



## **FINANCIAL STATEMENTS**

**June 30, 2016**  
**(With Comparative Totals for 2015)**

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Animal Humane New Mexico

We have audited the accompanying financial statements of Animal Humane Association of New Mexico, Inc. dba Animal Humane New Mexico (AHNM), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year 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 audit. We conducted our audit 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 auditors' 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 AHNM'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 AHNM'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 present fairly, in all material respects, the financial position of AHNM as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Prior Period Financial Statements***

The financial statements of AHNM as of June 30, 2015, from which the summarized comparative information was derived, were audited by other auditors whose report dated September 24, 2015 expressed an unmodified opinion on those statements.

September 19, 2016

PULAKOS CPAs, PC

Pulakos CPAs, PC

# Animal Humane New Mexico

## STATEMENTS OF FINANCIAL POSITION

June 30, 2016

(With Comparative Totals for 2015)

### Assets

	2016	2015
Current assets		
Cash and cash equivalents	\$ 387,273	\$ 950,983
Accounts receivable, net	30,989	9,092
Contributions and grants receivable	6,250	24,291
Inventory - thrift store	65,429	92,900
Inventory - food and merchandise	26,328	16,672
Prepaid expenses	85,999	63,876
Total current assets	602,268	1,157,814
Property and equipment, net	8,366,996	7,541,980
Other assets		
Investments	3,298,031	3,528,142
Beneficial interest in remainder trust	130,700	130,365
	\$ 12,397,995	\$ 12,358,301

### Liabilities and Net Assets

Current liabilities		
Accounts payable	\$ 150,542	\$ 50,490
Accrued expense	20,329	20,473
Accrued wages and other payroll liabilities	132,379	236,829
Deferred revenue	47,387	48,522
Total current liabilities	350,637	356,314
Net assets		
Unrestricted		
Undesignated	11,721,528	11,731,178
Board designated	90,641	95,556
Total unrestricted	11,812,169	11,826,734
Temporarily restricted	235,189	175,253
Total net assets	12,047,358	12,001,987
	\$ 12,397,995	\$ 12,358,301

## Animal Humane New Mexico

### STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

**Year Ended June 30, 2016**  
**(With Comparative Totals for 2015)**

	<b>2016</b>			<b>2015</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>	<b>Total</b>
Revenues, support and other income				
Public contributions	\$ 2,589,002	\$ 1,135,075	\$ 3,724,077	\$ 3,779,259
Program service fees	902,485	-	902,485	926,724
In-kind contributions	544,429	-	544,429	773,192
Merchandise sales	903,295	-	903,295	842,075
Investment return, net of \$7,069 in fees in 2016	39,995	-	39,995	7,457
Special events	338,203	-	338,203	716,905
United Way contributions	181,315	-	181,315	189,587
Grant income	12,626	-	12,626	22,241
Rental income	3,300	-	3,300	-
Change in value of split interest agreement	334	-	334	658
Loss on disposal of assets	(35,919)	-	(35,919)	-
Net assets released from restrictions	1,075,139	(1,075,139)	-	-
	<u>6,554,204</u>	<u>59,936</u>	<u>6,614,140</u>	<u>7,258,098</u>
Total revenues, support and other income				
Expenses				
Program	5,401,229	-	5,401,229	5,403,654
Fundraising	755,485	-	755,485	883,168
Management and general	412,055	-	412,055	502,330
	<u>6,568,769</u>	<u>-</u>	<u>6,568,769</u>	<u>6,789,152</u>
Total expenses				
Change in net assets	(14,565)	59,936	45,371	468,946
Net assets, beginning of year	11,826,734	175,253	12,001,987	11,533,041
Net assets, end of year	<u>\$ 11,812,169</u>	<u>\$ 235,189</u>	<u>\$ 12,047,358</u>	<u>\$ 12,001,987</u>

