

ANIMAL PROTECTION OF NEW MEXICO, INC.

AUDITED FINANCIAL STATEMENTS

Years Ended December 31, 2012 and 2011

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS	
Statements of Financial Position.....	3
Statements of Activities	4-5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to Financial Statements.....	9-15

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Animal Protection of New Mexico, Inc.

We have audited the accompanying financial statements of Animal Protection of New Mexico, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities, functional expenses and cash flows for the years 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 audits. 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 auditor's 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 entity'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 entity'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 qualified audit opinion.

Basis for Qualified Opinion

As explained in Note B to the financial statements, the Organization has elected not to consolidate the activities of Animal Protection of New Mexico Foundation, Inc. In our opinion, accounting principles generally accepted in the United States of America require the Organization and Animal Protection of New Mexico Foundation, Inc. to report on a consolidated basis. Quantification of the effects of this departure from generally accepted accounting principles on the financial position, results of operations, and cash flows of Animal Protection of New Mexico, Inc. is not practicable.

Qualified Opinion

In our opinion, except for the effects of not consolidating Animal Protection of New Mexico Foundation, Inc. as explained in the Basis for Qualified Opinion paragraph, the financial statements referred to in the first paragraph present fairly in all material respects, the financial position of Animal Protection of New Mexico, Inc. as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Broderick, Phillippi, Wright & Card, LLC

Broderick, Phillippi, Wright & Card, LLC

Albuquerque, New Mexico
November 6, 2013

Animal Protection of New Mexico, Inc.

Statements of Financial Position

December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash and cash equivalents	\$ 130,638	\$ 10,599
Accounts receivable	40,464	139,614
Prepaid expenses	13,670	12,764
Property and equipment	12,927	13,173
Endowment investments	8,873	8,543
Other long-term assets	<u>1,665</u>	<u>1,665</u>
TOTAL ASSETS	<u>\$ 208,237</u>	<u>\$ 186,358</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 27,638	\$ 15,646
Accrued liabilities	19,767	5,537
Due to related organization	<u>-</u>	<u>866</u>
TOTAL LIABILITIES	47,405	22,049
NET ASSETS		
Unrestricted	(103,722)	(79,559)
Temporarily restricted	258,329	237,643
Permanently restricted	<u>6,225</u>	<u>6,225</u>
TOTAL NET ASSETS	<u>160,832</u>	<u>164,309</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 208,237</u>	<u>\$ 186,358</u>

See accompanying notes to financial statements.

Animal Protection of New Mexico, Inc.

Statement of Activities

Year Ended December 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues and other support				
Contributions	\$ 189,944	\$ 14,706	\$ -	\$ 204,650
Grants	525,454	132,046	-	657,500
Other income	272	-	-	272
Investment income	811	-	-	811
Net assets released from restrictions	126,066	(126,066)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues and other support	842,547	20,686	-	863,233
Expenses				
Program services				
Public assistance, education and outreach	205,556	-	-	205,556
Advocacy campaigns	346,408	-	-	346,408
Wildlife campaigns	31,713	-	-	31,713
Direct animal service programs	68,597	-	-	68,597
Total program services	652,274	-	-	652,274
	<hr/>	<hr/>	<hr/>	<hr/>
Support services	137,899	-	-	137,899
Fund-raising	76,537	-	-	76,537
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	866,710	-	-	866,710
	<hr/>	<hr/>	<hr/>	<hr/>
Change in net assets	(24,163)	20,686	-	(3,477)
Net assets, beginning of year	(79,559)	237,643	6,225	164,309
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets, end of year	<u>\$ (103,722)</u>	<u>\$ 258,329</u>	<u>\$ 6,225</u>	<u>\$ 160,832</u>

See accompanying notes to financial statements.

Animal Protection of New Mexico, Inc.

