

ARIZONA ANIMAL WELFARE LEAGUE

**FINANCIAL STATEMENTS AND
AUDITOR'S REPORT**

YEAR ENDED DECEMBER 31, 2013

July 22, 2014

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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, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 15-17 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.

Report on Summarized Comparative Information

We have previously audited the Arizona Animal Welfare League's 2012 financial statements, and our report dated October 29, 2013, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Leombard & Associates, PLLC

Phoenix, Arizona
July 22, 2014

FINANCIAL STATEMENTS

**ARIZONA ANIMAL WELFARE LEAGUE
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013 WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2012**

ASSETS

	<u>2013</u>	<u>2012</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 787,575	\$ 966,187
Accounts receivable	139,867	27,414
Pledge receivable	50,000	100,000
Inventory	71,546	53,298
Prepaid expenses	<u>61,574</u>	<u>40,975</u>
 TOTAL CURRENT ASSETS	<u>1,110,562</u>	<u>1,187,874</u>
INVESTMENTS	1,037,370	750,526
PROPERTY AND EQUIPMENT (NET)	4,208,329	3,780,940
OTHER ASSETS	<u>3,013</u>	<u>30,007</u>
 TOTAL ASSETS	<u><u>\$ 6,359,274</u></u>	<u><u>\$ 5,749,347</u></u>

Read the accompanying notes to the financial statements.

**ARIZONA ANIMAL WELFARE LEAGUE
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013 WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2012**

LIABILITIES AND NET ASSETS

	<u>2013</u>	<u>2012</u>
CURRENT LIABILITIES		
Accounts payable	\$ 170,748	\$ 85,557
Accrued payroll and taxes	48,896	37,839
Accrued compensated absences	24,571	20,082
Loan payable - current	13,718	-
Capital lease payable - current	2,730	2,496
Agent funds to be disbursed	14,177	-
	<u>274,840</u>	<u>145,974</u>
NON-CURRENT LIABILITIES		
Loan payable	261,901	-
Capital lease payable	7,702	10,431
	<u>269,603</u>	<u>10,431</u>
TOTAL LIABILITIES	<u>544,443</u>	<u>156,405</u>
NET ASSETS		
Unrestricted - