



**FINANCIAL STATEMENTS**

**June 30, 2024  
(With Comparative Totals for 2023)**

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Animal Humane New Mexico

### ***Opinion***

We have audited the accompanying financial statements of Animal Humane Association of New Mexico, Inc. dba Animal Humane New Mexico (Animal Humane), which comprise the statement of financial position as of June 30, 2024 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Animal Humane as of June 30, 2024 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.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Animal Humane and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Animal Humane's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditors' 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 auditors' 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, 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 Animal Humane'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 Animal Humane'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.

***Report on Summarized Comparative Information***

We have previously audited Animal Humane's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 20, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

September 18, 2024

PULAKOS CPAs, PC

Pulakos CPAs, PC

**Animal Humane New Mexico**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2024**  
**(With Comparative Totals for 2023)**

<u>Assets</u>	<b>2024</b>	<b>2023</b>
Current assets		
Cash and cash equivalents	\$ 1,062,604	\$ 1,375,053
Accounts receivable, net	16,672	43,533
Grants receivable	20,500	69,200
Bequests receivable	58,333	218,000
Other receivable - Employee Retention Credit	-	713,380
Inventory - thrift store	244,633	112,923
Inventory - food and merchandise	52,426	62,834
Prepaid expenses	186,080	112,810
Total current assets	1,641,248	2,707,733
Property and equipment, net	8,554,547	8,573,673
Other assets		
Investments	7,038,088	6,441,013
Beneficial interest assets held at Albuquerque Community Foundation	126,748	121,360
Operating lease right-of-use assets, net	2,499,061	202,694
	\$ 19,859,692	\$ 18,046,473
 <b><u>Liabilities and Net Assets</u></b>  		
Current liabilities		
Accounts payable	\$ 113,922	\$ 159,050
Accrued expenses	47,004	30,185
Accrued wages and other payroll liabilities	310,181	327,555
Deferred revenue	59,647	37,300
Operating lease liability, current portion	242,135	130,562
Total current liabilities	772,889	684,652
Operating lease liability, noncurrent portion	2,274,383	81,931
Total liabilities	3,047,272	766,583
Net assets		
Without donor restrictions	16,311,139	16,664,158
With donor restrictions	501,281	615,732
Total net assets	16,812,420	17,279,890
	\$ 19,859,692	\$ 18,046,473

## Animal Humane New Mexico

### STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

**Year Ended June 30, 2024**  
**(With Comparative Totals for 2023)**

	<b>2024</b>			<b>2023</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	
Revenues, support and other income				
Public contributions and grants	\$ 3,697,942	\$ 780,451	\$ 4,478,393	\$ 5,327,989
Program service fees	1,264,771	-	1,264,771	1,410,478
In-kind contributions	900,581	-	900,581	786,155
Merchandise sales	1,277,862	-	1,277,862	1,044,230
Investment gains net of fees of \$13,301 and \$9,842 in 2024 and 2023, respectively	681,612	-	681,612	488,494
Special events	254,321	-	254,321	277,110
United Way contributions	122,275	-	122,275	133,078
Loss on disposal of property and equipment	(18,573)	-	(18,573)	(6,657)
Net assets released from restrictions	894,902	(894,902)	-	-
<b>Total revenues, support     and other income</b>	<b>9,075,693</b>	<b>(114,451)</b>	<b>8,961,242</b>	<b>9,460,877</b>
Expenses				
Program	7,623,000	-	7,623,000	6,367,162
Fundraising	957,007	-	957,007	908,408
Management and general	848,705	-	848,705	800,025
<b>Total expenses</b>	<b>9,428,712</b>	<b>-</b>	<b>9,428,712</b>	<b>8,075,595</b>
Change in net assets	(353,019)	(114,451)	(467,470)	1,385,282
Net assets, beginning of year	16,664,158	615,732	17,279,890	15,894,608
Net assets, end of year	<u>\$ 16,311,139</u>	<u>\$ 501,281</u>	<u>\$ 16,812,420</u>	<u>\$ 17,279,890</u>