# Animal Humane New Mexico

## STATEMENTS OF FUNCTIONAL EXPENSES

**Year Ended June 30, 2016**  
**(With Comparative Totals for 2015)**

	Program Services			
	Adoption	Animal Care	Clinic	Outreach
Expenses				
Salaries and wages	\$ 672,350	\$ 428,518	\$ 827,315	\$ 155,607
Payroll taxes and employee benefits	137,203	91,437	139,832	27,348
Total salaries and related expenses	809,553	519,955	967,147	182,955
Operating expenses				
Advertising	21,365	-	-	40,991
Bank service fees	10,636	-	9,641	15
Cost of sales	70,557	-	32,711	-
Cremation/disposal costs	-	7,296	8,308	-
Direct mail	-	-	100	-
Education and training	3,426	1,315	3,503	1,013
Facility maintenance	44,299	62,062	26,347	12,285
Fundraising	415	-	523	24,673
In-kind expenses	354,887	-	65,718	-
Insurance	11,858	12,104	5,137	2,395
Maintenance and repairs	35,180	11,756	60,865	9,727
Marketing	80,073	-	81,472	-
Miscellaneous	3,394	3,742	12,174	15,126
Professional fees	-	-	-	6,965
Rent and utilities	79,554	39,069	29,319	9,198
Supplies	22,783	141,922	247,169	4,494
Total ASPCA expenses	-	-	(500)	120,042
Transportation	12,805	1,105	2,844	2,595
Veterinarian Services	3,728	-	35,205	-
Total expenses before depreciation	1,564,513	800,326	1,587,683	432,474
Depreciation	111,111	116,623	68,063	14,763
Total functional expenses	\$ 1,675,624	\$ 916,949	\$ 1,655,746	\$ 447,237

<u>Thrift</u>	<u>Total Program Services</u>	<u>Supporting Services</u>			<u>2016 Total</u>	<u>2015 Total</u>
		<u>Fundraising</u>	<u>Management and General</u>	<u>Total Supporting Services</u>		
\$ 182,153	\$ 2,265,943	\$ 342,071	\$ 213,386	\$ 555,457	\$ 2,821,400	\$ 2,805,078
31,194	427,014	45,794	49,600	95,394	522,408	461,105
213,347	2,692,957	387,865	262,986	650,851	3,343,808	3,266,183
6,584	68,940	13,164	348	13,512	82,452	50,939
13,708	34,000	14,649	8,799	23,448	57,448	57,694
72,436	175,704	-	-	-	175,704	145,052
-	15,604	-	-	-	15,604	12,557
-	100	195,647	-	195,647	195,747	164,359
-	9,257	634	2,366	3,000	12,257	13,066
28,360	173,353	6,249	13,972	20,221	193,574	177,328
-	25,611	82,260	1,228	83,488	109,099	250,092
122,631	543,236	720	473	1,193	544,429	773,192
6,827	38,321	1,218	11,869	13,087	51,408	84,582
11,325	128,853	12,644	10,855	23,499	152,352	147,059
139,551	301,096	-	-	-	301,096	332,339
3,523	37,959	7,278	3,257	10,535	48,494	32,196
-	6,965	-	19,388	19,388	26,353	23,437
57,999	215,139	6,301	16,573	22,874	238,013	248,593
6,458	422,826	7,911	13,186	21,097	443,923	482,435
-	119,542	20	-	20	119,562	114,583
4,491	23,840	2,346	7,737	10,083	33,923	54,644
-	38,933	-	-	-	38,933	31,770
687,240	5,072,236	738,906	373,037	1,111,943	6,184,179	6,462,100
18,433	328,993	16,579	39,018	55,597	384,590	327,052
<u>\$ 705,673</u>	<u>\$ 5,401,229</u>	<u>\$ 755,485</u>	<u>\$ 412,055</u>	<u>\$ 1,167,540</u>	<u>\$ 6,568,769</u>	<u>\$ 6,789,152</u>

