

**ARIZONA ANIMAL WELFARE LEAGUE**  
**FINANCIAL STATEMENTS AND**  
**AUDITOR'S REPORT**  
**YEAR ENDED DECEMBER 31, 2012**

**October 29, 2013**

**Lumbard & Associates, P.L.L.C**  
**4143 N. 12th Street, Suite 100**  
**Phoenix, Arizona 85014**  
**Phone (602) 274-9966**  
**Fax (602) 265-0021**  
**[www.lumbard.com](http://www.lumbard.com)**



**ARIZONA ANIMAL WELFARE LEAGUE  
TABLE OF CONTENTS  
DECEMBER 31, 2012**

	<u>Page</u>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1 - 2
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position	3 - 4
Statements of Activities	5
Statements of Cash Flows	6
Notes to Financial Statements	7 – 14
<b>SUPPLEMENTAL INFORMATION</b>	
Schedule of Functional Expenses	15 – 16
Schedule of Program Revenues and Operating Expenses	17



Lisa B. Lumbar, C.P.A., C.G.F.M.

Carlos E. Valdivia, C.P.A.

C. Cristine Swan, C.P.A.

A. Jake Litwiller

Jeffrey D. Cosper

Mania G. Ward

Stephanie M. Canez

American Institute of  
Certified Public  
Accountants  
Government Audit  
Quality Center

Government Finance  
Officers Association

Arizona Society of  
Certified Public  
Accountants

Association of  
Government  
Accountants

Arizona Hispanic  
Chamber of  
Commerce

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management of  
Arizona Animal Welfare League

We have audited the accompanying financial statements of Arizona Animal Welfare League (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 audit opinion.

To the Board of Directors and Management of  
Arizona Animal Welfare League

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Arizona Animal Welfare League as of December 31, 2012, 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.

### **Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses and schedule of program revenues and operating expenses on pages 14-16 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Lombard & Associates, PLLC*

Phoenix, Arizona  
October 29, 2013

# **FINANCIAL STATEMENTS**

**ARIZONA ANIMAL WELFARE LEAGUE  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2012 WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2011**

**ASSETS**

	<u>2012</u>	<u>2011</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 966,187	\$ 872,947
Accounts receivable	27,414	24,749
Pledge receivable	100,000	802,335
Inventory	53,298	31,916
Prepaid expenses	<u>40,975</u>	<u>26,440</u>
<b>TOTAL CURRENT ASSETS</b>	<u>1,187,874</u>	<u>1,758,387</u>
<b>INVESTMENTS</b>	750,526	1,241,231
<b>PROPERTY AND EQUIPMENT (NET)</b>	3,780,940	2,275,815
<b>OTHER ASSETS</b>	<u>30,007</u>	<u>9,450</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 5,749,347</u></u>	<u><u>\$ 5,284,883</u></u>

**Read the accompanying notes to the financial statements.**

**ARIZONA ANIMAL WELFARE LEAGUE**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2012 WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2011**

**LIABILITIES AND NET ASSETS**

	<u>2012</u>	<u>2011</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 85,557	\$ 338,580
Accrued payroll and taxes	37,839	25,951
Accrued compensated absences	20,082	21,561
Capital lease payable - current	<u>2,496</u>	<u>-</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>145,974</u>	<u>386,092</u>
<b>NON-CURRENT LIABILITIES</b>		
Capital lease payable	<u>10,431</u>	<u>-</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>10,431</u>	<u>-</u>
<b>NET ASSETS</b>		
Unrestricted - Undesignated	5,197,974	2,118,295
Temporarily restricted	<u>394,968</u>	<u>2,780,496</u>
<b>TOTAL NET ASSETS</b>	<u>5,592,942</u>	<u>4,898,791</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 5,749,347</u>	<u>\$ 5,284,883</u>

Read the accompanying notes to the financial statements.