See Notes to Financial Statements and Independent Auditors' Report

**Animal Humane New Mexico**

**STATEMENTS OF FUNCTIONAL EXPENSES**

**Year Ended June 30, 2024  
(With Comparative Totals for 2023)**

	<b>Program Services</b>						
	<b>Adoption</b>	<b>Animal Care</b>	<b>Clinic</b>	<b>Outreach</b>	<b>Thrift</b>	<b>Pet Food Bank</b>	<b>The Center</b>
Expenses							
Salaries and wages	\$ 736,122	\$ 730,185	\$ 783,913	\$ 176,787	\$ 627,989	\$ 3,163	\$ 632,204
Payroll taxes and employee benefits	95,364	92,675	99,255	23,680	90,901	531	82,217
Total salaries and related expenses	831,486	822,860	883,168	200,467	718,890	3,694	714,421
Operating expenses							
Advertising	10,639	754	1,697	1,054	10,645	-	9,570
Bank service fees	7,966	-	3,854	100	24,828	-	25,258
Cost of sales	32,196	-	-	-	-	-	5,643
Cremation/disposal costs	974	2,029	25,476	406	8,194	162	3,271
Direct mail	-	-	-	-	-	-	-
Education and training	5,271	4,517	5,860	3,402	1,624	9	3,511
Fundraising	4,708	-	3,711	69,694	27,152	-	17,724
In-kind expenses	51,122	-	40,299	2,080	294,849	178,897	192,470
Insurance	25,154	21,936	10,439	1,299	15,194	123	42,802
Maintenance and repairs	51,690	43,600	75,362	11,361	69,172	1,400	66,585
Miscellaneous	8,330	7,825	20,345	32,567	12,135	148	39,062
Professional fees	1,890	3,631	8,621	-	21,751	-	11,455
Contract labor	1,800	-	45,203	-	-	-	138,182
Rent and utilities	86,867	22,960	16,168	5,621	245,237	1,342	47,770
Supplies	47,008	154,678	244,187	4,469	26,153	127	34,814
Transportation	8,778	2,033	2,581	835	22,973	163	6,104
Veterinarian services	-	-	6,610	80,265	-	-	-
Total expenses before depreciation	1,175,879	1,086,823	1,393,581	413,620	1,498,797	186,065	1,358,642
Depreciation	73,564	108,904	52,477	11,572	32,251	533	105,089
Total functional expenses	<u>\$ 1,249,443</u>	<u>\$ 1,195,727</u>	<u>\$ 1,446,058</u>	<u>\$ 425,192</u>	<u>\$ 1,531,048</u>	<u>\$ 186,598</u>	<u>\$ 1,463,731</u>

Volunteer Services	Total Program Services	Supporting Services			2024 Total	2023 Total
		Fundraising	Management and General	Total Supporting Services		
\$ 85,060	\$ 3,775,423	\$ 330,794	\$ 599,542	\$ 930,336	\$ 4,705,759	\$ 4,023,717
10,550	495,173	52,167	75,897	128,064	623,237	520,965
95,610	4,270,596	382,961	675,439	1,058,400	5,328,996	4,544,682
-	34,359	2,667	445	3,112	37,471	43,426
-	62,006	44,673	385	45,058	107,064	103,441
-	37,839	-	-	-	37,839	35,192
-	40,512	243	487	730	41,242	5,022
-	-	266,031	-	266,031	266,031	252,021
1,183	25,377	3,640	7,421	11,061	36,438	30,349
-	122,989	94,052	-	94,052	217,041	185,318
-	759,717	20,798	-	20,798	780,515	753,756
1,139	118,086	1,924	16,026	17,950	136,036	120,515
3,339	322,509	22,406	32,927	55,333	377,842	312,219
17,617	138,029	56,107	7,796	63,903	201,932	106,570
75	47,423	3,299	44,427	47,726	95,149	56,551
-	185,185	-	-	-	185,185	130,025
994	426,959	6,583	9,689	16,272	443,231	334,274
3,926	515,362	29,062	23,167	52,229	567,591	446,295
1,054	44,521	5,960	2,874	8,834	53,355	62,101
-	86,875	-	-	-	86,875	64,823
124,937	7,238,344	940,406	821,083	1,761,489	8,999,833	7,586,580
266	384,656	16,601	27,622	44,223	428,879	489,015
<u>\$ 125,203</u>	<u>\$ 7,623,000</u>	<u>\$ 957,007</u>	<u>\$ 848,705</u>	<u>\$ 1,805,712</u>	<u>\$ 9,428,712</u>	<u>\$ 8,075,595</u>