# Animal Humane New Mexico

## STATEMENTS OF CASH FLOWS

**Year Ended June 30, 2016**  
**(With Comparative Totals for 2015)**

	2016	2015
Operating activities		
Change in net assets	\$ 45,371	\$ 468,946
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	384,590	327,052
Loss on disposal of assets	35,919	-
Provision for uncollectible pledges receivable	(1,902)	-
Contribution of property and equipment	(270,000)	-
Realized/unrealized loss on investments	20,629	82,017
Donation of investments	(7,943)	-
Beneficial interest in remainder trust	(334)	658
Reinvested interest and dividends	(65,749)	(89,474)
Effects of changes in operating assets and liabilities		
Accounts receivable	(19,995)	12,505
Contributions and grants receivable	18,041	118,861
Inventory	17,815	(2,798)
Prepaid expenses	(22,124)	(14,327)
Accounts payable	100,052	12,162
Accrued expenses	(144)	9,883
Accrued wages and other payroll liabilities	(104,450)	43,937
Deferred revenue	(1,135)	(3,278)
Net cash provided by operating activities	128,641	966,144
Investing activities		
Proceeds from sale of investments	530,413	405,927
Purchases of investments	(247,239)	(351,853)
Purchases of property and equipment	(975,525)	(469,223)
Net cash used by investing activities	(692,351)	(415,149)
Change in cash and equivalents	(563,710)	550,995
Cash and equivalents, beginning of year	950,983	399,988
Cash and equivalents, end of year	\$ 387,273	\$ 950,983



# **Animal Humane New Mexico**

## **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2016**  
**(With Comparative Totals for 2015)**

### **NOTE 1 – NATURE OF BUSINESS**

Animal Humane Association of New Mexico, Inc. dba Animal Humane New Mexico (AHNM), a nonprofit organization, was founded in September of 1965 and incorporated under laws of the State of New Mexico on July 8, 1997. The stated mission of AHNM is as follows:

- To support and improve the lives of New Mexico's cats and dogs through sheltering, adoption, humane education and veterinary services.
- To provide shelter for companion animals, as well as appropriate nutrition, veterinary care, and individual attention from the volunteer and paid staff while in the care and custody of AHNM. This service includes the selection and adoption to appropriate families and individuals.
- To alleviate suffering in companion animals, which includes acting as a resource for individuals and groups interested in the prevention of cruelty and exploitation of companion animals.
- To educate the public in the humane treatment of animals, which includes such activities as speaking to children and adults in schools, lecturing on responsible pet ownership, and programs for spaying and neutering.
- To promote programs which advocate spaying and neutering of companion animals through media outreach and as a part of the educational programs for the young.

AHNM operates New Mexico's first full service, Donor-subsidized Veterinary Clinic for qualifying owners in need. AHNM provides behavior assessment and training to pet owners and sponsors a shelter transfer program that enables other New Mexico animal shelters to transfer selected pets from their facilities to the AHNM campus, thus increasing adoption rates and reducing euthanasia rates throughout New Mexico.

AHNM is funded by individual and corporate donations, program service fees, income from the sale of donated merchandise, fundraising events, and grants from various charitable foundations.

AHNM is governed by a board of directors, which has the responsibility for determining policy and for the execution and evaluation of programs and activities conducted by AHNM. The board is limited to a minimum of five (5) members and a maximum of 18 members. The term served by a board member is three years, with no member being able to serve more than two consecutive terms.

# Animal Humane New Mexico

## NOTES TO FINANCIAL STATEMENTS

**June 30, 2016**  
**(With Comparative Totals for 2015)**

### NOTE 1 – NATURE OF BUSINESS – CONTINUED

In February of 2012, the board of directors approved a major renovation of the campus and veterinary clinic. This project, designated as Project Humane, is a three-year \$5,600,000 upgrade of our campus. Project Humane is designed to provide more humane housing for every pet on campus, to support their behavioral and medical health, increase humane education space and additional welcoming shelter for the public. The project was completed in the fall of 2015.

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Financial Statement Presentation

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with AHNM's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

#### 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Cash and Cash Equivalents

AHNM considers investments with an initial maturity date of 90-days or less as cash equivalents. The balances maintained by AHNM in the individual accounts may at times, exceed federally insured limits. AHNM does not believe that its risk for amounts in excess of federally insured limits is significant.

#### Accounts, Contributions and Grants Receivable

AHNM utilizes the allowance method for receivable valuation and for estimated collectability. The allowance is based on experience and other circumstances which may affect the collectability of the account. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivable. AHNM had an allowance of \$1,061 and \$2,963 for the years ended June 30, 2016 and 2015, respectively.

#### Inventory

Inventory consisting of pet food and supplies is valued at the lower of cost or market using the first-in, first-out method. Donated inventory is valued at its estimated fair value on the date of donation.

