

ARIZONA ANIMAL WELFARE LEAGUE

FINANCIAL STATEMENTS

Year Ended December 31, 2020



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of

ARIZONA ANIMAL WELFARE LEAGUE

We have audited the accompanying financial statements of *Arizona Animal Welfare League*, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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 for the Financial Statements

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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

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, 2020, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Mayer Hoffman McCann P.C.

August 25, 2021

ARIZONA ANIMAL WELFARE LEAGUE

STATEMENT OF FINANCIAL POSITION

December 31, 2020

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$ 3,092,438
Bequests receivable	204,411
Contributions receivable	5,069
Accounts receivable	3,250
Inventories	146,424
Prepaid expenses and other current assets	<u>70,973</u>
TOTAL CURRENT ASSETS	3,522,565
PROPERTY AND EQUIPMENT, net	5,669,131
INVESTMENTS	5,498,898
CASH RESTRICTED TO INVESTMENT IN LONG-LIVED ASSETS	15,000
ASSETS HELD BY OTHERS FOR BOARD DESIGNATED - QUASI ENDOWMENT	234,176
BENEFICIAL INTERESTS IN PERPETUAL TRUSTS	<u>4,456,000</u>
TOTAL ASSETS	<u>\$ 19,395,770</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	\$ 122,197
Accrued liabilities	<u>85,512</u>
TOTAL CURRENT LIABILITIES	207,709
NET ASSETS	
Without donor restrictions	14,335,129
With donor restrictions	<u>4,852,932</u>
TOTAL NET ASSETS	<u>19,188,061</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 19,395,770</u>

See Notes to Financial Statements

ARIZONA ANIMAL WELFARE LEAGUE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Contributions and bequests	\$ 2,478,936	\$ 241,680	\$ 2,720,616
Donated materials and services	451,452	-	451,452
Clinic operations	292,702	-	292,702
Adoption fees	923,413	-	923,413
Education	62,099	-	62,099
Investment income	468,244	-	468,244
Income from beneficial interests in perpetual trusts	189,189	-	189,189
Change in value of beneficial interests in perpetual trusts	-	404,000	404,000
Other	38,192	-	38,192
Total support and revenues before special events, retail store sales, and net assets released from restrictions	4,904,227	645,680	5,549,907
Special events revenues	323,290	-	323,290
Less costs of direct donor benefits	(65,430)	-	(65,430)
Gross profit on special events	257,860	-	257,860
Retail store sales	110,227	-	110,227
Less related costs of sales	(66,961)	-	(66,961)
Gross profit on retail store sales	43,266	-	43,266
Net assets released from restrictions	188,937	(188,937)	-
TOTAL SUPPORT AND REVENUES	5,394,290	456,743	5,851,033
EXPENSES			
Program services			
Shelter - Chandler	381,405	-	381,405
Shelter - Phoenix	2,839,217	-	2,839,217
Education	168,939	-	168,939
Clinic services	468,052	-	468,052
Total program services	3,857,613	-	3,857,613
Supporting services			-
Management and general	275,216	-	275,216
Fundraising and development	637,269	-	637,269
Total supporting services	912,485	-	912,485
TOTAL EXPENSES	4,770,098	-	4,770,098
GAIN ON FORGIVENESS OF PPP LOAN	515,988	-	515,988
LOSS ON SALE OF PROPERTY AND EQUIPMENT	(4,771)	-	(4,771)
CHANGE IN NET ASSETS	1,135,409	456,743	1,592,152
NET ASSETS, BEGINNING OF YEAR	13,199,720	4,396,189	17,595,909
NET ASSETS, END OF YEAR	\$ 14,335,129	\$ 4,852,932	\$ 19,188,061

See Notes to Financial Statements

ARIZONA ANIMAL WELFARE LEAGUE

STATEMENT OF CASH FLOWS

Year Ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 1,592,152
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	220,324
Realized and unrealized gains on investments	(296,870)
Change in value of beneficial interests in perpetual trusts	(404,000)
Loss on sale of property and equipment	4,771
Contributions restricted to investment in long-lived assets	(15,000)
Donated vehicles	(327,501)
Gain on forgiveness of PPP loan	(515,988)
Changes in operating assets and liabilities:	
Increase (decrease) in:	
Bequests receivable	(29,411)
Contributions receivable	11,790
Accounts receivable	6,127
Inventories	(11,042)
Prepaid expenses and other current assets	88,671
Increase in:	
Accounts payable	3,932
Accrued liabilities	(57,444)
Net cash provided by operating activities	<u>270,511</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of investments	2,823,081
Purchases of investments	(2,473,340)
Purchases of property and equipment	(1,503,185)
Proceeds from the sale of donated vehicles	<u>327,501</u>
Net cash used in investing activities	<u>(825,943)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Collection of contributions restricted to investment in long-lived assets	15,000
Proceeds from PPP loan	<u>515,988</u>
Net cash provided by financing activities	<u>530,988</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS, AND RESTRICTED CASH AND CASH EQUIVALENTS	(24,444)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,131,882</u>
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,107,438</u>
RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AND CASH EQUIVALENTS TO THE STATEMENT OF FINANCIAL POSITION	
Cash and cash equivalents	\$ 3,092,438
Cash restricted to investment in long-lived assets	<u>15,000</u>
	<u>\$ 3,107,438</u>

See Notes to Financial Statements