## Animal Humane New Mexico

### STATEMENTS OF CASH FLOWS

**Year Ended June 30, 2024**  
**(With Comparative Totals for 2023)**

	<b>2024</b>	<b>2023</b>
Operating activities		
Change in net assets	\$ (467,470)	\$ 1,385,282
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	428,879	489,015
Loss on disposal of property and equipment	18,573	6,657
Straightlined lease expense	7,658	9,799
Realized/unrealized gain on investments	(447,807)	(416,942)
Beneficial interest assets held at		
Albuquerque Community Foundation	(5,388)	(7,353)
Effects of changes in operating assets and liabilities		
Accounts receivable, net	26,861	(16,846)
Grants receivable	48,700	(69,200)
Bequests receivable	159,667	(218,000)
Other receivable - Employee Retention Credit	713,380	485,127
Inventory	(121,302)	(26,352)
Prepaid expenses	(73,270)	1,584
Accounts payable	(45,128)	(43,829)
Accrued expenses	16,819	5,758
Accrued wages and other payroll liabilities	(17,374)	36,230
Deferred revenue	22,347	16,305
	<b>265,145</b>	<b>1,637,235</b>
Investing activities		
Proceeds from sale of investments	940,022	521,532
Purchases of investments and reinvestment of interest and dividends	(1,089,290)	(1,496,447)
Purchases of property and equipment	(428,326)	(248,906)
	<b>(577,594)</b>	<b>(1,223,821)</b>
Change in cash and cash equivalents	(312,449)	413,414
Cash and cash equivalents, beginning of year	1,375,053	961,639
Cash and cash equivalents, end of year	\$ 1,062,604	\$ 1,375,053



**Animal Humane New Mexico**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024**  
**(With Comparative Totals for 2023)**

**NOTE 1 – NATURE OF BUSINESS**

Founded in 1965, Animal Humane New Mexico (Animal Humane) is the state’s leading private 501(c)(3) nonprofit animal welfare organization serving more than 10,000 homeless and at-risk dogs and cats each year. Animal Humane was incorporated under the laws of the State of New Mexico on September 1, 1965. The stated mission of Animal Humane is as follows:

- To support and improve the lives of New Mexico’s cats and dogs through sheltering, adoptions, humane education, and veterinary services. We envision a society in which every animal is treated with respect and compassion.
- **Sheltering and Care:** We are dedicated to providing a loving and supportive environment for homeless cats and dogs, offering them nutritious food, comprehensive veterinary care, and attentive mental and physical enrichment. With a commitment to never euthanize based on age or length of stay, we proudly maintain a 100% re-homing rate for healthy pets since 2010. Our adoption process ensures that each animal finds a perfect match with caring families and individuals.
- **Alleviating Suffering:** Our goal is to relieve the suffering of companion animals and to be a valuable resource for those committed to preventing cruelty and exploitation. We strive to make a positive difference in the lives of animals in need.
- **Public Education:** We are passionate about teaching humane treatment of animals, engaging with the community through inspiring school presentations, informative lectures on responsible pet ownership, and educating on the importance of spaying and neutering.
- **Support for Pet Owners:** We provide compassionate support to pet owners facing challenges such as financial, behavioral, medical, or housing insecurity. By assisting these families, we help keep pets in their loving homes and reduce the number of homeless animals in need of shelter.

Animal Humane operates the following Programs in support of our mission:

**The Adoptions Program.** We help to connect homeless dogs and cats with loving new homes through our adoptions program. We have three locations in Albuquerque where adoption advisors will help find the perfect pet for each interested new parent. Animal Humane has adopted 100% of the healthy pets in our care since January 2010 and total outgoing pets in 2024 reached 2,557; this equates to a 94% Live Release Rate for the operating cycle. Every adopted pet receives quality medical care at our Campus Clinic and 1,708 cats and dogs were sterilized prior to adoption. Additionally, medical procedures/treatments (e.g., laceration repairs, mass removals, ringworm/parvovirus/parasite treatment) needed to ready pets for adoption are performed by our Clinic & Animal Care Teams.