**ARIZONA ANIMAL WELFARE LEAGUE**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2011**

	December 31, 2012			2011
	Unrestricted	Temporarily Restricted	Total	Total
<b><u>SUPPORT, REVENUES AND OTHER GAINS (LOSSES)</u></b>				
Public Support:				
Contributions:				
Individuals and corporations	\$ 593,711	\$ -	\$ 593,711	\$ 506,894
Estates and trusts	1,268,789	-	1,268,789	837,033
Capital campaign donations	-	297,633	297,633	1,199,301
Donated materials and services	104,991	-	104,991	123,079
Grants	10,433	419,500	429,933	310,050
<b>Total Public Support</b>	<b>1,977,924</b>	<b>717,133</b>	<b>2,695,057</b>	<b>2,976,357</b>
Revenues and Other Gains:				
Adoption fees and related programs	813,592	-	813,592	553,393
Event income	319,114	-	319,114	339,817
Thrift and gift shop revenue	21,321	-	21,321	16,310
Investment income	59,006	-	59,006	59,908
Other income	6,959	-	6,959	51,500
<b>Total Revenues and Other Gains</b>	<b>1,219,992</b>	<b>-</b>	<b>1,219,992</b>	<b>1,020,928</b>
Net assets released from restrictions	3,102,661	(3,102,661)	-	-
<b>TOTAL SUPPORT, REVENUES AND OTHER GAINS</b>	<b>6,300,577</b>	<b>(2,385,528)</b>	<b>3,915,049</b>	<b>3,997,285</b>
<b>EXPENSES:</b>				
Program services	2,600,497	-	2,600,497	2,523,861
Management and general	175,294	-	175,294	155,773
Fundraising and development	445,107	-	445,107	458,449
<b>TOTAL EXPENSES</b>	<b>3,220,898</b>	<b>-</b>	<b>3,220,898</b>	<b>3,138,083</b>
<b>CHANGE IN NET ASSETS</b>	<b>3,079,679</b>	<b>(2,385,528)</b>	<b>694,151</b>	<b>859,202</b>
<b>NET ASSETS, Beginning of year</b>	<b>2,118,295</b>	<b>2,780,496</b>	<b>4,898,791</b>	<b>4,039,589</b>
<b>NET ASSETS, End of year</b>	<b>\$ 5,197,974</b>	<b>\$ 394,968</b>	<b>\$ 5,592,942</b>	<b>\$ 4,898,791</b>

Read the accompanying notes to the financial statements.

**ARIZONA ANIMAL WELFARE LEAGUE**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 WITH COMPARATIVE TOTALS FOR 2011**

	<b>2012</b>	<b>2011</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 694,151	\$ 859,202
Adjustments to reconcile change in net assets to net cash provided by operations:		
Depreciation	120,134	77,775
Realized/unrealized (gain) loss on investments	(29,993)	(19,296)
(Increase)/decrease in assets:		
Accounts receivable	(2,665)	1,208
Pledge receivable	702,335	197,665
Inventories	(21,382)	12,469
Prepaid assets	(14,535)	(3,550)
Other assets	(20,557)	41,145
Increase/(decrease) in liabilities:		
Accounts payable	(253,023)	189,236
Accrued payroll and taxes	11,888	1,797
Accrued compensated absences	(1,479)	3,657
<b>NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES</b>	<b>1,184,874</b>	<b>1,361,308</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(1,611,293)	(1,476,909)
Purchase of investments	(569,482)	
Proceeds from sale of investments	1,090,180	87,541
<b>NET CASH PROVIDED/(USED) BY INVESTING ACTIVITIES</b>	<b>(1,090,595)</b>	<b>(1,389,368)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on capital lease obligation	(1,039)	-
<b>NET CASH PROVIDED/(USED) BY FINANCING ACTIVITIES</b>	<b>(1,039)</b>	<b>-</b>
<b>Net increase/(decrease) in cash</b>	<b>93,240</b>	<b>(28,060)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>872,947</b>	<b>901,007</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 966,187</b>	<b>\$ 872,947</b>
Interest paid	\$ 1,039	\$ -
Non-cash transaction:		
Equipment acquired via capital lease	\$ 13,966	\$ -

**Read the accompanying notes to the financial statements.**

**ARIZONA ANIMAL WELFARE LEAGUE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE 1 – DESCRIPTION OF THE ENTITY**

**Nature of Operations**

The Arizona Animal Welfare League (the "League") was incorporated in the state of Arizona in August 1971 as a non-profit corporation. The League is the largest and oldest no-kill animal shelter for dogs and cats in Arizona and primarily rescues animals scheduled for euthanasia from local kill shelters. The animals are examined and sterilized at the League's veterinary clinic and placed for adoption. Other programs include dog and cat vaccine clinic, dog obedience classes, seminars on dog behavior issues, youth programs and free behavior help for owned animals. The League also operated a thrift store until September 2010.

