



Combined Financial Statements
and
Independent Auditors' Report
December 31, 2024 and 2023

Animal Protection New Mexico, Inc. and Affiliate

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Independent Auditors' Report

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

Opinion

We have audited the accompanying combined financial statements of Animal Protection New Mexico, Inc. and affiliate (APNM) (a nonprofit organization), which comprise the combined statements of financial position as of December 31, 2024 and 2023, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of APNM as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of APNM and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about APNM's ability to continue as a going concern within one year after the date that the combined 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 combined 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 combined financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined 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 APNM'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 APNM'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.

SJT Group LLC

Albuquerque, New Mexico
June 24, 2025

Combined Financial Statements

Animal Protection New Mexico, Inc. and Affiliate
Combined Statements of Financial Position
December 31,

	<u>2024</u>	<u>2023</u>
Assets		
Current assets		
Cash	\$ 234,878	\$ 599,295
Grants and contributions receivable, current portion	971,837	242,983
Due from APV	101,653	106,845
Prepaid expenses	43,320	50,589
Other assets	<u>12,273</u>	<u>12,263</u>
Total current assets	1,363,961	1,011,975
Property and equipment, net	1,895,744	1,945,470
Grants and contributions receivable, net of current portion	35,000	-
Endowment fund investments	4,621,704	4,250,621
Other long-term assets	<u>340</u>	<u>2,908</u>
Total assets	<u><u>\$ 7,916,749</u></u>	<u><u>\$ 7,210,974</u></u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 143,866	\$ 78,494
Accrued expenses	212,167	208,510
Unearned revenue	<u>6,000</u>	<u>-</u>
Total current liabilities	<u>362,033</u>	<u>287,004</u>
Net assets		
Without donor restrictions	4,731,582	4,982,026
With donor restrictions	<u>2,823,134</u>	<u>1,941,944</u>
Total net assets	<u>7,554,716</u>	<u>6,923,970</u>
Total liabilities and net assets	<u><u>\$ 7,916,749</u></u>	<u><u>\$ 7,210,974</u></u>

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

Animal Protection New Mexico, Inc. and Affiliate
Combined Statement of Activities
For the Year Ended December 31, 2024

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Totals</u>
Support and Revenue			
Grants and contributions	\$ 2,068,419	\$ 1,454,825	\$ 3,523,244
In-kind contributions	32,257	-	32,257
Other income	8,003	-	8,003
Net assets released from restrictions	<u>573,635</u>	<u>(573,635)</u>	<u>-</u>
Total support and revenue	<u>2,682,314</u>	<u>881,190</u>	<u>3,563,504</u>
Expenses			
Program services			
Advocacy campaigns	1,172,803	-	1,172,803
Public assistance - education and outreach	750,362	-	750,362
Direct animal service programs	231,547	-	231,547
Wildlife campaigns	<u>36,772</u>	<u>-</u>	<u>36,772</u>
Total program services	<u>2,191,484</u>	<u>-</u>	<u>2,191,484</u>
Supporting services			
Management and general	876,481	-	876,481
Fundraising	<u>356,070</u>	<u>-</u>	<u>356,070</u>
Total supporting services	<u>1,232,551</u>	<u>-</u>	<u>1,232,551</u>
Total expenses	<u>3,424,035</u>	<u>-</u>	<u>3,424,035</u>
Change in net assets before investment income	(741,721)	881,190	139,469
Investment income	<u>491,277</u>	<u>-</u>	<u>491,277</u>
Change in net assets	(250,444)	881,190	630,746
Net assets, beginning of year	<u>4,982,026</u>	<u>1,941,944</u>	<u>6,923,970</u>
Net assets, end of year	<u><u>\$ 4,731,582</u></u>	<u><u>\$ 2,823,134</u></u>	<u><u>\$ 7,554,716</u></u>

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

Animal Protection New Mexico, Inc. and Affiliate
Combined Statement of Activities
For the Year Ended December 31, 2023