# **Animal Humane New Mexico**

## **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024**

**(With Comparative Totals for 2023)**

### **NOTE 1 – NATURE OF BUSINESS – CONTINUED**

Animal Humane’s Donor-subsidized Veterinary Clinic, located on our 4-acre Main Campus, plays a critical role in ensuring pets stay healthy and with their families. We provide much needed care for those who cannot afford to take their pets to private veterinary practices. Animal Humane’s mission to provide access to quality veterinary care is a crucial link to having owners and their pets living happy, healthy lives together. Renovated in October 2007, with funding from private donors and foundations, Animal Humane’s Clinic also provides quality medical care for the thousands of homeless pets that we shelter annually, many of whom require spay/neuter in addition to medical procedures ranging from dentals to blood or urinalysis to orthopedic surgery. Each of our shelter pets also receives behavior training as well as abundant love and attention from our staff and volunteers. Fees from their visits, along with all other clients, generates revenue to support our annual operations. In 2024, our expert medical team conducted 1,599 appointments, 424 spay/neuter procedures, and 36 special surgeries for pets owned by low-income owners.

Project Fetch: Launched in 2009, Project Fetch is a flagship program that demonstrates our shelter’s commitment to serving homeless pets throughout New Mexico. Animal Humane’s 2024 94% Live Release Rate (LRR) is a stark contrast to New Mexico’s LRR near 64%. Year-round we partner with private and municipal shelters throughout New Mexico, as well as large and small rescue groups, to give at-risk pets the second chance they deserve. During 2024, our shelter transferred in 1,890 pets from 36 partner agencies across 17 counties. Our 2024 transfer level was lower than pre-pandemic times, as staffing levels and the extreme medical & behavioral needs of locally surrendered pets, at times impacted our ability to transfer in pets.

Animal Humane also operates Pet Health Fairs, which are low-cost vaccine & microchip clinics in & around the Albuquerque area. Our goal is to provide needed services for dogs & cats in underserved neighborhoods, while increasing overall community health & access to care. During 2023 and 2024, we held 4 and 3 Pet Health Fairs, respectively, in New Mexico. At these events we provide core vaccinations and microchips in addition to leashes, collars, harnesses and community resources for follow up vaccinations, spay/neuter services and veterinary care. We rely on the generosity of community veterinarians and veterinary techs who donate their time & skillset to make these events possible. The average length of an event is four hours with 2-3 veterinarians, 2-4 veterinary techs, and serving 26-75 pets.

Since 2016, our Safety Net Program has offered vital support to pet owners considering surrender of a beloved pet due to behavioral, medical or housing needs. Often, in these moments, families want to keep their pets but are unable to afford the needed care to do so. Safety Net gives us, with help from our generous community partners, the opportunity to assist, covering critical costs and connecting pet parents with resources to keep these pets in their homes & their families together. The benefits to our community are tremendous:

# Animal Humane New Mexico

## NOTES TO FINANCIAL STATEMENTS

June 30, 2024

(With Comparative Totals for 2023)

### NOTE 1 – NATURE OF BUSINESS – CONTINUED

- Pets are kept out of shelters, protecting limited resources to help pets for whom the shelter is the only option.
- Our community partners – such as veterinarian—connect in new ways with community members and increase their life-saving work.
- By aiding families in staying together, we support the physical and emotional benefits—including higher levels of empathy, better physical health and reduced grief from unnecessary loss—that pet-owning individuals carry into our communities.

Pet Food Bank: During 2024, Animal Humane’s devoted Pet Food Bank Volunteers distributed over 90,000 pounds of pet food (kibble, wet & treats) and cat litter (as available) generously donated by community partners or purchased through directed donations. Pet food is shared with pet owners who cannot afford to feed their cats or dogs and homebound Senior Citizens in collaboration with the Albuquerque Department of Senior Affairs meal delivery program. Our twice weekly distribution days ensure pets are fed while providing the opportunity for our Team to discuss other resources that will help keep treasured pets with their owners.

Our Behavior Modification program helps pets who are not socialized to human contact or are experiencing trauma from past interactions. Our trained specialists work with shelter pets and are also available to all pet owners who are experiencing behavior concerns with their dogs or cats. Our behavior Team provides recommendations on many common issues from houstraining to managing multiple pets in owners’ homes through our free Behavior Helpline.