Statement of Activities

Year Ended December 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues and other support				
Contributions	\$ 157,416	\$ 89,237	\$ -	\$ 246,653
Grants	297,600	218,000	-	515,600
Government grants	142,444	-	-	142,444
Other income	38,991	-	-	38,991
Investment loss	(351)	-	-	(351)
Net assets released from restriction	210,372	(210,372)	-	-
	<u>846,472</u>	<u>96,865</u>	<u>-</u>	<u>943,337</u>
Expenses				
Program services				
Public assistance, education and outreach	352,272	-	-	352,272
Advocacy campaigns	374,063	-	-	374,063
Wildlife campaigns	31,406	-	-	31,406
Direct animal service programs	45,837	-	-	45,837
Total program services	<u>803,578</u>	<u>-</u>	<u>-</u>	<u>803,578</u>
Support services	122,509	-	-	122,509
Fund-raising	37,841	-	-	37,841
	<u>963,928</u>	<u>-</u>	<u>-</u>	<u>963,928</u>
Change in net assets	(117,456)	96,865	-	(20,591)
Net assets, beginning of year	<u>37,897</u>	<u>140,778</u>	<u>6,225</u>	<u>184,900</u>
Net assets, end of year	<u>\$ (79,559)</u>	<u>\$ 237,643</u>	<u>\$ 6,225</u>	<u>\$164,309</u>

See accompanying notes to financial statements.

Animal Protection of New Mexico, Inc.

Statement of Functional Expenses

Year Ended December 31, 2012

	<u>Program Services</u>	<u>Support Services</u>	<u>Fund-raising</u>	<u>Total</u>
Salaries	\$ 272,478	\$ 63,038	\$ 45,956	\$ 381,472
Payroll taxes and fringe benefits	53,979	12,204	10,463	76,646
Animal and veterinarian services	56,788			56,788
Professional fees	25,958	21,523	1,349	48,830
Contributions to other organizations	44,410	-	-	44,410
Website maintenance and development	40,217	-	2,669	42,886
Public education and outreach	38,607	150	153	38,910
Contract services	2,658	26,294	1,305	30,257
Printing	22,238	1,372	4,127	27,737
Graphic design	17,497	-	1,235	18,732
Rent	13,980	3,554	1,015	18,549
Telephone	13,694	2,603	1,912	18,209
Travel and entertainment	14,697	711	1,828	17,236
Office supplies	8,591	3,948	1,068	13,607
Hardware support	5,664	1,290	917	7,871
Video and photography	5,700	-	107	5,807
Depreciation	3,700	731	405	4,836
Employee education	4,701	-	(77)	4,624
Postage	2,780	399	1,007	4,186
Repairs and maintenance	1,219	378	89	1,686
Insurance	802	802	-	1,604
Programs	1,395	-	-	1,395
Fund-raising	-	-	991	991
Miscellaneous	521	(1,098)	18	(559)
	<u>\$ 652,274</u>	<u>\$ 137,899</u>	<u>\$ 76,537</u>	<u>\$ 866,710</u>

See accompanying notes to financial statements.

Animal Protection of New Mexico, Inc.

Statement of Functional Expenses

Year Ended December 31, 2011

	Program Services	Support Services	Fund-raising	Total
Salaries	\$ 285,129	\$ 50,256	\$ 19,348	\$ 354,733
Payroll taxes and fringe benefits	51,981	9,939	3,322	65,242
Animal and veterinarian services	40,696	-	-	40,696
Professional fees	25,921	24,734	2,370	53,025
Contributions to other organizations	112,180	-	35	112,215
Website maintenance and development	22,124	70	2,402	24,596
Public education and outreach	13,209	-	230	13,439
Contract services	41,451	23,033	1,078	65,562
Printing	48,537	1,055	1,764	51,356
Graphic design	29,677	282	3,129	33,088
Rent	14,595	2,709	361	17,665
Telephone	13,297	1,895	814	16,006
Travel and entertainment	11,395	1,279	998	13,672
Office supplies	7,767	3,871	486	12,124
Hardware support	4,479	892	258	5,629
Video and photography	18,702	-	-	18,702
Depreciation	3,945	612	177	4,734
Postage	5,097	594	585	6,276
Insurance	538	538	-	1,076
Programs	48,636	-	-	48,636
Fund-raising	-	-	301	301
Other supplies	2,802	-	-	2,802
Rewards	1,100	-	-	1,100
Miscellaneous	320	750	183	1,253
	<u>\$ 803,578</u>	<u>\$ 122,509</u>	<u>\$ 37,841</u>	<u>\$ 963,928</u>

See accompanying notes to financial statements.