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Support and Revenue			
Grants and contributions	\$ 2,272,174	\$ 614,812	\$ 2,886,986
In-kind contributions	36,487	-	36,487
Other income	14,688	-	14,688
Net assets released from restrictions	<u>682,673</u>	<u>(682,673)</u>	<u>-</u>
Total support and revenue	<u>3,006,022</u>	<u>(67,861)</u>	<u>2,938,161</u>
Expenses			
Program services			
Advocacy campaigns	1,094,659	-	1,094,659
Public assistance - education and outreach	612,238	-	612,238
Direct animal service programs	372,145	-	372,145
Wildlife campaigns	<u>80,948</u>	<u>-</u>	<u>80,948</u>
Total program services	<u>2,159,990</u>	<u>-</u>	<u>2,159,990</u>
Supporting services			
Management and general	844,840	-	844,840
Fundraising	<u>347,237</u>	<u>-</u>	<u>347,237</u>
Total supporting services	<u>1,192,077</u>	<u>-</u>	<u>1,192,077</u>
Total expenses	<u>3,352,067</u>	<u>-</u>	<u>3,352,067</u>
Change in net assets before investment income	(346,045)	(67,861)	(413,906)
Investment income	<u>828,435</u>	<u>-</u>	<u>828,435</u>
Change in net assets	482,390	(67,861)	414,529
Net assets, beginning of year	<u>4,499,636</u>	<u>2,009,805</u>	<u>6,509,441</u>
Net assets, end of year	<u><u>\$ 4,982,026</u></u>	<u><u>\$ 1,941,944</u></u>	<u><u>\$ 6,923,970</u></u>

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

Animal Protection New Mexico, Inc. and Affiliate
Combined Statement of Functional Expenses
For the Year Ended December 31, 2024

	Program Services	Management and General	Fundraising	Total Expenses
Salaries and wages	\$ 1,018,548	\$ 656,626	\$ 149,141	\$ 1,824,315
Contributions to other organizations	372,680	-	-	372,680
Payroll taxes and fringe benefits	183,657	85,935	21,280	290,872
Contract services	96,339	6,705	127,760	230,804
Animal and veterinarian services	213,473	-	-	213,473
Office supplies	54,225	41,593	22,200	118,018
Public education and outreach	62,244	-	11,370	73,614
Depreciation	37,476	8,074	5,664	51,214
Employee education	22,938	11,594	3,361	37,893
Printing	30,295	2,124	4,752	37,171
Travel	29,020	3,020	1,033	33,073
Occupancy	19,553	5,558	2,182	27,293
Hardware support	13,032	11,524	2,241	26,797
Insurance	17,821	6,038	1,833	25,692
Professional fees	234	22,288	-	22,522
Telephone	11,821	7,481	1,817	21,119
Graphic design	1,350	6,458	-	7,808
Postage	4,103	877	963	5,943
Other	2,675	586	473	3,734
Total expenses	<u>\$ 2,191,484</u>	<u>\$ 876,481</u>	<u>\$ 356,070</u>	<u>\$ 3,424,035</u>

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

Animal Protection New Mexico, Inc. and Affiliate
Combined Statement of Functional Expenses
For the Year Ended December 31, 2023

	Program Services	Management and General	Fundraising	Total Expenses
Salaries and wages	\$ 875,348	\$ 608,990	\$ 120,849	\$ 1,605,187
Contributions to other organizations	291,917	-	-	291,917
Payroll taxes and fringe benefits	175,393	93,612	16,300	285,305
Contract services	127,736	17,224	161,570	306,530
Animal and veterinarian services	359,470	-	-	359,470
Office supplies	30,195	38,789	15,417	84,401
Public education and outreach	101,430	-	8,204	109,634
Depreciation	40,180	10,138	6,739	57,057
Employee education	39,391	580	-	39,971
Printing	19,453	1,518	5,005	25,976
Travel	21,030	6,539	1,554	29,123
Occupancy	26,382	9,572	3,639	39,593
Hardware support	13,956	11,636	2,612	28,204
Insurance	19,498	6,133	1,744	27,375
Professional fees	-	30,968	-	30,968
Telephone	12,496	8,032	2,087	22,615
Postage	3,228	867	1,146	5,241
Other	2,887	242	371	3,500
Total expenses	<u>\$ 2,159,990</u>	<u>\$ 844,840</u>	<u>\$ 347,237</u>	<u>\$ 3,352,067</u>

