13,207)	-
Total support and revenue	<u>1,101,547</u>	<u>122,263</u>	<u>1,223,810</u>
<b>Expenses</b>			
Program services	<u>749,290</u>	<u>-</u>	<u>749,290</u>
Supporting services			
Management and general	266,574	-	266,574
Fundraising	<u>124,619</u>	<u>-</u>	<u>124,619</u>
Total supporting services	<u>391,193</u>	<u>-</u>	<u>391,193</u>
Total expenses	<u>1,140,483</u>	<u>-</u>	<u>1,140,483</u>
Change in net assets	(38,936)	122,263	83,327
Net assets, beginning of year	<u>4,274,022</u>	<u>559,862</u>	<u>4,833,884</u>
<b>Net assets, end of year</b>	<u>\$ 4,235,086</u>	<u>\$ 682,125</u>	<u>\$ 4,917,211</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, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue</b>			
Contributions	\$ 497,263	\$ 386,784	\$ 884,047
Garden admissions	138,610	-	138,610
Membership dues	136,631	-	136,631
Rental income	51,418	-	51,418
Grants	50,000	-	50,000
Product sales, net of cost of goods sold	33,634	-	33,634
In-kind	10,007	-	10,007
Other income	5,592	-	5,592
Investment loss	(19,546)	-	(19,546)
Net assets released from restriction	42,213	(42,213)	-
Total support and revenue	945,822	344,571	1,290,393
<b>Expenses</b>			
Program services	564,354	-	564,354
Supporting services			
Management and general	220,720	-	220,720
Fundraising	40,482	-	40,482
Total supporting services	261,202	-	261,202
Total expenses	825,556	-	825,556
Change in net assets	120,266	344,571	464,837
Net assets, beginning of year	4,153,756	215,291	4,369,047
<b>Net assets, end of year</b>	<b>\$ 4,274,022</b>	<b>\$ 559,862</b>	<b>\$ 4,833,884</b>

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, 2023**

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 298,734	\$ 102,268	\$ 70,067	\$ 471,069
Depreciation and amortization	156,314	49,933	10,855	217,102
Rent	41,881	13,378	2,908	58,167
Loss on equipment	32,257	10,304	2,240	44,801
Payroll taxes	27,067	9,266	6,349	42,682
Accounting	-	39,023	-	39,023
Advertising	27,809	310	8,241	36,360
Production	36,184	-	-	36,184
Equipment	18,207	6,762	1,042	26,011
Bank and investment fees	16,652	2,379	4,758	23,789
Dues and subscriptions	11,362	10,907	454	22,723
Interest	17,160	-	-	17,160
Employee benefits	9,636	3,299	2,260	15,195
Telephone and internet	10,564	3,374	734	14,672
Utilities	10,341	3,303	719	14,363
Printing and reproduction	8,066	2,996	461	11,523
Repairs and maintenance	8,290	2,648	576	11,514
Insurance	7,934	2,947	453	11,334
Cultivation	-	-	6,703	6,703
In-kind	1,277	-	5,110	6,387
Supplies	3,003	959	209	4,171
Miscellaneous	2,993	1,112	170	4,275
Professional fees	2,204	902	233	3,339
Postage and shipping	1,355	504	77	1,936
<b>Total expenses</b>	<b><u>\$ 749,290</u></b>	<b><u>\$ 266,574</u></b>	<b><u>\$ 124,619</u></b>	<b><u>\$ 1,140,483</u></b>

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, 2022**

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 166,384	\$ 68,066	\$ 17,647	\$ 252,097
Depreciation and amortization	142,020	45,367	9,863	197,250
Rent	46,773	14,941	3,247	64,961
Payroll taxes	15,381	6,292	1,631	23,304
Accounting	22,259	51,936	-	74,195
Advertising	3,037	34	304	3,375
Production	42,100	-	-	42,100
Equipment	7,576	-	-	7,576
Bank and investment fees	10,761	1,537	3,075	15,373
Dues and subscriptions	8,535	12,162	641	21,338
Interest	21,154	-	-	21,154
Employee benefits	3,008	1,231	319	4,558
Telephone and internet	5,604	1,790	389	7,783
Utilities	5,676	1,812	395	7,883
Printing and reproduction	148	55	8	211
Repairs and maintenance	25,618	8,184	1,780	35,582
Insurance	7,618	2,828	435	10,881
Supplies	6,727	2,018	378	9,123
Miscellaneous	2,642	981	156	3,779
Professional fees	18,531	151	-	18,682
Professional development	2,336	868	133	3,337
Travel	466	467	81	1,014
<b>Total expenses</b>	<b>\$ 564,354</b>	<b>\$ 220,720</b>	<b>\$ 40,482</b>	<b>\$ 825,556</b>