Animal Protection of New Mexico, Inc.
 Statements of Cash Flows
 Years ended December 31, 2012, and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (3,477)	\$ (20,591)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	4,836	4,734
Net realized and unrealized (gain)/loss on endowment investments	(720)	268
Loss on disposal of property and equipment	-	226
Changes in operating assets and liabilities:		
Accounts receivable	99,150	(19,571)
Prepaid expenses	(906)	3,381
Accounts payable	11,992	637
Accrued liabilities	14,230	(295)
Due to related organization	(866)	(3,091)
	<u>124,239</u>	<u>(34,302)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale of investments	390	419
Proceeds on disposal of property and equipment	-	1,047
Purchases of property and equipment	(4,590)	(6,354)
	<u>(4,200)</u>	<u>(4,888)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	120,039	(39,190)
Cash and cash equivalents, beginning of year	<u>10,599</u>	<u>49,789</u>
Cash and cash equivalents, end of year	<u>\$ 130,638</u>	<u>\$ 10,599</u>

See accompanying notes to financial statements.

Animal Protection of New Mexico, Inc.

Notes to Financial Statements

December 31, 2012 and 2011

NOTE A – NATURE OF ORGANIZATION

Animal Protection of New Mexico, Inc. (“APNM”) has been working to promote the humane treatment of animals since 1979. APNM is a nonprofit, 501(c)(3) organization supported by donations, volunteers and grants. APNM provides public assistance through consultation, education, communication and outreach on animal protection issues. It promotes animal advocacy campaigns with an effort to improve public policies and practices related to the treatment of animals through legislative and non-legislative means, and by implementing humane strategies and establishing partnerships with agencies. APNM provides financial assistance to agencies involved in investigating and prosecuting animal cruelty, to organizations rehabilitating victims of animal cruelty, to individuals for companion animal spay/neuter and other veterinary services, and for equine feed and veterinary assistance.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Date of Management Review

Management has evaluated subsequent events through November 6, 2013, which is the date the financial statements were available to be issued to determine whether such events should be recorded or disclosed in these financial statements. Management believes that no material subsequent events have arisen that would require additional disclosure.

Financial Statement Presentation

The financial statements are presented on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities. Management of the Organization has elected to prepare these financial statements in order to comply with the requirements for filing with the Attorney General of the State of New Mexico and, as such, is omitting the consolidation with Animal Protection of New Mexico, Inc. Foundation (“APNMF”). These two entities should be reported on a consolidated basis. Management has elected not to comply with the requirement to consolidate related entities in accordance with accounting principles generally accepted in the United States of America.

APNM is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Revenues and Other Support

In order to support the various programs, APNM generates revenue and support through a variety of sources. The primary sources of revenue include contributions and grants from foundations.

APNM reports contributions received as unrestricted, temporarily restricted, or permanently restricted depending on the absence or existence and nature of any donor restrictions. All donor-restricted revenue is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If the restriction is satisfied in the same period the contribution is received, the contribution is reported as unrestricted.

Animal Protection of New Mexico, Inc.

Notes to Financial Statements

December 31, 2012 and 2011

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated materials and other non-cash donations are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated assets to a specific purpose. The total of donated materials and noncash donations were \$2,584 and \$6,420 in 2012 and 2011, respectively.

APNM receives donated services from individuals for computer support, graphic design and other professional services. The value of these in-kind donations is \$43,478 and \$38,265 in 2012 and 2011, respectively. Donated services benefit all programs and support services.

Many other individuals have donated time and services to APNM. The value of these services has not been recorded in the financial statements because they do not meet the definition for recognition under generally accepted accounting principles.

Cash and Cash Equivalents

APNM considers all highly liquid investments, except for those held for investment with initial maturities of three months or less, to be cash equivalents.

Accounts Receivable

Accounts receivable are for grants and contributions, and are reported at their outstanding balances which approximate fair value. APNM considers all receivables to be fully collectible. Accordingly, no allowance for doubtful accounts is required. The allowance is based on management's evaluation of the collectibility of the receivables, including the nature of the receivable, historical losses and economic conditions. If amounts become uncollectible, they will be charged to expense when that determination is made. APNM considers all receivables outstanding for over 90 days to be past due.

Property and Equipment

Purchased property and equipment are stated at cost. Donated assets that are to be used by APNM are capitalized at their fair market value on the date of the gift. Depreciation is computed using the straight-line method over the estimated useful lives of five to ten years. All acquisitions of property and equipment in excess of \$500 are capitalized.

Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized by function based on evaluation of the related benefit by management. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from these estimates.

Animal Protection of New Mexico, Inc.
Notes to Financial Statements
December 31, 2012 and 2011

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

APNM is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not considered to be a private foundation. Therefore, no provision for income taxes has been included in APNM's financial statements.

APNM's income tax filings are subject to audit by various taxing authorities. APNM's open audit periods are 2009 to 2012. APNM believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements.

Advertising

APNM expenses advertising as incurred. For 2012, advertising expense was \$32,157, including donated advertising of \$9,347. For 2011, advertising expense was \$7,797, including donated advertising of \$6,146.

Financial Instruments

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

NOTE C – ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2012 and 2011 consist of the following:

	2012	2011
Contributions receivable	\$ 11,138	\$ 8,164
Grants receivable	3,000	130,000
Due from related organization	25,609	227
Other	717	1,223
	<u>\$ 40,464</u>	<u>\$ 139,614</u>

There were no accounts receivable over 90 days past due at December 31, 2012 and 2011. Accounts receivable are all due in less than one year.

NOTE D – RELATED PARTY TRANSACTIONS

There is a cost sharing agreement for shared services for staff, office space and office equipment between APNM and Animal Protection Voters ("APV"). Based on activity, APV's portion of shared services incurred by APNM was \$81,544 and \$77,249 during the years ended December 31, 2012 and 2011 respectively. APV owed APNM \$25,609 at December 31, 2012 and APNM owed APV \$866 at December 31, 2011.

Unrelated to shared services, APNM contributed \$41,000 and \$107,500 to APV during the years ended December 31, 2012 and 2011 respectively, to support APV in its advocacy to enhance legislation for the prevention of cruelty to animals.

Animal Protection of New Mexico, Inc.

Notes to Financial Statements

December 31, 2012 and 2011

NOTE D – RELATED PARTY TRANSACTIONS (continued)

APNMF was established for the purpose of supporting APNM. Specifically, APNMF was created for the purpose of holding and investing assets to provide financial support for APNM.

The net asset value of APNMF was \$773,872 and \$741,663 at December 31, 2012 and 2011, respectively. The APNMF board may direct the distribution from the investments of up to five percent of the market value of the investments as of the end of the prior fiscal year. APNM received distributions of \$34,420 and \$36,500 from the Foundation during the years ending December 31, 2012 and 2011, respectively.

NOTE E – ENDOWMENT FUND INVESTMENTS AND SPENDING POLICY

APNM's endowment funds are held by the Albuquerque Community Foundation as a part of its pooled investments. Variance power has been granted to the Albuquerque Community Foundation. These assets will be returned to APNM if the Albuquerque Community Foundation ceases to be a charitable organization. These investments are stated at fair market value.

Annual distributions can be made pursuant to current Albuquerque Community Foundation policy. Current policy states that distributions will be based on 4.5% of the average twelve quarters' fund balance if requested by APNM. Distributions were \$390 and \$419 in 2012 and 2011, respectively.

Endowment net asset composition at December 31, 2011 and 2010 by type of fund is as follows:

	2012	2011
Permanently restricted funds	\$ 6,225	\$ 6,225
Unrestricted funds	2,648	2,318
Total funds	<u>\$ 8,873</u>	<u>\$ 8,543</u>

Changes in endowment net assets during the years ended are as follows:

		Permanent	Total
	Unrestricted	ly Restricted	Endowment Net Assets
<u>December 31, 2012</u>			
Endowment net assets, beginning of year	\$ 2,318	\$ 6,225	\$ 8,543
Distributions	(390)	-	(390)
Investment income	809	-	809
Investment fees	(89)	-	(89)
Endowment net assets, end of year	<u>\$ 2,648</u>	<u>\$ 6,225</u>	<u>\$ 8,873</u>

Animal Protection of New Mexico, Inc.

Notes to Financial Statements

December 31, 2012 and 2011

NOTE E – ENDOWMENT FUND INVESTMENTS AND SPENDING POLICY (continued)

		Permanently Restricted	Total Endowment Net Assets
<u>December 31, 2011</u>	<u>Unrestricted</u>		
Endowment net assets, beginning of year	\$ 3,005	\$ 6,225	\$ 9,230
Distributions	(419)	-	(419)
Investment income	(175)	-	(175)
Investment fees	(93)	-	(93)
Endowment net assets, end of year	<u>\$ 2,318</u>	<u>\$ 6,225</u>	<u>\$ 8,543</u>

APNM is the beneficiary of a designated fund established at the New Mexico Community Foundation. This fund allows the organization to receive distributions to support APNM's New Mexico Equine protection program. Since these funds are held, and ultimately controlled, by the New Mexico Community Foundation, the value of this account has not been shown on the statement of financial position. The value of the account was \$10,177 and \$27,688 at December 31, 2012 and 2011, respectively. The distribution for the Equine project was \$39,500 for the year ended December 31, 2012, and \$10,467 for the year ended December 31, 2011.

