

Santa Fe Animal Shelter and Humane Society, Inc.

FINANCIAL STATEMENTS

**December 31, 2013
(With Comparative Totals for 2012)**

INDEPENDENT AUDITORS' REPORT

Board of Directors
Santa Fe Animal Shelter and Humane Society, Inc.

We have audited the accompanying financial statements of Santa Fe Animal Shelter and Humane Society, Inc. (the Shelter), which comprise the statements of financial position as of December 31, 2013, and the related statements of activities 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 audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 the Shelter's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shelter'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 the Shelter as of December 31, 2013, 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.

Report on Summarized Comparative Information

We have previously audited the Shelter's 2012 financial statements, and our report dated August 26, 2013, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

September 17, 2014


Pulakos CPAs, PC

Santa Fe Animal Shelter and Humane Society, Inc.

STATEMENTS OF FINANCIAL POSITION

December 31, 2013

(With Comparative Totals for 2012)

Assets

	<u>2013</u>	<u>2012</u>
Current assets		
Cash and cash equivalents	\$ 265,223	\$ 1,461,166
Restricted cash	89,308	1,068
Certificate-of-deposit	300,120	298,317
Investments	8,289,733	8,927,528
Accounts receivable, net	88,751	11,609
Bequests receivable	275,051	308,943
Other current assets	30,335	2,000
Total current assets	<u>9,338,521</u>	<u>11,010,631</u>
Property and equipment, net	12,832,126	11,157,686
Restricted investments	655,774	674,971
Beneficial interest in perpetual trusts	919,243	855,551
	<u>\$ 23,745,664</u>	<u>\$ 23,698,839</u>

Liabilities and Net Assets

Current liabilities		
Accounts payable	\$ 180,658	\$ 557,103
Accrued liabilities	254,381	226,231
Total current liabilities	<u>435,039</u>	<u>783,334</u>
Net assets		
Unrestricted	21,640,229	19,747,405
Temporarily restricted	658,501	2,234,167
Permanently restricted	1,011,895	933,933
Total net assets	<u>23,310,625</u>	<u>22,915,505</u>
	<u>\$ 23,745,664</u>	<u>\$ 23,698,839</u>

Santa Fe Animal Shelter and Humane Society, Inc.

STATEMENTS OF ACTIVITIES

Year Ended December 31, 2013
(With Comparative Totals for 2012)

	2013			2012 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenues, support and gains				
Public contributions	\$ 2,000,876	\$ -	\$ -	\$ 2,000,876
Store sales	805,629	-	-	805,629
Government contracts	449,383	-	-	449,383
Fees	771,770	-	-	771,770
Special event revenue	109,488	-	-	109,488
Grants	188,430	60,000	-	248,430
Investment income and gains on investments	1,484,536	64,001	14,270	1,562,807
Net gain on beneficial interest in perpetual trusts	-	-	63,692	63,692
Net assets released from restrictions	1,699,667	(1,699,667)	-	-
Total revenues, support and gains	7,509,779	(1,575,666)	77,962	6,012,075
Expenses				
Program	4,281,763	-	-	4,281,763
Management	784,697	-	-	784,697
Fundraising	550,495	-	-	550,495
Total expenses	5,616,955	-	-	5,616,955
Change in net assets	1,892,824	(1,575,666)	77,962	395,120
Net assets, beginning of year	19,747,405	2,234,167	933,933	22,915,505
Net assets, end of year	\$ 21,640,229	\$ 658,501	\$ 1,011,895	\$ 23,310,625
				\$ 22,915,505

See Notes to Financial Statements and Independent Auditors' Report.

Santa Fe Animal Shelter and Humane Society, Inc.