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,**

	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities</b>		
Cash received from contributions and grants	\$ 430,607	\$ 789,047
Cash received from membership fees	155,651	136,631
Cash received from admissions	242,072	138,610
Cash received from rentals	71,908	57,429
Cash received from special events	33,941	-
Other receipts	48,173	7,475
Cash received from product sales, net of cost of goods sold	52,433	33,634
Cash received for interest	9,060	-
Cash paid for interest	-	(17,857)
Cash paid to employees and suppliers	<u>(765,045)</u>	<u>(608,972)</u>
Net cash provided by operating activities	<u>278,800</u>	<u>535,997</u>
<b>Cash flows from investing activities</b>		
Purchase of securities	(64,176)	(1,882)
Sale of securities	3,222	-
Purchase of property and equipment	<u>(42,852)</u>	<u>(223,556)</u>
Net cash used by investing activities	<u>(103,806)</u>	<u>(225,438)</u>
<b>Cash flows from financing activities</b>		
Proceeds for note payable	-	50,000
Lease payments	<u>(19,935)</u>	<u>(9,761)</u>
Net cash (used) provided by financing activities	<u>(19,935)</u>	<u>40,239</u>
Net increase in cash and cash equivalents	155,059	350,798
Cash and cash equivalents, beginning of year	<u>1,028,789</u>	<u>677,991</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 1,183,848</u>	<u>\$ 1,028,789</u>

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

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

	<b>2023</b>	<b>2022</b>
<b>Reconciliation of change in net assets to net cash provided by operating activities</b>		
Change in net assets	<b>\$ 83,327</b>	<b>\$ 464,837</b>
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	<b>217,102</b>	197,250
Unrealized (gain) loss	<b>(12,542)</b>	21,429
Interest on lease liability	<b>24,905</b>	3,297
Debt forgiveness	<b>(150,000)</b>	(150,000)
In kind capital	<b>-</b>	(7,200)
Loss on asset disposal	<b>44,801</b>	-
Changes in assets and liabilities		
Accounts receivable	<b>(3,400)</b>	1,000
Pledges receivable	<b>-</b>	4,000
Prepaid expenses	<b>(212)</b>	(4,574)
Inventory	<b>2,931</b>	543
Right of use asset	<b>20,041</b>	-
Accounts payable	<b>47,295</b>	1,332
Accrued expenses	<b>45,386</b>	(1,928)
Unearned revenue	<b>(7,636)</b>	6,011
Lease liability	<b>(33,198)</b>	-
Total adjustments	<b>195,473</b>	71,160
Net cash provided by operating activities	<b>\$ 278,800</b>	<b>\$ 535,997</b>

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

# **Santa Fe Botanical Garden**

## **Notes to Financial Statements**

### **December 31, 2023 and 2022**

#### **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, New Mexico. 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.

##### Santa Fe Botanical Garden at Museum Hill

In December 2006, eleven acres of land were leased from the City of Santa Fe (the "City") 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 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.

##### 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.

**Santa Fe Botanical Garden**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

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.

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 Garden suggests the appropriate portion of higher denominated memberships as deductible contributions for the member.

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).

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.

**Santa Fe Botanical Garden**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

2) Summary of Significant Accounting Policies — continued

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.

Cash and Cash Equivalents

For purposes of the statements 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. 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.

**Santa Fe Botanical Garden**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

2) Summary of Significant Accounting Policies — continued

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 forty 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. 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.



**Santa Fe Botanical Garden**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

2) Summary of Significant Accounting Policies — continued

Income Taxes - continued

The Garden's open audit periods are for the years ended December 31, 2020 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.

Advertising

The cost of advertising is charged to expense as incurred. Advertising expense for the years ended December 31, 2023 and 2022 was \$36,360 and \$3,375, respectively.