Our Outreach program includes providing humane education to children and adults alike. We offer a broad curriculum both in local schools and on our Campus. Camp Humane, for ages 5-13, offers a wide variety of topics and activities to teach how to care for pets and how to treat them humanely and respectfully. Our expert team is also available to give educational presentations to classrooms, community groups and businesses on animal welfare organizations in the community to evaluate pets as potential candidates for their outreach programs.

Our Trap/Neuter/Return (TNR) program sterilizes free-roaming and feral cats already living outdoors in cities, towns, and rural areas. These community felines are humanely trapped, medically evaluated, vaccinated and sterilized by our veterinarians, then returned to their original location. Animal Humane endorses TNR as the only proven humane and effective method to manage feral cat colonies.

Animal Humane’s Working Cat program seeks to provide a perfect home for cats whose temperament is not ideal for typical house pet adoption. These cats are usually former street cats who are comfortable outdoors and typically prefer little to no human contact.

**Animal Humane New Mexico**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024**  
**(With Comparative Totals for 2023)**

**NOTE 1 – NATURE OF BUSINESS – CONTINUED**

Working Cats, like all adoptable pets at Animal Humane, are examined by our Donor-subsidized Veterinary Clinic Team, spayed/neutered, microchipped, and vaccinated. Working Cat applicants are pre-screened to ensure an ideal adoption match between each cat and his or her new family.

Foster Care: Animal Humane’s Foster Care program is a tremendous safety net for our shelter and the pets we serve. During 2024, 569 unduplicated pets were fostered by devoted caregivers with these same pets being harbored in homes on 750 instances. Foster Caregivers continue to be a valuable lifeline as they care for our pets undergoing heartworm treatment, recovering from orthopedic surgeries, or learning how to trust humans if they have never known unconditional love in their lives. Through the exquisite gifts of time, patience and nurturing, our Foster Caregivers provide a haven for our homeless pets to grow and recover before starting new lives with their adopters.

Animal Humane also operated a doggie day care, boarding as well as an agility and obedience training facility known as The Center on a 2.28-acre parcel across the street from our shelter’s Main Campus. At The Center, adopters may continue to instill the lessons expertly taught by our shelter Behavior Team during their pet’s stay in our care, and Albuquerqueans with an enthusiasm for agility, behavior training & specialty classes may seek out our talented instructors to further their pet’s training. Our diverse classes offer instruction for every stage of your dog’s life and at every level for owners. See Note 13 regarding future termination of The Center programs.

Animal Humane is funded by individual and corporate donations, fundraising events, and grants from various charitable foundations. We also operate a 25,000 square-foot Thrift Shop, located at 5341 Menaul Blvd. NE, which is filled with gently used and new items generously donated by our community. The vast offerings, which include clothing, furniture, household goods, antiques and collectibles, give pet lovers a unique avenue to support our life-saving work through shopping and/or donating. Our thriving Thrift Shop generates healthy revenue to contribute toward our shelter’s operational needs.

Animal Humane is governed by a Board of Directors. The Board is responsible for establishing Animal Humane’s mission and for ensuring that management carries out the mission. The Board is legally accountable for Animal Humane’s operations. The Board has 3 main functions – Policy Making; Strategic Planning; and Fiduciary Accountability. 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 (3) years, with no member being able to serve more than two (2) consecutive terms.

**Animal Humane New Mexico**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024**  
**(With Comparative Totals for 2023)**

**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 Animal Humane’s financial statements for the year ended June 30, 2023, from which the summarized information was derived. Certain amounts in the 2023 financial statements have been reclassified to conform with the presentation of the 2024 financial statements.

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.

Basis of Presentation

The financial statements of Animal Humane have been prepared in accordance with accounting principles generally accepted in the United States of America, which require Animal Humane to report information regarding its financial position and activities and changes in net assets 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 Animal Humane. These net assets may be used at the discretion of Animal Humane’s management and the board of directors.

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Animal Humane or by the passage-of-time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities and changes in net assets. The balances with donor restrictions were \$501,281 and \$615,732 at June 30, 2024 and 2023, respectively.

# Animal Humane New Mexico

## NOTES TO FINANCIAL STATEMENTS

June 30, 2024

(With Comparative Totals for 2023)

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

#### Cash and Cash Equivalents

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

#### Accounts, Contributions and Grants Receivable

Animal Humane 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. Animal Humane had an allowance for uncollectible receivables of \$4,870 and \$1,036 as of June 30, 2024 and 2023, 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, consisting of Thrift Store merchandise and pet food is valued at estimated fair value on the date of donation.

#### 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 3 to 39 years. Animal Humane capitalizes all expenditures for property in excess of \$1,000.

#### Investments

Investments in mutual and exchange traded funds are measured at fair market value in the statements of financial position. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statements of activities and changes in net assets as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law. Stock market volatility can have a significant impact on the carrying value of investments. Animal Humane does not intend to spend these funds for current operating obligations, although there is no restriction prohibiting them from doing so. Therefore, all investments are classified as non-current in the accompanying statements of financial position.

#### 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 events. 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.

# Animal Humane New Mexico

## NOTES TO FINANCIAL STATEMENTS

June 30, 2024

(With Comparative Totals for 2023)

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

#### 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 Animal Humane'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. Donated services consist of veterinary services provided at our Pet Health Fairs. Some services are provided by volunteers who perform a variety of tasks that benefit Animal Humane but are not recorded, as they do not meet the above criteria. See Note 12 for more information regarding contributed nonfinancial assets.

#### Advertising

Animal Humane 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, 2024 and 2023 was \$37,471 and \$43,426, 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 statements of activities and changes in net assets and the statements 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 Animal Humane 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.

**Animal Humane New Mexico**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024**  
**(With Comparative Totals for 2023)**

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

Fair Value Measurement – Continued

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

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

Animal Humane has received tax-exempt status under Code Section 501(c)(3) of the Internal Revenue Code. Animal Humane has adopted accounting principles generally accepted in the United States of America, as they relate to uncertain tax positions for all open tax years. Animal Humane is not currently under audit nor has Animal Humane been contacted by any taxing jurisdiction. Income from certain activities not directly related to Animal Humane's tax-exempt purpose are subject to taxation as unrelated business income. Management believes that all positions taken would be upheld under an examination and that there are no uncertain tax positions. Any interest and penalties recognized associated with a tax position would be classified as current in Animal Humane's financial statements. No interest or penalties were recorded in 2024 or 2023.

New Accounting Standards

In 2023, Animal Humane adopted ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on trade accounts receivable. Animal Humane adopted the new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on Animal Humane's financial statements.

Subsequent Events

Animal Humane has evaluated all events occurring subsequent to June 30, 2024 through September 18, 2024, 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.



# Animal Humane New Mexico

## NOTES TO FINANCIAL STATEMENTS

June 30, 2024

(With Comparative Totals for 2023)

### NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash and cash equivalents	\$ 1,062,604	\$ 1,375,053
Investments	7,038,088	6,441,013
Beneficial interest in assets held at		
Albuquerque Community Foundation	126,748	121,360
Other receivable – Employee Retention Credit	-	713,380
Grants receivable	20,500	69,200
Bequests receivable	58,333	218,000
Accounts receivable, net	<u>16,672</u>	<u>43,533</u>
 Total financial assets	 8,322,945	 8,981,539
 Financial assets not available for use within one year:		
Net assets with donor restrictions	501,281	615,732
Beneficial interest in assets held at		
Albuquerque Community Foundation	<u>126,748</u>	<u>121,360</u>
 Total financial assets not available for use within one year	 <u>628,029</u>	 <u>737,092</u>
 Financial assets available to meet cash needs for general expenditure within one year from June 30, 2024 and 2023	  <u>\$ 7,694,916</u>	  <u>\$ 8,244,447</u>

Animal Humane manages its cash flow and liquidity on an on-going basis to ensure that sufficient funds are available to cover current operational needs. Animal Humane's goal is generally to maintain a level of liquid financial assets sufficient to cover 45 days of operating expenses. As part of its liquidity plan, Animal Humane is continuously evaluating the amount of cash on hand and expected to be collected within 30 days, against current financial obligations.

### NOTE 4 – 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, 2024.

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

# Animal Humane New Mexico

## NOTES TO FINANCIAL STATEMENTS

**June 30, 2024**

**(With Comparative Totals for 2023)**

### NOTE 4 – FAIR VALUE MEASUREMENT – CONTINUED

The following table sets forth by level, within the fair value hierarchy Animal Humane’s assets at fair value as of June 30, 2024 and 2023:

<b>Assets at Fair Value as of June 30, 2024</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual funds				
Money market funds	\$ 657,665	\$ -	\$ -	\$ 657,665
Fixed income	994,289	-	-	994,289
Bond funds	567,478	-	-	567,478
Equity funds	1,068,477	-	-	1,068,477
Total mutual funds	3,287,909	-	-	3,287,909
Exchange-traded funds	3,750,179	-	-	3,750,179
	<b>\$ 7,038,088</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,038,088</b>

<b>Assets at Fair Value as of June 30, 2023</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual funds				
Money market funds	\$ 557,665	\$ -	\$ -	\$ 557,665
Fixed income	977,046	-	-	977,046
Bond funds	545,729	-	-	545,729
Equity funds	1,555,547	-	-	1,555,547
Total mutual funds	3,635,987	-	-	3,635,987
Exchange-traded funds	2,805,026	-	-	2,805,026
	<b>\$ 6,441,013</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,441,013</b>

### NOTE 5 – BENEFICIAL INTEREST IN ASSETS HELD BY ALBUQUERQUE COMMUNITY FOUNDATION

Animal Humane has established and is the beneficiary of an endowment fund helped by the Albuquerque Community Foundation (ACF). Under the terms of the endowment agreement, ACF holds variance power over the assets, which are held in a pooled fund. Animal Humane has a spending policy governing the distribution of earnings from the fund during the years ended June 30, 2024 and 2023, Animal Humane received zero in distributions, respectively. The balance of the beneficial interest in the assets held by ACF was \$126,748 and \$121,360 as of June 30, 2024 and 2023, respectively.

**Animal Humane New Mexico**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024**  
**(With Comparative Totals for 2023)**

**NOTE 6 – PROPERTY AND EQUIPMENT**

	<b>2024</b>	<b>2023</b>
Buildings and improvements	\$ 9,579,570	\$ 9,490,663
Furniture and equipment	1,293,490	1,134,680
Land improvements	800,026	800,026
Vehicles	222,169	196,247
Leasehold improvements	194,873	135,965
Software	72,521	74,556
Construction in progress	62,081	54,012
	12,224,730	11,886,149
Less accumulated depreciation	(5,239,865)	(4,882,158)
Land	1,569,682	1,569,682
	<b>\$ 8,554,547</b>	<b>\$ 8,573,673</b>

Depreciation expense for the years ended June 30, 2024 and 2023 was \$428,879 and \$489,015, respectively.

**NOTE 7 – BOARD DESIGNATED NET ASSETS**

The Board has created a fund with the ACF 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, 2024 and 2023:

	<b>2024</b>	<b>2023</b>
Balance – beginning of year	\$ 121,360	\$ 114,007
Plus: current year additions	6,670	8,625
Less: current year expenditures	(1,282)	(1,272)
Balance – end of year	<b>\$ 126,748</b>	<b>\$ 121,360</b>

**Animal Humane New Mexico**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024**  
**(With Comparative Totals for 2023)**

**NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions were as follows for the years ended December 31, 2024 and 2023:

	<b>2024</b>	<b>2023</b>
Specific program services	\$ 442,948	\$ 397,732
Time restricted – bequest receivable	58,333	218,000
	<b>\$ 501,281</b>	<b>\$ 615,732</b>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage-of-time or other events specified by the donors as follows for the years ended June 30, 2024 and 2023:

	<b>2024</b>	<b>2023</b>
Specific program services	<b>\$ 894,902</b>	<b>\$ 620,777</b>

**NOTE 9 – FUNDRAISING**

Animal Humane sponsors the Doggie Dash, Feline Fiesta and operates a Thrift Shop in order to raise awareness for their mission and to persuade potential donors to contribute to Animal Humane. For the years ended June 30, 2024 and 2023, fundraising expense was \$957,007 and \$908,408, respectively. Funds raised as a result of these expenses were \$4,844,989 and \$5,738,177 for the years ended June 30, 2024 and 2023, respectively. This resulted in a fundraising ratio of 20% and 16% for the years ended June 30, 2024 and 2023, respectively.