STATEMENTS OF CASH FLOWS

Year Ended December 31, 2013
(With Comparative Totals for 2012)

	2013	2012
Operating activities		
Change in net assets	\$ 395,120	\$ 2,342,268
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities		
Depreciation	615,170	510,694
Net realized and unrealized gain on investments	(1,621,779)	(390,170)
Donated investments	(22,561)	(849,172)
Net gain on beneficial interest in perpetual trusts	(63,692)	(50,383)
Net changes to operating assets and liabilities		
Accounts receivable	(77,142)	37,104
Bequests receivable	33,892	5,082,877
Capital pledges receivable	-	118,557
Other current assets	(28,335)	22,500
Accounts payable	(376,445)	413,776
Accrued liabilities	28,150	(24,220)
Net cash (used) provided by operating activities	(1,117,622)	7,213,831
Investing activities		
Purchase of certificate-of-deposit	-	(298,317)
Proceeds from sale of investments	2,499,529	3,988,629
Purchases of investments and income reinvested	(200,000)	(5,601,569)
Purchases of property and equipment	(2,289,610)	(4,015,571)
Net cash provided (used) by investing activities	9,919	(5,926,828)
Change in cash and equivalents	(1,107,703)	1,287,003
Cash and equivalents, beginning of year (including restricted cash)	1,462,234	175,231
Cash and equivalents, end of year (including restricted cash)	\$ 354,531	\$ 1,462,234
Supplementary information		
Full satisfaction of debt through transfer of land held-for-sale to debt holder	\$ -	\$ 300,000

Santa Fe Animal Shelter and Humane Society, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

(With Comparative Totals for 2012)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Santa Fe Animal Shelter and Humane Society, Inc. (the Shelter) is a non-profit organization advocating the reduction of animal suffering by curbing overpopulation, teaching compassion, and supporting healthy relationships between people and animals. As part of its adoption program, the Shelter operates a spay-neuter clinic and all animals undergo neutering prior to finalization of adoption.

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.

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 the Shelter's financial statements for the year ended December 31, 2012, from which the summarized information was derived.

Certain amounts in the 2012 financial statements have been reclassified to conform with 2013 financial statement presentation.

Cash and Equivalents

The Shelter considers all liquid investments purchased with a maturity date of three months or less as cash equivalents.

Accounts Receivable

Management reviews the collectability of its receivables and, if necessary, records an allowance for its estimate of uncollectible accounts. Bad debt history and current facts and circumstances are the primary bases for this estimate. When an account is deemed uncollectible, it is charged off against the allowance. Allowance for doubtful accounts was zero at December 31, 2013 and 2012, respectively.

Investments

Investments consist primarily of money market funds, mutual funds, equities, and fixed income securities, and are stated at quoted fair market value (FMV). Investment income, and realized and unrealized gains or losses are considered unrestricted income unless otherwise specified by donor stipulations. Investment expenses were \$81,148 and \$66,361 in 2013 and 2012, respectively.

Santa Fe Animal Shelter and Humane Society, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013
(With Comparative Totals for 2012)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Property and Equipment

Property and equipment is recorded at cost or estimated fair value at date of donation. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. The Shelter capitalizes items over \$500 with an estimated useful life greater than three years.

Depreciation expense was \$615,170 and \$510,694 in 2013 and 2012, respectively.

Net Assets

Unrestricted net assets are available for general use in achieving the Shelter's organization goals.

Temporarily restricted net assets are resources received from activities and contributors, which are designated to be expended in a specific manner or within a specified time.

Permanently restricted net assets are trusts held by third parties and the Shelter that are subject to restrictions in that the principal be invested in perpetuity.

Contributions

The Shelter reports contributions received as either unrestricted, temporarily restricted or permanently restricted support, depending on the existence or nature of any donor restrictions. Unconditional promises to give are recognized as revenue and pledges receivable when the promise to give is made. Restricted contributions whose restriction is satisfied in the same year as contribution are recorded as unrestricted contributions.

Donated Goods and Services

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated professional services that create or enhance non-financial assets or that require specialized skills, are recorded at their fair values in the period received. The Shelter receives donations of various items used in operations, primarily related to the welfare of animals housed at the Shelter's facility. The value of donated goods recognized as in-kind revenues in the accompanying statements of activities was \$16,916 and \$32,462 during 2013 and 2012, respectively.

Advertising

The Shelter expenses advertising costs as they are incurred (\$59,000 and \$46,722 in 2013 and 2012, respectively).

Financial Instruments

The carrying amounts of cash, receivables, payables, accrued expenses, and other liabilities approximate fair value due to short maturity periods of these instruments.

Santa Fe Animal Shelter and Humane Society, Inc.

NOTES TO FINANCIAL STATEMENTS

**December 31, 2013
(With Comparative Totals for 2012)**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Income Taxes

The Shelter is a nonprofit charitable corporation and has been recognized as tax-exempt under Section 501(c)(3) of the Internal Revenue Code. The Shelter has adopted accounting principles generally accepted in the United States of America, as they relate to uncertain tax positions, and has evaluated its tax positions taken for open tax years. Currently, the 2010, 2011 and 2012 tax years are open and subject to examination by the Internal Revenue Service and New Mexico Taxation and Revenue Department. Management believes that the activities of the Shelter are within their tax-exempt purpose, and that there are no uncertain tax positions.

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 Shelter 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.

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.

Subsequent Events

The Shelter has evaluated all events occurring subsequent to December 31, 2013 and through September 17, 2014, which is the date that the financial statements were issued, and has recorded or disclosed any events occurring during this period in the accompanying financial statements.

Santa Fe Animal Shelter and Humane Society, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013
(With Comparative Totals for 2012)

NOTE 2 – PROPERTY AND EQUIPMENT

	<u>2013</u>	<u>2012</u>
Buildings and improvements	\$ 11,518,732	\$ 11,213,488
Hospital facility	4,208,535	-
Furniture and equipment	542,571	814,789
Leasehold improvements	470,644	470,644
Vehicles	323,243	296,507
Construction in progress	<u>-</u>	<u>1,979,287</u>
	17,063,725	14,774,715
Less accumulated depreciation	<u>(4,231,599)</u>	<u>(3,617,029)</u>
	<u>\$ 12,832,126</u>	<u>\$ 11,157,686</u>

NOTE 3 – INVESTMENTS

	<u>2013</u>		<u>2012</u>	
	<u>Cost</u>	<u>FMV</u>	<u>Cost</u>	<u>FMV</u>
Unrestricted				
Money market	\$ 1,176,680	\$ 1,176,680	\$ 2,221,775	\$ 2,221,775
Fixed income	-	-	458,758	455,991
Equities	6,096,055	7,090,131	6,083,527	6,249,762
Alternative	22,561	22,922	-	-
Designated and restricted				
Money market	99,505	99,505	-	-
Fixed income	-	-	554,879	554,879
Mutual funds	473,406	524,359	79,997	88,182
Oil and gas rights	<u>31,910</u>	<u>31,910</u>	<u>31,910</u>	<u>31,910</u>
	<u>\$ 7,900,117</u>	<u>\$ 8,945,507</u>	<u>\$ 9,430,846</u>	<u>\$ 9,602,499</u>

Santa Fe Animal Shelter and Humane Society, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

(With Comparative Totals for 2012)

NOTE 4 – LINE-OF-CREDIT

In July 2012, the Shelter entered into a line-of-credit agreement with a financial institution. The line-of-credit allows up to \$299,373 to be drawn upon as needed. The line-of-credit bears variable interest at prime (3.25% at December 31, 2013 and 2012) plus 1.50%, with a floor rate of 5.50%, and requires monthly payments of interest only. The line is secured by the Shelter's certificate-of-deposit. The line-of-credit matures in July 2014 at which time all unpaid principal and interest is due. The balance was zero at December 31, 2013 and 2012. As the line-of-credit was obtained primarily for use in conjunction with the construction of its hospital, which has been completed, the Shelter does not expect to renew the line-of-credit upon its maturity.

NOTE 5 – RESTRICTED NET ASSETS

Temporarily Restricted Net Assets

Various contributions have been temporarily restricted by the donor:

	2013	2012
Stewart fund	\$ 531,212	\$ 564,680
Hankins grant	58,561	-
Training center	36,818	49,113
Oil and gas interests	31,910	31,910
Hospital	-	1,576,464
Other	-	12,000
	\$ 658,501	\$ 2,234,167

Net assets released from restriction are as follows:

	2013	2012
Hospital	\$ 1,576,464	\$ 1,873,536
Stewart fund	97,469	-
Training center	12,295	-
Other	12,000	18,062
Hankins grant	1,439	-
Capital campaign	-	118,557
	\$ 1,699,667	\$ 2,010,155

Santa Fe Animal Shelter and Humane Society, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013
(With Comparative Totals for 2012)

NOTE 5 – RESTRICTED NET ASSETS - CONTINUED

Temporarily Restricted Net Assets - Continued

An agreement under which the Shelter received certain temporarily restricted funds states that any income plus 10% of the original principal balance may be withdrawn annually. The principal balance on these funds was \$531,212 and \$564,680 as of December 31, 2013 and 2012, respectively.

Beneficial Interest in Perpetual Trusts

Included in permanently restricted net assets are the beneficial interests of trusts held by third-parties that are subject to restrictions in that the principal be invested in perpetuity. Annual trust distributions may be used for the operations of the Shelter and are recorded as unrestricted investment income. The assets are recognized at fair market value. Adjustments to the fair market value of the assets are recognized as permanently restricted unrealized gains or losses. The fair market values of these trusts were \$919,243 and \$855,551 at December 31, 2013 and 2012, respectively.

Reclassification

In 2013, management determined that a fund that was originally recorded as temporarily restricted should be classified as permanently restricted to properly reflect donor intent. As a result, the value of this fund for \$78,382 was reclassified as permanently restricted as of December 31, 2012 within the accompanying financial statements.

NOTE 6 – FAIR VALUE MEASUREMENTS

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 December 31, 2013.

Money market, fixed income securities, mutual funds, equities and interests in perpetual trusts: Valued at the closing price reported on the active market on which the individual securities are traded.

Oil and gas rights: Valued at the fair value at the time of donation, with annual evaluation for impairment or other valuation changes.

Santa Fe Animal Shelter and Humane Society, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013
(With Comparative Totals for 2012)

NOTE 6 – FAIR VALUE MEASUREMENTS - CONTINUED

The following table sets forth by level, within the fair value hierarchy, the Shelter's assets at fair value as of December 31, 2013 and 2012:

Assets at Fair Value as of December 31, 2013				
	Level 1	Level 2	Level 3	Total
Money market	\$ 1,276,185	\$ -	\$ -	\$ 1,276,185
Equities				
Large value	3,893,982	-	-	3,893,982
Large core	1,846,742	-	-	1,846,742
Large growth	961,673	-	-	961,673
Mid cap value	701,725	-	-	701,725
Mid cap core	210,368	-	-	210,368
Alternative investments				
Hedge fund	-	-	22,922	22,922
Oil and gas rights	-	31,910	-	31,910
Beneficial interest in perpetual trusts	919,243	-	-	919,243
	\$ 9,809,918	\$ 31,910	\$ 22,922	\$ 9,864,750
Assets at Fair Value as of December 31, 2012				
	Level 1	Level 2	Level 3	Total
Money market	\$ 2,221,775	\$ -	\$ -	\$ 2,221,775
Fixed income - government obligations	1,010,870	-	-	1,010,870
Equities				
Large value	3,181,773	-	-	3,181,773
Large core	2,005,352	-	-	2,005,352
Mid cap value	633,862	-	-	633,862
Large growth	490,700	-	-	490,700
Mid cap growth	26,257	-	-	26,257
Oil and gas rights	-	31,910	-	31,910
Beneficial interest in perpetual trusts	855,551	-	-	855,551
	\$ 10,426,140	\$ 31,910	\$ -	\$ 10,458,050

Santa Fe Animal Shelter and Humane Society, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

(With Comparative Totals for 2012)

NOTE 6 – FAIR VALUE MEASUREMENTS – CONTINUED

Level 3 Investments

The following tables present the Shelter's activities for investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Beginning balance	\$ -	\$ -
Contributions	22,561	-
Gains	361	-
Purchases	-	-
Settlements	-	-
Ending balance	<u>\$ 22,922</u>	<u>\$ -</u>

NOTE 7 – ENDOWMENTS

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) provides industry guidance to organizations similar to the Shelter. The State of New Mexico adopted UPMIFA effective July 1, 2009. The Shelter has determined that certain temporarily and permanently restricted net assets meet the definition of endowment funds under UPMIFA. The Shelter has determined that the permanently restricted net assets, which are held in trust, do not meet the definition of endowment funds under UPMIFA, as the Shelter is not the trustee.

Endowment Investment and Spending Policies

The Shelter has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for initiatives supported by its endowments while seeking to maintain the purchasing power of the endowments.