**Santa Fe Botanical Garden**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

2) Summary of Significant Accounting Policies — continued

Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers. The guidance requires the Garden to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the Garden expects to be entitled in exchange for those goods or services. There has been no change in the revenue recognition in regard to the change in requirements. The Garden has contracts with customers from Garden admissions, education workshops and rental income. Revenue for admissions is recognized upon purchase and revenue for workshops and facilities rental is recognized at the time events place. The Garden recognized \$343,185 and 193,361 in contract revenue and \$2,500 and \$10,136 in unearned revenue in 2023 and 2022, 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:

<b>Expense</b>	<b>Method of Allocation</b>
Salaries and wages	Time spent
Depreciation and amortization	Square footage
Rent	Specific identification
Loss on equipment	Square footage
Payroll taxes	Time spent
Advertising	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, 2023 and 2022, 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.

**Santa Fe Botanical Garden**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

2) Summary of Significant Accounting Policies — continued

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 November 7, 2024, the date the financial statements were available to be issued.

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, 2023 and 2022 does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying financial statements.

3) **Right of Use Assets, Property and Equipment**

Right of use assets, property and equipment consist of the following at December 31:

	2023	2022
<i>Nondepreciable assets</i>		
Sculptures	\$ 423,752	\$ 423,752
<i>Depreciable assets</i>		
Leasehold improvements	4,962,205	4,957,644
Right of use asset - operating lease	427,155	447,195
Right of use asset - capital lease	68,941	68,941
Construction in progress	35,632	44,801
Equipment	5,556	5,556
Furniture and fixtures	6,209	3,551
	5,929,450	5,951,440
Less accumulated depreciation and amortization	(1,596,244)	(1,379,142)
Right of Use Assets, Property and equipment, net	\$ 4,333,206	\$ 4,572,298

Depreciation and amortization expense for the years ended December 31, 2023 and 2022, was \$217,102 and \$197,250, respectively.

**Santa Fe Botanical Garden**  
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**4) Availability and Liquidity**

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

	<b>2023</b>	2022
Financial assets at year end:		
Cash and cash equivalents	\$ 1,183,848	\$ 1,028,789
Investments	156,446	82,950
Accounts receivable	3,400	-
Total financial assets	<b>1,343,694</b>	1,111,739
Less amounts not available to be used within one year:		
Board designated	250,000	250,000
Financial assets available to meet general expenditures over the next twelve months	<b>\$ 1,093,694</b>	\$ 861,739

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 6).

**5) Notes Payable**

At December 31, 2023 and 2022, notes payable consisted of the following:

	<b>2023</b>	2022
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 \$888 monthly, will begin thirty months from July 7, 2022. 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."	\$ 200,000	\$ 200,000
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.	-	150,000
Total note payable	<b>200,000</b>	350,000
Less: current portion	-	(155,275)
	<b>\$ 200,000</b>	\$ 194,725

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5) Notes Payable — continued

Maturities of debt for the years after December 31, 2023 are as follows:

2024	\$	-
2025		5,221
2026		5,367
2027		5,516
2028		5,670
Thereafter		<u>178,226</u>
		<u>\$ 200,000</u>

During 2022, the Garden received notice from the individual that holds the \$300,000 note payable, originally due on October 29, 2025, that the note is to be forgiven in two installments. The first in 2022 and the second in 2023. \$150,000 of this debt forgiveness was recorded as a donation in contributions at December 31, 2023.

6) **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, 2024. The interest rate at December 31, 2023 and 2022 was 8.5%. At December 31, 2023 and 2022, there were no borrowings on the line of credit.

7) **Net Assets With Donor Restrictions**

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

	2023	2022
Restricted for purpose:		
Childrens Education	\$ 503,693	\$ 526,901
Linda Milbourn Internship	6,400	11,400
Horticulture	25,000	-
David Salman Tribute Garden	60,103	-
Capital Campaigns:		
Childrens Discovery Garden	64,368	-
Lower Gardens	11,948	10,948
Stage	10,613	10,613
	\$ 682,125	\$ 559,862

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**8) Net Assets Released from Restriction**

Net assets of \$13,207 and \$42,213 were released from donor restrictions during the years ended December 31, 2023 and 2022, respectively, by incurring costs or expenses satisfying the restricted purposes of expenditures.

**9) 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, 2023 and 2022. 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, 2023 and 2022:

<b>December 31, 2023</b>	<u>Fair Value Measurements Using:</u>	
	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Stock Exchange-Traded Funds	\$ 60,394	\$ 60,394
Bond Exchange-Traded Funds	37,430	37,430
Mutual funds	58,493	58,493
Short-term reserves	<u>129</u>	<u>129</u>
Total	<u>\$ 156,446</u>	<u>\$ 156,446</u>
December 31, 2022	<u>Fair Value Measurements Using:</u>	
	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Stock Exchange-Traded Funds	\$ 48,384	\$ 48,384
Bond Exchange-Traded Funds	34,490	34,490
Short-term reserves	<u>76</u>	<u>76</u>
Total	<u>\$ 82,950</u>	<u>\$ 82,950</u>

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9) Fair Value Measurements — continued

Level 1 Fair Value Measurements

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

**10) 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 \$3,004 and \$1,858 in contributions to the plan for the years ended December 31, 2023 and 2022, respectively.

**11) Lease Activity**

Operating Leases

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 with an option to renew for an additional ten years. Lease payments are \$1,562 per month.

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. There is an option to renew for an additional 99 years. 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 leased a parcel of land of approximately 11 acres from the City 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.

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11) Lease Activity — continued

Capital Leases

The Garden has a four-year lease on a multifunction copier. Base lease payments are \$364 per month and are adjusted quarterly based on paper usage above a level assumed in the base lease. The lease expires February 2025.

The Garden leases a mobile trailer for its visitor center and gift shop with a maturity date of June 2025. Lease payments are \$1,483 per month.

The following summarizes the line items in the statements of financial position which include amounts for operating and finance leases as of December 31:

	<u>2023</u>	<u>2022</u>
<b>Operating Leases</b>		
Operating lease right-of-use assets	\$ <u>427,155</u>	\$ 447,195
Lease liability - current	\$ 9,184	\$ 8,293
Lease liability - long term	<u>441,702</u>	<u>450,886</u>
Total operating lease liabilities	<u>\$ 450,886</u>	<u>\$ 459,179</u>
<b>Finance Lease</b>		
Property and equipment	\$ 68,941	\$ 68,941
Accumulated depreciation	<u>(40,602)</u>	<u>(20,301)</u>
Property and equipment, net	<u>\$ 28,339</u>	<u>\$ 48,640</u>
Lease liability - current	\$ 21,056	\$ 19,935
Lease liability - long term	<u>9,502</u>	<u>30,558</u>
Total finance lease liabilities	<u>\$ 30,558</u>	<u>\$ 50,493</u>

The following summarizes the weighted average remaining lease term and discount rate at December 31:

	<u>2023</u>	<u>2022</u>
<b>Weighted Average Remaining Lease</b>		
Operating leases	<b>81.75 years</b>	80.74 years
Finance lease	<b>1.41 years</b>	2.40 years
<b>Weighted Average Discount Rate</b>		
Operating leases	<b>5.50%</b>	5.50%
Finance lease	<b>5.50%</b>	5.50%



**Santa Fe Botanical Garden**  
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11) Lease Activity — continued

The maturities of lease liabilities as of December 31, 2023 were as follows:

	<u>Operating</u>	<u>Finance</u>
Year ending December 31:		
2024	\$ 33,672	\$ 22,166
2025	33,672	9,627
2026	33,672	-
2027	33,672	-
2027	33,672	-
Thereafter	2,915,248	-
Total lease payments	<u>3,083,608</u>	<u>31,793</u>
Less: interest	<u>(2,632,722)</u>	<u>(1,235)</u>
Present value of lease liabilities	<u>450,886</u>	<u>30,558</u>

The following summarizes the line items in the statements of activities which include the components of lease expense for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Operating lease cost	<u>\$ 44,945</u>	<u>\$ 44,945</u>
Finance lease costs:		
Amortization of lease assets	\$ 20,301	\$ 20,301
Interest on lease liabilities	<u>2,231</u>	<u>3,297</u>
Total finance lease costs	<u>\$ 22,532</u>	<u>\$ 23,598</u>

The following summarizes cash flow information related to leases for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 44,615	\$ 43,792
Operating cash flows from finance lease	\$ 2,231	\$ 3,297
Financing cash flows from finance lease	\$ 19,935	\$ 18,869