# Animal Humane New Mexico

## NOTES TO FINANCIAL STATEMENTS

June 30, 2016  
(With Comparative Totals for 2015)

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### Property and Equipment

Property and equipment are recorded at cost if purchased or, if donated, at its estimated fair value on the date of donation. Depreciation is recorded on the straight-line basis over the estimated useful lives of the assets, which range from 5 to 30 years. AHNM capitalizes all expenditures for property in excess of \$1,000.

#### Net Assets

Unrestricted net assets result from revenues from providing services, producing goods, unrestricted contributions and dividends and interest from income-providing assets less applicable related expenses. All contributions made to AHNM are considered available for unrestricted use unless specifically restricted by the donor.

Temporarily restricted net assets result from contributions and other inflows of assets whose use by AHNM is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of AHNM pursuant to those stipulations.

Permanently restricted net assets have donor-imposed restrictions that stipulate that resources be maintained permanently but permit AHNM to expend part or all of the income or economic benefits derived from the donated assets. AHNM had no permanently restricted net assets at June 30, 2016 and 2015, respectively.

#### Revenue Recognition

Support from contributions, grants and special events is recognized when awarded, earned, or when expenditures have been incurred in accordance with provisions of the contributions and special event. Program service fee revenue is recognized when the service is performed. Merchandise sales revenue is recognized at the point of sale. Monies received but not earned during the fiscal year are recorded as deferred revenue.

#### Donated Assets and Services

Donated assets and services are recorded at their estimated fair values as of the date of contribution and capitalized if exceeding AHNM's threshold policy. Contributions of services are recognized in the financial statements if the services received enhance or create non-financial assets, require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Services include skilled animal workers, writers, and finance professionals. Some services are provided by volunteers who perform a variety of tasks that benefit AHNM but are not recorded, as they do not meet the above criteria.

# Animal Humane New Mexico

## NOTES TO FINANCIAL STATEMENTS

June 30, 2016  
(With Comparative Totals for 2015)

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### Donated Assets and Services - Continued

AHNM received donated media advertising, professional services and trained volunteer services in the amount of \$544,429 and \$773,192 for the years ended June 30, 2016 and 2015, respectively.

#### Advertising

AHNM uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2016 and 2015 was \$82,452 and \$50,939, respectively.

#### Functional Classification of Expenses

The cost of providing the various programs and all other activities has been summarized on a functional basis in the statement of activities and changes in net assets and the statement of functional expenses. Expenses that can be identified with a specific program are recorded as direct costs according to their natural expenditure classification. Other common costs have been allocated among the programs and supporting services benefited based on various relationships.

#### Fair Value Measurement

Accounting principles generally accepted in the United States of America, establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; Quoted prices for identical or similar assets or liabilities in inactive markets; Inputs other than quoted prices that are observable for the asset or liability; Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

# Animal Humane New Mexico

## NOTES TO FINANCIAL STATEMENTS

June 30, 2016  
(With Comparative Totals for 2015)

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### Fair Value Measurement - Continued

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

#### Tax Exempt Status

AHNM has received tax-exempt status under Code Section 501(c)(3) of the Internal Revenue Code. AHNM has adopted accounting principles generally accepted in the United States of America, as they relate to uncertain tax positions for all open tax years. Currently, the 2013, 2014 and 2015 tax years are open and subject to examination by the Internal Revenue Service and New Mexico Taxation and Revenue Department. However, AHNM is not currently under audit nor has AHNM been contacted by any of these jurisdictions. Management believes that all activities of AHNM are within their tax-exempt purpose, and that there are no uncertain tax positions.

Any interest and penalties recognized associated with a tax position would be classified as current in AHNM's financial statements. No interest or penalties were recorded in 2016 or 2015.

#### Subsequent Events

AHNM has evaluated all events occurring subsequent to June 30, 2016 through September 19, 2016, which is the date that the financial statements were issued, and does not believe that any events occurring during this period require either recognition or disclosure in the accompanying financial statements.

### NOTE 3 – FAIR VALUE MEASUREMENT

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2016.