The League, with the help of a grant, opened up an adoption outlet in a retail mall. The purpose of this was to bring rescued animals to the public in a setting that did not have the stigma of a shelter. Rescued animals are transferred from the main shelter to the retail setting and adoptions are done with the same care and quality as the adoptions at the main shelter setting. Retail items are sold at the store for the benefit of the animal being adopted and for the convenience of the client when adopting a pet. Programs for the main shelter are also promoted at this site.

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

**Basis of Accounting**

The financial statements of the League have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other assets and liabilities. Revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

**Basis of Presentation**

The accompanying financial statements are presented in accordance with FASB ASC 958-205, *Presentation of Financial Statements*. Under FASB ASC 958-205, the League 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.

*Unrestricted net assets* - Net assets that are not subject to donor-imposed stipulations.

*Temporarily restricted net assets* - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the League and/or the passage of time.

*Permanently restricted net assets* - Net assets subject to donor-imposed stipulations that they be maintained permanently by the League. Generally, the donors of these assets permit the organization to use all or part of the income earned on related investments for general or specific purposes. The League had no permanently restricted net assets during the fiscal year.

**ARIZONA ANIMAL WELFARE LEAGUE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

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

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Income Tax Status**

The League is classified as a Section 501(c)(3) organization under the Federal Internal Revenue Code (IRC). As a result, it has been determined to be exempt from federal and state income taxes. The League qualifies for the charitable contribution deduction under section 170 of the IRS and has been classified as an organization that is not a private foundation.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of demand deposits, savings and money market accounts. The League considers all highly liquid debt instruments purchased with an original maturity of ninety days or less to be cash equivalents.

**Inventories**

Inventory consists of veterinary supplies and various pet supply items held for sale at the shelter gift shop. Inventory value is determined based on using first-in, first-out method, at the lower of cost or market. Inventory in the thrift store is not reported as it is deemed to have no value until it is actually sold.

**Property and Equipment and Related Depreciation**

Purchased property and equipment is recorded at cost and donated property and equipment is recorded at fair value at the date of gift to the League. Maintenance and repairs are charged to operations when incurred. Property and equipment in excess of \$500 is capitalized. When property and equipment is sold or otherwise disposed of, the asset and related accumulated depreciation accounts are relieved, and any gain or loss is included in operations. Depreciation of property and equipment is computed on a straight-line method over estimated useful lives ranging from 5 to 40 years.

Donations of property and equipment 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 asset to a specified purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the League reports expirations of donor restrictions when the donated or acquired assets are placed in services as instructed by the donor, at which time the League reclassifies temporarily restricted net assets to unrestricted net assets.

**ARIZONA ANIMAL WELFARE LEAGUE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

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

**Property and Equipment and Related Depreciation (continued)**

Impairment of long-lived assets – The League accounts for long-lived assets in accordance with FASB ASC 360-10, *Accounting for the Impairment of Long-Lived Assets*. FASB ASC 360-10 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by the amount by which the carrying amount of assets exceeds the fair value of assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell. Management does not believe impairment indicators are present.

**Investments**

Investments are recorded at fair value in the accompanying statement of financial position in accordance with FASB ASC 958-320, *Investments Debt and Equity Securities*. The fair value of investments with readily determinable fair values is based on quoted market prices. Investment income including interest, dividends, and realized/unrealized gains and losses on investments is included in operating income.

The League uses FASB ASC 820-10, *Fair Value Measurements*, which defines fair value as the price the League would receive upon selling an investment in a timely transaction to an independent buyer in the principal or most advantageous market of the investment. Various inputs are used in determining the value of the League's investments. FASB ASC 820-10 established a three-tier hierarchy of inputs to establish a classification of fair value measurements and disclosure.