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

Animal Protection New Mexico, Inc. and Affiliate
Combined Statements of Cash Flows
For the Years Ended December 31,

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Cash received from grants and contributions	2,773,140	\$ 2,745,743
Cash received from other	7,480	18,052
Cash paid to employees and suppliers	<u>(3,265,231)</u>	<u>(3,200,483)</u>
Net cash used by operating activities	<u>(484,611)</u>	<u>(436,688)</u>
Cash flows from investing activities		
Distributions from endowment	1,538,780	211,021
Contributions to endowment	(1,418,586)	(34,709)
Purchases of equipment	<u>-</u>	<u>(2,168)</u>
Net cash provided by investing activities	<u>120,194</u>	<u>174,144</u>
Net decrease in cash	(364,417)	(262,544)
Cash, beginning of year	<u>599,295</u>	<u>861,839</u>
Cash, end of year	<u>\$ 234,878</u>	<u>\$ 599,295</u>
Reconciliation of change in net assets to net cash used by operating activities		
Change in net assets	<u>\$ 630,746</u>	<u>\$ 414,529</u>
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation	51,214	57,057
Net realized and unrealized gain on investments	(445,081)	(772,195)
Reinvested interest and dividends	(79,759)	(85,158)
Investment fees paid from endowment assets	33,563	28,918
(Gain) loss on disposal of equipment	(1,488)	2,401
Changes in assets and liabilities		
Accounts and contributions receivable	(758,662)	(140,177)
Prepaid expenses	7,269	(11,406)
Other assets	2,558	(1,066)
Accounts payable	65,372	39,629
Accrued expenses	3,657	30,780
Unearned revenue	<u>6,000</u>	<u>-</u>
Total adjustments	<u>(1,115,357)</u>	<u>(851,217)</u>
Net cash used by operating activities	<u>\$ (484,611)</u>	<u>\$ (436,688)</u>

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

Animal Protection New Mexico, Inc. and Affiliate
Notes to Combined Financial Statements
December 31, 2024 and 2023

1) Nature of Organization

Animal Protection New Mexico, Inc. and affiliate (APNM) have 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, by implementing humane strategies and by 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.

Animal Protection New Mexico Foundation, Inc. (Foundation) was incorporated as a non-profit organization in 2001. The Foundation is considered an affiliate organization of APNM, as it was organized exclusively for the benefit of, to perform the functions of, and to carry out the purposes of APNM, a New Mexico nonprofit corporation located in Albuquerque, New Mexico, and any legal successor-in-interest.

2) Summary of Significant Accounting Policies

Principles of Combination

The combined financial statements include the accounts of APNM and the Foundation, collectively referred to as the “Organization”. The Foundation’s financial information is combined with APNM’s information since APNM has both an economic interest and control of the Foundation through a majority voting interest in its governing board. All material intra-entity transactions have been eliminated.

Basis of Accounting and Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

- *Net Assets Without Donor Restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

Animal Protection New Mexico, Inc. and Affiliate
Notes to Combined Financial Statements
December 31, 2024 and 2023

2) Summary of Significant Accounting Policies — continued

- *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 the Organization or by 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 combined statements of activities.

Revenue Recognition

In order to support the various programs, the Organization generates revenue and support primarily through grants and contributions. Accordingly, the financial statements are presented in accordance with FASB Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. Under ASU 2014-09, the Organization is required to recognize revenue for the transfer of goods or services to customers in an amount that reflects the consideration to which the Organization expects to be entitled to in exchange for those goods or services.

Revenue recognition for the Organization is as follows:

Contributions and Grants - Contributions received are recognized as revenues when the unconditional pledge is made and as assets or decreases of liabilities, depending on the form of the benefits received. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which revenue is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statements of activities as net assets released from restrictions. Contributions of significant long-lived assets and significant gifts to acquire long-lived assets with donor-imposed restrictions are reported as net assets with donor restrictions until the asset is placed in service and donor-imposed restrictions are satisfied. The Organization received and recognized \$32,257 and \$36,487 of contributed animal boarding, legal, printing services, and other professional services during the years ended December 31, 2024 and 2023, respectively.