In determining the prudent amount to distribute in a given year, the Shelter considers the donor's intent, the purpose of the fund as stated in the fund agreement, and relevant economic factors. The Shelter's current spending policy with regards to its endowments is determined annually by the Board of Directors.

The investment policies establish a return objective through diversification of asset classes. The current long-term return objective is the rate of inflation plus spending, net of any investment fees. To satisfy its long-term rate of return objectives, the Shelter relies on a total return strategy in which investment returns may be achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Shelter targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

Santa Fe Animal Shelter and Humane Society, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

(With Comparative Totals for 2012)

NOTE 7 – ENDOWMENTS – CONTINUED

Endowment Investment and Spending Policies - Continued

The Shelter's endowment funds include donor-restricted assets. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Shelter's endowment funds consist of temporarily and permanently restricted endowments, restricted by the donor for time and purpose. A reconciliation of endowment activities for the years ending December 31, 2013 and 2012 is as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, December 31, 2011	\$ 546,897	\$ 71,796	\$ 618,693
Investment return			
Interest and dividends, net of fees	15,200	986	16,186
Net realized and unrealized gains	<u>2,583</u>	<u>5,600</u>	<u>8,183</u>
Endowment net assets, December 31, 2012	564,680	78,382	643,062
Investment return			
Interest and dividends, net of fees	4,230	2,360	6,590
Net realized and unrealized gains	59,771	11,910	71,681
Distributions	<u>(97,469)</u>	<u>-</u>	<u>(97,469)</u>
Endowment net assets, December 31, 2013	<u>\$ 531,212</u>	<u>\$ 92,652</u>	<u>\$ 623,864</u>

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Retirement Plan

The Shelter has a simple IRA plan for employees who have worked for the Shelter for at least two years. The Shelter makes an annual contribution to the plan for eligible employees in the amount of 2% of the employee's wages for that year. All contributions are always 100% vested. In 2013 and 2012, the Shelter incurred expenses relating to the plan of \$21,339 and \$17,999, respectively.

Santa Fe Animal Shelter and Humane Society, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

(With Comparative Totals for 2012)

NOTE 8 – COMMITMENTS AND CONTINGENCIES - CONTINUED

Operating Leases

The Shelter leases certain property and equipment under operating lease agreements expiring through May 2016. Monthly lease expense under the various agreements ranges from \$60 to \$4,500. The following is a schedule by year of future minimum lease payments under operating leases as of December 31, 2013, that have initial or remaining lease terms in excess of one year.

Future minimum lease payments are as follows:

2014	\$	65,425
2015		62,379
2016		320

Rental expense was \$83,599 and \$64,006 in 2013 and 2012, respectively.

The Shelter also leases land from the City of Santa Fe for a one-time fee of \$1,000. The original lease was entered into on May 31, 2000 for a term of 99 years, with the option to extend for an additional 49 years.

Lease Income

The Shelter leases 800 square feet of their facilities to the City of Santa Fe under an operating lease agreement which expires in June 2015. Monthly lease income under the agreement is \$1,600.

Future minimum lease receipts are as follows:

2014	\$	19,200
2015		9,600

Concentrations of Risk

The Shelter maintains cash balances in financial institutions, which at times exceed federally insured limits.

Major Donors

The Shelter had unrestricted contributions of \$1,050,000 from two major donors and \$1,347,407 from one major donor in 2013 and 2012, respectively.

Santa Fe Animal Shelter and Humane Society, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

(With Comparative Totals for 2012)

NOTE 9 – RELATED PARTY TRANSACTIONS

Land Held-for-Disposal

In 2011, the Shelter was bequeathed land. The land was held for disposal as of December 31, 2011 and was transferred in January 2012 to the chair of the Board of Directors for its appraised value of \$300,000. The transfer of the land was in full satisfaction of \$300,000 in notes payable to the chair.

Residence for Executive Director

In January 2012, the Shelter purchased residential real estate for approximately \$545,000 for investment purposes. Currently, the property is occupied by the Shelter's Executive Director on a rent-free basis as a part of the Executive Director's compensation package.

Architectural Services

In 2013 and 2012, the Shelter received architectural services for the construction of its animal hospital from a member of the Board of Directors. Fees paid to this Board member were \$97,634 and \$123,857 in 2013 and 2012, respectively.