- *Level 1* – Valuation based on unadjusted quoted prices within active markets for identical assets accessible by the Plan (e.g., prices derived from New York Stock Exchange, NASDAQ or Chicago Board of Trade).
- *Level 2* – Valuation based on quoted market prices for similar assets within active or inactive markets or information other than quoted market prices observable through market data for substantially the full term of the asset.
- *Level 3* – Valuation based on inputs other than quoted market prices that reflect assumptions about the asset that market participants would use when performing the valuation based on the best information available in the circumstances.

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities.

**Revenue Recognition**

**Animal Adoptions and Related Programs**

The League charges a fee for the adoption of animals and related programs. Adoption fee revenue is recognized at the time the animal is adopted. Related program fee revenue is recognized when the program is held.

**ARIZONA ANIMAL WELFARE LEAGUE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

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

**Contributions and Grant Revenues**

The League accounts for contributions and grants in accordance with the recommendations of FASB ASC 958, *Not for Profit Entities*. In accordance with FASB ASC 958, contributions and grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. As of December 31, 2012, no permanent restrictions had been placed upon funds by donors or members.

All donor-restricted support is reported as an increase in temporarily restricted net assets. 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.

**Promises to Give**

Unconditional promises to give (pledges receivable) are recognized as revenues in the period the promises are received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give that are to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

**Special Events Revenue**

The League conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the League.

**Donated Materials, Services, and Facilities**

Donated materials, services, and facilities are recognized as contributions in accordance with FASB ASC 958-605. The services must create or enhance non-financial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased. The League utilizes the services of volunteers to perform a variety of tasks that assist the League with specific programs, campaign solicitations and various committee assignments. This support has not been recorded as it does not meet the recognition criteria of FASB ASC 958-605.

**Receivables**

Receivables, when applicable, are stated at the amount management expects to collect. Management provided for probable, uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on the assessment of the current status of individual balances. Balances that are still outstanding, after management has used reasonable collection efforts, are written off through a charge to the valuation allowance and credit to receivables.

**ARIZONA ANIMAL WELFARE LEAGUE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

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

**Advertising**

Advertising costs are primarily incurred to advertise animals for adoption. All costs are expensed once incurred.

**NOTE 3 – CASH AND CASH EQUIVALENTS**

The League maintains all of its cash with one financial institution, except for petty cash with a year-end balance of \$950. The carrying amount of deposits was \$965,237 and the bank balance was \$878,455 at December 31, 2012. The bank balances are covered by FDIC insurance to the extent that they do not exceed \$250,000 per institution. At December 31, 2012, the League had \$628,455 in deposits that exceeded FDIC insurance coverage limits.

**NOTE 4 – ACCOUNTS RECEIVABLE**

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

Amex receivables (donations)	\$ 13,312
Offsite adoption sites	<u>14,102</u>
Total accounts receivable	<u>\$ 27,414</u>

The management of the League considers the receivables to be 100% collectible; therefore, no allowance for doubtful accounts was reported.

**NOTE 5 – PLEDGE RECEIVABLE**

Pledges for the construction of the new building, had a balance of \$100,000 at December 31, 2012. The remaining balance consists of a pledge for \$150,000 to be contributed in equal installments over three (3) years. The first installment was received during 2012.

**ARIZONA ANIMAL WELFARE LEAGUE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE 6 – INVESTMENTS**

Investments as of December 31, 2012 consisted of Government agency obligations, corporate securities, corporate bonds and debt instruments. The following is a summary of the inputs used in valuing the League's assets carried at fair value:

<b><u>Valuation Inputs</u></b>	
Level 1 – quoted prices	\$ 750,526
Level 2 – other significant observable inputs	-
Level 3 – significant unobservable inputs	-
	<hr/>
Total investments	<u>\$ 750,526</u>

Investment income is summarized as follows:

Dividend and interest income	\$ 29,013
Unrealized gain/(loss) on investments	(2,075)
Realized gain on investment	<u>32,068</u>
	<hr/>
Total investment income	<u>\$ 59,006</u>

Expenses relating to investment income, including custodial fees and investment advisory fees, were \$ 6,021 for the year ended December 31, 2012.