*Mutual Funds and Exchange-traded Funds:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Funds held at Albuquerque Community Foundation:* Valued at net realizable value, as determined by the quoted prices as provided by the investment manager, which pools all funds and allocated investment activity to each fund accordingly.

*Beneficial interest in remainder trust:* Valued at the present value of AHNM's 25% remainder interest in assets held in trust utilizing a discount rate of 4%.

# Animal Humane New Mexico

## NOTES TO FINANCIAL STATEMENTS

**June 30, 2016**  
**(With Comparative Totals for 2015)**

### NOTE 3 – FAIR VALUE MEASUREMENT – CONTINUED

The following table sets forth by level, within the fair value hierarchy, the Company’s assets at fair value as of June 30, 2016 and 2015:

<b>Assets at Fair Value as of June 30, 2016</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual funds				
Bond funds	\$ 1,172,938	\$ -	\$ -	\$ 1,172,938
Equity funds	1,125,081	-	-	1,125,081
Total mutual funds	2,298,019	-	-	2,298,019
Exchange-traded funds	909,371	-	-	909,371
Funds held at Albuquerque				
Community Foundation	-	-	90,641	90,641
Beneficial interest in remainder trust	-	130,700	-	130,700
	<u>\$ 3,207,390</u>	<u>\$ 130,700</u>	<u>\$ 90,641</u>	<u>\$ 3,428,731</u>

<b>Assets at Fair Value as of June 30, 2015</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual funds				
Bond funds	\$ 1,232,111	\$ -	\$ -	\$ 1,232,111
Equity funds	1,243,881	-	-	1,243,881
Total mutual funds	2,475,992	-	-	2,475,992
Exchange-traded funds	956,594	-	-	956,594
Funds held at Albuquerque				
Community Foundation	-	-	95,556	95,556
Beneficial interest in remainder trust	-	130,365	-	130,365
	<u>\$ 3,432,586</u>	<u>\$ 130,365</u>	<u>\$ 95,556</u>	<u>\$ 3,658,507</u>

# Animal Humane New Mexico

## NOTES TO FINANCIAL STATEMENTS

**June 30, 2016**  
**(With Comparative Totals for 2015)**

### NOTE 3 – FAIR VALUE MEASUREMENT – CONTINUED

#### Level 3 Investments

The following tables present the Company’s activities for investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2016 and 2015:

	<b>2016</b>	<b>2015</b>
Beginning balance	\$ 95,556	\$ 96,673
Dividends and interest	1,971	1,747
Distributions	(3,841)	(3,783)
Investment (losses) gains	(2,243)	1,951
Investment management fees	(802)	(1,032)
Ending balance	\$ 90,641	\$ 95,556

Unrealized gains and losses applicable to instruments valued using significant unobservable inputs (Level 3) are included in the statements of activities and changes in net assets for the years ended June 30, 2016 and 2015, respectively.

The unobservable inputs are the underlying assets at Albuquerque Community Foundation and AHNM follows their asset allocation policy. The asset allocation policy was developed using appropriate best practice tools such as a mean/variance optimizer or other tools as appropriate. Per the policy, Albuquerque Community Foundation assets are invested according to the following strategic allocation and upper limit ranges for each asset class as stated below:

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>
Equities	30%	60%
Fixed income/cash	5%	35%
Real assets	0%	30%
Multi-strategy	5%	35%

# Animal Humane New Mexico

## NOTES TO FINANCIAL STATEMENTS

June 30, 2016  
(With Comparative Totals for 2015)

### NOTE 4 – PROPERTY AND EQUIPMENT

	<u>2016</u>	<u>2015</u>
Buildings and improvements	\$ 7,711,659	\$ 7,502,483
Furniture and equipment	762,650	628,483
Land improvements	309,364	261,512
Vehicles	190,659	188,659
Leasehold improvements	103,617	21,406
Software	78,292	60,945
Construction in progress	<u>28,013</u>	<u>127,598</u>
	9,184,254	8,791,086
Less accumulated depreciation	(2,039,899)	(1,695,211)
Land	<u>1,222,641</u>	<u>446,105</u>
	<u>\$ 8,366,996</u>	<u>\$ 7,541,980</u>

Depreciation expense for the years ended June 30, 2016 and 2015 was \$384,590 and \$327,052, respectively. No interest was capitalized on the construction in progress for the years ended June 30, 2016 and 2015, as there was no use on the line-of-credit during those years.