Conditional grants and contract funds are recorded as revenue when earned. Revenue is earned when eligible expenditures or deliverables, as defined in each contract, are met. Expenditures under contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Organization will record such disallowance at the time the final assessment is made.

Animal Protection New Mexico, Inc. and Affiliate
Notes to Combined Financial Statements
December 31, 2024 and 2023

2) Summary of Significant Accounting Policies — continued

Contributed Services—Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization has a substantial number of volunteers that have donated their services to the Organization. These donated services, which do not meet the above criteria for revenue recognition, have not been recognized as support in the combined financial statements.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents, except for money market accounts designated for long-term investment and on deposit with investment firms in accounts designated as long term investments, which are included in investments.

At December 31, 2024 and 2023, the cash bank balances totaled \$188,437 and \$515,753, respectively. Cash bank balances of \$0 and \$262,286 were uninsured and uncollateralized at December 31, 2024 and 2023, respectively. The Organization has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk related to the uninsured cash balances.

Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the combined statements of financial position, and changes in fair value are reported as investment return in the combined statements of activities.

Grants and Contributions Receivable

Grants and contributions receivable are reported at their outstanding balances which approximate fair value. The Organization considers all receivables to be collectible. Accordingly, no allowance for credit losses has been recorded. Management determines whether an allowance is necessary based on the evaluation of the collectability 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. The Organization considers all receivables outstanding for over 90 days to be past due.

Animal Protection New Mexico, Inc. and Affiliate
Notes to Combined Financial Statements
December 31, 2024 and 2023

2) Summary of Significant Accounting Policies — continued

Property and Equipment

Purchased property and equipment are stated at cost and donations of property and equipment are stated at their estimated fair value at the date of donation. It is the policy of the Organization to capitalize expenses for property and equipment in excess of \$5,000 and a useful life of greater than one year. Donations of property and equipment are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Depreciation is calculated using the straight-line method over the estimated useful lives which typically range from five to forty-five years.

Advertising

The Organization expenses advertising as incurred. Advertising expense was \$12,831 and \$28,831 for the years ended December 31, 2024 and 2023, respectively, and is included in the public education and outreach line item on the accompanying statements of functional expenses.

Functional Allocation of Expenses

The cost of providing program and other activities have been summarized on a functional basis in the combined statements of activities. Accordingly, certain costs have been allocated among program and supporting services benefited. Such allocations are determined by management on an equitable basis.

Significant expenses that are allocated include the following:

<u>Expense</u>	<u>Allocation Method</u>
Salaries, payroll taxes, and fringe benefits	Time and effort
Contract services	Time and effort
Office supplies	Time and effort
Depreciation	Square footage
Occupancy	Square footage
Printing	Time and effort
Hardware support	Time and effort
Telephone	Time and effort

Fair Value of Financial Instruments

For financial statement purposes, cash equivalents, accounts and contributions receivable, prepaid expenses, accounts payable, and accrued expenses are considered financial instruments. The Organization estimated that the fair value of all financial instruments at December 31, 2024 and 2023, did not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying combined statements of financial position because of their short-term nature.

Animal Protection New Mexico, Inc. and Affiliate
Notes to Combined Financial Statements
December 31, 2024 and 2023

2) Summary of Significant Accounting Policies — continued

Income Taxes

The Organization is a non-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified by the Internal Revenue Service as an organization that is not a private foundation. The Organization has adopted FASB ASC 740-10, *Income Taxes*, relating to accounting for uncertain tax positions. The Organization has not recognized any changes to its financial statements for uncertain tax positions resulting from this adoption. The Organization's income tax filings for the years ended December 31, 2021, and thereafter are subject to audit by various taxing authorities.

Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position date, but before financial statements are issued. The Organization recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the combined statements of financial position, including estimates inherent in the process of preparing the combined financial statements.

Subsequent events through June 24, 2025, the date which the combined financial statements were available to be issued, were evaluated for recognition and disclosure in the combined financial statements.