NOTE F – FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosure*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs consist of assets whose values are derived from observable market data but for which there is not a quoted price for the specific asset; and Level 3 inputs consist of assets that are not traded in an active market and for which no significant observable market inputs are available and have the lowest priority. APNM uses appropriate valuation techniques based on available inputs to measure the fair value of its investments.

The estimated fair value of the investments in APNM's endowment funds were based on the fair values of the underlying assets as reported by the Albuquerque Community Foundation. APNM's valuation technique is based on the same inputs to measure the fair value of its investments as of the Albuquerque Community Foundation. There have been no changes in the methodologies used during 2012. All of APNM's endowment investments are considered Level 2 at December 31, 2012 and 2011.

NOTE G – COMMITMENTS AND CONTINGENCIES

The Organization leases office space under a month-to-month operating lease. Lease expense on office space was \$18,549 in 2012 and \$17,665 in 2011.

Animal Protection of New Mexico, Inc.

Notes to Financial Statements

December 31, 2012 and 2011

NOTE H – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2012 and 2011 consists of the following:

	2012	2011
Office equipment	\$ 45,551	\$ 40,960
Less: accumulated depreciation	(32,624)	(27,788)
	<u>\$ 12,927</u>	<u>\$ 13,173</u>

Depreciation expense was \$4,836 and \$4,734 for the years ended December 31, 2012 and 2011, respectively.

NOTE I – PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of endowment investments held at Albuquerque Community Foundation, the income of which can be used to support APNM. The permanently restricted net assets are \$6,225 at December 31, 2012 and 2011.

NOTE J – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets classified by purpose at December 31, 2012 and 2011 consists of the following:

	2012	2011
Chimps to sanctuary campaign	\$ 84,646	\$ 190,092
Transport project	53,280	-
Animal shelters	39,794	-
Equine development director	30,000	-
Ads outreach project	-	14,548
Reward fund	12,198	8,198
Contributions receivable	9,229	5,923
CARE project	6,655	2,240
Dissection alternatives	5,268	5,268
Santa Fe veterinary medical aid program	4,232	2,344
Cougar	2,355	-
Fundraising	2,500	-
Fire / disaster fund	1,320	1,311
Other	6,852	7,719
Total temporarily restricted net assets	<u>\$ 258,329</u>	<u>\$ 237,643</u>

Animal Protection of New Mexico, Inc.

Notes to Financial Statements

December 31, 2012 and 2011

NOTE J – TEMPORARILY RESTRICTED NET ASSETS (continued)

Net assets were released from donor restrictions by incurring expenditures satisfying the following restricted purposes during the years ended December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Chimps to sanctuary campaign	\$ 105,446	\$ 57,490
Ads outreach project	14,548	-
Equine	206	36,408
Milagro awards	-	43,811
Challenging animal cruelty	-	35,783
Santa Fe veterinary medical aid program	-	19,890
Fire / disaster fund	-	4,000
CARE project	-	3,128
Captive wildlife	-	2,082
Other	5,866	7,780
Total assets released from restrictions	<u>\$ 126,066</u>	<u>\$ 210,372</u>

NOTE K – UNRESTRICTED NET ASSET DEFICIT

As shown in the accompanying financial statements, APNM has a deficit in its unrestricted net assets and an inadequate asset balance to cover the temporarily restricted net asset balance at December 31, 2012 and 2011. Some of APNM's temporarily restricted net assets were time restricted. Subsequent to year end, these time restrictions expired, and also APNM received unrestricted contributions that will help reduce this deficit. The APNM board and management are actively fundraising to raise additional unrestricted contributions to eliminate the deficit in unrestricted net assets and build a cash reserve for APNM. Additionally, APNM is the sole beneficiary of APNMF which, if consolidated with APNM, would eliminate the net deficit in the unrestricted net assets.

NOTE L – CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject APNM to concentration consist principally of cash and cash equivalents and accounts receivable. APNM may occasionally maintain cash balances in excess of the balance insured by the Federal Deposit Insurance Corporation.

Approximately sixty-three percent (63%) of APNM's revenue was generated by contributions from three grants in 2012, and sixty-two percent (62%) of APNM's revenue was generated by contributions from two foundations and one government contract in 2011. A decrease in funding from these sources might affect APNM's operation.