### NOTE 5 – BENEFICIAL INTEREST IN REMAINDER TRUST

On March 31, 1994, AHNM was awarded an interest in the Charitable Remainder Trust (the Trust) of Frank Visquesney. Bank of America administers the Trust. AHNM is irrevocably entitled to 25% of the remaining net assets upon termination. AHNM's interest in the Trust's assets is recorded at fair market value with adjustments made annually for increases or decreases in value. The present value of AHNM's 25% interest at termination was estimated based on the current market value of the trust, discounted at a rate of 4%. The estimated present value of ANHM's interest in the Trust at June 30, 2016 and 2015 was \$130,700 and \$130,365, respectively.

### NOTE 6 – LINE-OF-CREDIT

AHNM maintains a \$150,000 revolving line-of-credit from New Mexico Bank & Trust to help finance its short-term needs. The line is secured by receivables with interest payable monthly on outstanding balances. Interest is calculated using Wall Street Journal Prime with a 4% floor. There was no balance due on the line-of-credit at June 30, 2016 and 2015, respectively.



# Animal Humane New Mexico

## NOTES TO FINANCIAL STATEMENTS

June 30, 2016  
(With Comparative Totals for 2015)

### NOTE 7 – NET ASSETS

#### Board Designated

The Board has created a fund with the Albuquerque Community Foundation for the purpose of investing in the community. The changes in net assets of the board-designated fund consist of the following for the years ended June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Balance – beginning of year	\$ 95,556	\$ 96,673
Plus: current year additions	1,971	3,698
Less: current year expenditures	<u>(6,886)</u>	<u>(4,815)</u>
Balance – end of year	<u>\$ 90,641</u>	<u>\$ 95,556</u>

#### Temporarily Restricted

Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met by either actions of AHNM and/or the passage of time. Temporarily restricted net assets at June 30, 2016 and 2015 were:

	<u>2016</u>	<u>2015</u>
Capital campaign and program-specific activities	\$ 5,000	\$ -
ASPCA	127,266	95,388
PetSmart	57,569	53,615
Other	<u>45,354</u>	<u>26,250</u>
Total temporarily restricted	<u>\$ 235,189</u>	<u>\$ 175,253</u>

### NOTE 8 – FUNDRAISING

AHNM sponsors the Doggie Dash, Montezuma Ball (2015), and operates a thrift shop in order to raise awareness for their mission and to persuade potential donors to contribute to AHNM. For the years ended June 30, 2016 and 2015, fundraising expense was \$755,485 and \$883,168, respectively. Funds raised as a result of these expenses were \$4,256,221 and \$4,707,992 for the years ended June 30, 2016 and 2015, respectively. This resulted in a fundraising ratio of 18% and 19% for the years ended June 30, 2016 and 2015, respectively.

**Animal Humane New Mexico**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2016**  
**(With Comparative Totals for 2015)**

**NOTE 9 – RETIREMENT PLANS**

AHNM participates in a defined contribution retirement plan. This plan is for the benefit of all eligible professional and support staff of AHNM who qualify under applicable participation requirements. Under the terms of the plan, contributions are made under Section 403(b) of the Code and are invested, at the discretion of the plan participant, in one or more of the investment vehicles available under the plan. The plan provides for AHNM to match participant contributions up to 3% of eligible salary. AHNM’s contribution to the plan for the years ended June 30, 2016 and 2015 totaled \$36,192 and \$32,712, respectively.

**NOTE 10 – LEASES**

AHNM leases an adoption center, a thrift shop, and various equipment under operating leases that expire at various times through November 2021. Rental expenses under these leases were \$149,098 and \$157,426 for the years ended June 30, 2016 and 2015, respectively. Minimum lease payments for each of the remaining years subsequent to June 30, 2016 are as follows:

Year ending June 30:

2017	\$ 134,328
2018	103,020
2019	28,662
2020	14,460
2021	10,365
2022	<u>3,750</u>
Total	<u>\$ 294,585</u>