Leases

Effective January 1, 2023, the Organization adopted FASB ASC 842, *Leases*. The Organization determines if an arrangement contains a lease at inception based on whether the Organization has the right to control the asset during the contract period and other facts and circumstances. The Organization elected the package of practical expedients permitted under the transition guidance with the new standard, which among other things, allowed it to carry forward the historical lease classification. The adoption of FASB ASC 842 did not have an impact on the Organization's financial statements as it either did not have any leases that fell within the scope of this standard or were not material to the financial statements.

Estimates

Financial statement preparation in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) 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 financial statement date and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Animal Protection New Mexico, Inc. and Affiliate
Notes to Combined Financial Statements
December 31, 2024 and 2023

2) Summary of Significant Accounting Policies — continued

Reclassifications

Certain 2023 amounts presented for comparative purposes have been reclassified to conform to the 2024 presentation.

3) **Grants and Contributions Receivable**

Grants and contributions receivable consist of the following at December 31:

	<u>2024</u>	<u>2023</u>
Contributions receivable	\$ 986,692	\$ 222,155
Grants receivable	<u>20,145</u>	<u>20,828</u>
	<u>\$ 1,006,837</u>	<u>\$ 242,983</u>

4) **Property and Equipment**

Property and equipment consist of the following at December 31:

	<u>2024</u>	<u>2023</u>
Building	\$ 1,503,040	\$ 1,503,040
Office equipment and software	51,866	83,354
Furniture and fixtures	<u>220,601</u>	<u>220,533</u>
Subtotal	1,775,507	1,806,927
Less accumulated depreciation	<u>(576,723)</u>	<u>(558,417)</u>
Total property and equipment being depreciated, net	1,198,784	1,248,510
Land	<u>696,960</u>	<u>696,960</u>
Total property and equipment, net	<u>\$ 1,895,744</u>	<u>\$ 1,945,470</u>

Depreciation expense was \$51,214 and \$57,057 during the years ended December 31, 2024 and 2023, respectively.

Animal Protection New Mexico, Inc. and Affiliate
Notes to Combined Financial Statements
December 31, 2024 and 2023

5) Investment Income

The following summarizes the investment income in the combined statements of activities, and includes income from interest bearing cash accounts, investments, beneficial interest in assets held by others, and endowment fund investments for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Interest and dividend income	\$ 79,759	\$ 85,158
Net realized and unrealized gains	445,081	772,195
Investment management fees	<u>(33,563)</u>	<u>(28,918)</u>
Total investment income	<u>\$ 491,277</u>	<u>\$ 828,435</u>

6) Endowment Fund Investments and Spending Policy

APNM has endowment funds that are held by its affiliate, the Foundation, and by the Albuquerque Community Foundation (ACF) as a part of their pooled investments.

The Foundation follows its governing documents in administering the Foundation's investment assets and spending policy. The Board of Directors has determined that the majority of the Foundation's contributions are subject to the terms of its governing documents. Under these terms, the Board of Directors has the ability to disburse or accumulate the income or principal of the funds as it sees fit in its sole discretion.

The Foundation has adopted investment and spending policies approved by the Board of Directors. The investment policy is intended not only to provide funds for the Endowment's immediate and near-term goals, but also to preserve and grow the Endowment's assets to meet future spending needs. The Endowment's assets shall be invested to provide for the distributions described above plus modest real growth above inflation. The Foundation's assets cannot be invested in investments that are counter to its purpose. The investment policy establishes an achievable return objective through diversification of assets. Currently, the long-term return objective is 6% to 7%. However, the Foundation has the discretion to adjust the return it requires based on market conditions, the Endowment's needs, and future spending expectations. The investments' liquidity and risk profile should be commensurate with the net asset classification of the assets and the specific objectives of that classification.

The Foundation Board determines the distribution to APNM each calendar year. The Board may direct the distribution from the investments of up to 4% of the market value of the investments as of the end of the prior fiscal year.

Animal Protection New Mexico, Inc. and Affiliate

Notes to Combined Financial Statements

December 31, 2024 and 2023

6) Endowment Fund Investments and Spending Policy — continued

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

Annual distributions can be made pursuant to current ACF policy. Current policy states that distributions will be based on 4.5% of the average twelve quarters' fund balance if requested by APNM. Distributions from the fund were \$438 and \$424 for the years ended December 31, 2024 and 2023, respectively.