**NOTE 7 – PROPERTY AND EQUIPMENT**

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

Land	\$ 368,896
Buildings and improvements	4,124,868
Vehicles	154,563
Office equipment	<u>389,202</u>
	<hr/>
Total Property and Equipment	5,037,529
Less: Accumulated Depreciation	<u>(1,256,589)</u>
	<hr/>
Net Property and Equipment	<u>\$ 3,780,940</u>

Depreciation expense was \$120,672 for the year ended December 31, 2012.



**ARIZONA ANIMAL WELFARE LEAGUE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE 8 – CAPITAL LEASES**

The League has a capital lease obligation that will expire in 2017. The assets and liabilities under capital leases are recorded at the lower of the present value of minimum lease payments or the fair value of the assets. The assets are amortized over their estimated useful lives. Included in equipment at December 31, 2012, are assets under capital leases of \$12,927.

Minimum future lease payments under capital lease obligations are as follows:

2013	\$ 3,278
2014	3,224
2015	3,221
2016	3,146
2017	<u>2,087</u>
Total minimum lease payments	14,956
Less amount representing interest	<u>(2,029)</u>
Present value of minimum lease payments	<u>\$ 12,927</u>

**NOTE 9 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of the following as of December 31, 2012:

Capital improvements	\$ 128,000
Restricted grants	232,168
Other restricted contributions	<u>34,800</u>
	<u>\$ 394,968</u>

**NOTE 10 – COMPENSATED ABSENCES**

The League permits employees to carry forward 40 hours of earned compensated absences to subsequent years. A maximum of 160 hours of paid time off can be accrued during the year. Accrued compensated absences totaled \$ 20,082 as of December 31, 2012.

**NOTE 11 – RETIREMENT PLAN**

The League offers a 401(k) plan to its employees. Both full time and part time employees are eligible to participate after 30 days of employment. The League does not match employee contributions to the plan.

**ARIZONA ANIMAL WELFARE LEAGUE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE 12 – CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. Expenditures which may be disallowed by the grantor cannot be determined at this time, although the League expects such amounts, if any, to be immaterial to the financial statements.

The League was not involved, as of the close of field work, in any pending or threatened litigation that could materially affect the League's financial position and results of operations at December 31, 2012.

**NOTE 13 – ADVERTISING**

The League uses advertising to promote its programs and fundraising events. Advertising costs are expensed as incurred. For the year ended December 31, 2012, advertising expense totaled \$ 73,923.

**NOTE 14 – RELATED PARTY TRANSACTIONS**

The League uses the marketing and printing services of various companies that are owned by a board member. During the fiscal year ended December 31, 2012, approximately \$121,000 was paid to such companies.

**NOTE 15 – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through October 29, 2013, the date the financial statements were available to be issued. No significant events that would be expected to materially impact the financial statements were identified.

## **SUPPLEMENTARY INFORMATION**

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Support Services

<u>Administrative</u> <u>Costs</u>	<u>Fund</u> <u>Development</u>	<u>Total</u>
\$ 86,899	\$ 83,824	\$ 1,629,951
7,287	7,029	136,677
7,198	6,944	135,020
24,263	-	24,263
-	-	6,021
-	-	28,678
-	73,923	73,923
-	173,644	173,644
27,679	38,681	87,887
9,794	12,473	44,674
-	-	181,531
3,631	413	13,983
-	-	120,672
-	-	22,550
-	28,115	74,376
-	-	26,896
-	-	43,283
-	-	255,505
-	-	17,540
-	-	54,625
-	-	1,268
1,036	-	1,036
7,507	20,061	66,895
<u>\$ 175,294</u>	<u>\$ 445,107</u>	<u>\$ 3,220,898</u>

**ARIZONA ANIMAL WELFARE LEAGUE  
SCHEDULE OF PROGRAM REVENUES AND OPERATING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>AAWL</u>	<u>Chandler Store</u>	<u>Total</u>
Program revenues and support	\$ 3,819,622	\$ 95,427	\$ 3,915,049
Program expenses	2,536,428	64,069	2,600,497
Administrative expenses	175,294	-	175,294
Fundraising expenses	<u>445,107</u>	<u>-</u>	<u>445,107</u>
Total expenses and losses	<u>3,156,829</u>	<u>64,069</u>	<u>3,220,898</u>
Increase (decrease) in net assets	<u>\$ 662,793</u>	<u>\$ 31,358</u>	<u>\$ 694,151</u>