**NOTE 10 – LEASING ACTIVITIES**

Animal Humane has operating leases for buildings and equipment. These leases have remaining lease terms of 1 year to 10 years. One building lease has an option to extend 10 years.

**Animal Humane New Mexico**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024**  
**(With Comparative Totals for 2023)**

**NOTE 10 – LEASING ACTIVITIES – CONTINUED**

The maturities of lease liabilities of operating leases are as follows for fiscal years ending June 30:

2025	\$	346,191
2026		313,327
2027		317,352
2028		321,789
2029		311,612
Thereafter		<u>1,466,332</u>
 Total lease payments		 3,076,603
 Less: interest		 <u>(560,085)</u>
 Present value of lease liability		 <u>\$ 2,516,518</u>

Animal Humane does not record lease liabilities or ROU assets for leases with an initial term of 12 months or less. Total lease expense for the years ending June 30, 2024 and 2023 was \$292,038 and \$162,176, respectively. Operating lease expense is recognized on a straight-line basis.

As of June 30, 2024 and 2023, the weighted average remaining lease term was 9.11 years and 1.9 years, respectively. The weighted average discount rate was 4.32% and 2.78%, respectively. Total cash paid for leases was \$274,201 and \$153,820 in 2024 and 2023, respectively.

**NOTE 11 – COMMITMENTS AND CONTINGENCIES**

Retirement Plan

Animal Humane participates in a defined contribution retirement plan. This Plan is for the benefit of all eligible professional and support staff of Animal Humane 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 Animal Humane to match participant contributions up to 3% of eligible salary. Animal Humane's contribution to the Plan for the years ended June 30, 2024 and 2023 totaled \$32,102 and \$26,729, respectively.

# Animal Humane New Mexico

## NOTES TO FINANCIAL STATEMENTS

June 30, 2024

(With Comparative Totals for 2023)

### NOTE 12 – CONTRIBUTED NON-FINANCIAL ASSETS

Animal Humane received the following nonfinancial assets during 2024 and 2023, respectively, that were utilized for programmatic and fundraising purposes:

Advertising – used for development and adoptions. These were valued by the donor using the standard rates in effect for their customers who purchase similar advertising spots.

	<u>2024</u>	<u>2023</u>
Advertising	\$ 578,741	\$ 560,831

Pet food – used for our Pet Food Bank. Pet food is donated by individuals, retail stores and online retailers and distributed to pet owners based on need. Food was valued at an aggregate estimate of \$2 per pound as various types and qualities of food are received. This value was obtained from an industry group’s 2023 Cost of Dog Food Study.

	<u>2024</u>	<u>2023</u>
Pet food	\$ 167,253	\$ 174,384

Volunteer veterinarians and vet techs – for our Pet Health Fairs. Local veterinarians and vet techs provide staffing for our community events. These services are recorded at the rates Animal Humane pays for the same services.

	<u>2024</u>	<u>2023</u>
Volunteer services	\$ 2,800	\$ 4,500

Thrift items were donated to the Animal Humane thrift store. These items were monetized through sale to the general public in a retail environment. The funds were then used to support Animal Humane’s programs.

	<u>2024</u>	<u>2023</u>
Thrift items	\$ 1,197,653	\$ 982,935

None of the assets provided were subject to donor-imposed restrictions.

**Animal Humane New Mexico**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(With Comparative Totals for 2023)**

**NOTE 13 – PROGRAM TERMINATION**

In June 2024, the Board of Directors voted to cease operation of the programs provided by the Center based upon recommendations of staff and an outside consultant. The programs consisted of dog daycare, boarding, agility and obedience training. These programs were intended to help generate financial support for Animal Humane’s charitable mission, but changes in the neighborhood and access to the property have hampered this intention. During 2024, the Board engaged a consultant with specific industry expertise. The consultant recommended closure as the services being provided at the location were not sustainable.

In August 2024 all services ceased. The employees were absorbed into other Animal Humane programs, and management is developing a plan for other programmatic use of the facility through the establishment of a Pet Resource Center.