Endowment net asset composition by type of fund is as follows:

	<u>2024</u>	<u>2023</u>
Without donor restrictions	\$ 3,062,007	\$ 3,091,177
With donor restrictions	<u>1,559,697</u>	<u>1,159,444</u>
Total endowment funds	<u>\$ 4,621,704</u>	<u>\$ 4,250,621</u>

Changes in endowment net assets during the years ended December 31, 2024 and 2023 are as follows:

	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>
<u>December 31, 2024</u>	<u>Restrictions</u>	<u>Restrictions</u>	<u>Endowment</u>
Endowment net assets, beginning of year	\$ 3,091,177	\$ 1,159,444	\$ 4,250,621
Contributions	1,018,333	400,253	1,418,586
Distributions	(1,538,780)	-	(1,538,780)
Interest and dividends	79,759	-	79,759
Net appreciation in value	445,081	-	445,081
Investment fees paid from endowment assets	(33,563)	-	(33,563)
Endowment net assets, end of year	<u>\$ 3,062,007</u>	<u>\$ 1,559,697</u>	<u>\$ 4,621,704</u>
	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>
<u>December 31, 2023</u>	<u>Restrictions</u>	<u>Restrictions</u>	<u>Endowment</u>
Endowment net assets, beginning of year	\$ 2,439,254	\$ 1,159,244	\$ 3,598,498
Contributions	34,509	200	34,709
Distributions	(211,021)	-	(211,021)
Interest and dividends	85,158	-	85,158
Net appreciation in value	772,195	-	772,195
Investment fees paid from endowment assets	(28,918)	-	(28,918)
Endowment net assets, end of year	<u>\$ 3,091,177</u>	<u>\$ 1,159,444</u>	<u>\$ 4,250,621</u>

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6) Endowment Fund Investments and Spending Policy — continued

APNM is the beneficiary of a fund established at the New Mexico Community Foundation. The fund allows the Organization to receive distributions to support APNM's Equine Protection program. Since these funds are held, and ultimately controlled by the New Mexico Community Foundation, the value of the account has not been shown on the combined statements of financial position. The value of the fund was \$1,618,076 and \$1,420,306 at December 31, 2024 and 2023, respectively. Fund distributions for the Equine Protection program were \$49,725 and \$42,218 for the years ended December 31, 2024 and 2023, respectively.

7) **Fair Value Measurements**

Generally accepted accounting principles (GAAP) establish 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. The Organization uses appropriate valuation techniques based on available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because it generally provides the most reliable evidence of fair value. The Organization has no Level 3 investments at December 31, 2024 and 2023.

Fair value of assets measured on a recurring basis at December 31, 2024, are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Equities	\$ 2,926,658	\$ 2,926,658	\$ -
Bonds	1,148,351	1,148,351	-
Commodities	166,343	166,343	-
Real estate investment trusts (REIT)	8,214	8,214	-
Beneficial interest in investments held by others	<u>12,036</u>	<u>-</u>	<u>12,036</u>
	\$ 4,261,602	<u>\$ 4,249,566</u>	<u>\$ 12,036</u>
Cash equivalents	<u>360,102</u>		
	<u>\$ 4,621,704</u>		

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7) Fair Value Measurements — continued

Fair value of assets measured on a recurring basis at December 31, 2023, are as follows:

	Fair Value	Level 1	Level 2
Equities	\$ 2,714,704	\$ 2,714,704	\$ -
Bonds	915,612	915,612	-
Commodities	103,232	103,232	-
Real estate investment trust (REIT)	131,546	131,546	-
Beneficial interest in investments held by others	11,750	-	11,750
	<u>\$ 3,876,844</u>	<u>\$ 3,865,094</u>	<u>\$ 11,750</u>
Cash equivalents	373,777		
	<u>\$ 4,250,621</u>		

8) **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). APV's portion of shared services incurred by APNM was \$384,897 and \$281,291 during the years ended December 31, 2024 and 2023, respectively.

Unrelated to shared services, APNM contributed \$303,763 and \$217,419 to APV during the years ended December 31, 2024 and 2023, respectively, to support APV in its advocacy to enhance legislation for the prevention of cruelty to animals. In addition, during 2024 and 2023 APNM paid APV a total of \$2,682 and \$10,612, respectively, for program outreach and development communications. These expenses are included in the public education and outreach line item in the accompanying statements of functional expenses for the years ended December 31, 2024 and 2023, respectively. Amounts owed from APV were \$102,992 and \$106,845 at December 31, 2024 and 2023, respectively, and are included in accounts and contributions receivable.

9) **Concentration of Credit Risk**

Financial instruments that potentially subject the Organization to concentrations consist principally of cash and cash equivalents, investments, and accounts receivable.

The revenue and support from two donors, excluding contributed goods and services, was approximately 43% and 59% of the organization's total support and revenue during the years ending December 31, 2024 and 2023, respectively. If the Organization does not continue to receive comparable contribution amounts the negative impact on the Organization's operations would be significant.

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10) Commitments and Contingencies

The Organization leased office space under an annual operating lease that expired on July 31, 2024 and was not renewed. The Organization paid a monthly rate of \$1,284.

11) Availability and Liquidity

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

	<u>2024</u>	<u>2023</u>
Cash	\$ 234,878	\$ 599,295
Accounts and contributions receivable, current	971,837	242,983
Endowment investments	<u>4,621,704</u>	<u>4,250,621</u>
Total financial assets	5,828,419	5,092,899
Less amounts not available to be used within one year:		
Endowment investments - restricted	<u>(1,559,697)</u>	<u>(1,159,444)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 4,268,722</u>	<u>\$ 3,933,455</u>

As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Excess cash is invested in a portfolio of well diversified investments and in a manner such that investment funds are easily accessed in times of unanticipated liquidity needs. At both December 31, 2024 and 2023, investments available for spending at management and the board's discretion were \$3.1 million.

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12) Net Assets

Net assets with donor restrictions are available for the following purposes or periods at December 31:

	2024	2023
Restricted for time:		
Grants receivable	\$ 689,500	\$ -
Restricted for time and/or purpose:		
Permanent endowment fund	1,559,697	1,159,444
Equine protection fund	296,866	182,121
Chimps to sanctuary campaign	65,000	22,424
Education	40,728	35,794
Humane communities and humane citizens fund	34,254	38,083
Animal control officer training	32,088	30,000
Plant based eating program	30,000	100,000
Humane science	29,276	274,599
Pet food pilot project	20,000	20,000
Disaster relief fund	16,886	17,471
Other	4,576	5,628
Factory farming	4,263	721
Subsequent years operations	-	19,122
Helpline	-	23,264
Reward fund	-	13,273
Total net assets with donor restrictions	<u>\$ 2,823,134</u>	<u>\$ 1,941,944</u>

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12) Net Assets – continued

Net assets released from restrictions are as follows for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Use Restrictions:		
Humane science	\$ 245,323	\$ 154,256
Plant based eating	100,000	7,500
Equine protection fund	60,336	209,645
Education	35,794	32,146
Animal control officer training	27,911	20,000
Helpline	23,264	12,407
Chimps to sanctuary program	22,424	76,263
Pet food pilot project	20,000	20,153
Subsequent years operations	19,122	17,330
Other	14,326	1,257
Humane communities and humane citizens fund	3,828	24,328
Factory farming	721	69,279
Disaster relief fund	586	12,624
Santa Fe veterinary medical aid program	-	16,018
Companion Animal Rescue Effort	-	9,467
Total net assets released from restrictions	<u>\$ 573,635</u>	<u>\$ 682,673</u>

13) **Accrued Compensated Absences**

APNM provides eligible full-time and part-time regular status employees with “Paid Vacation Time Off” (PVTO) to use for vacation and personal reasons based on eligible years of service, up to specified limits. Employees are eligible for PVTO after thirty (30) days of employment. Beginning in fiscal year 2018, an employee whose employment is terminated for any reason after the PVTO eligibility date will be compensated for unused accrued PVTO. These accrued amounts are included in accrued expenses on the accompanying combined statements of financial position and the related change in liability is reflected as an expense in the year in which the change occurred. Accrued compensated absences were \$92,475 and \$99,396 at December 31, 2024 and 2023, respectively.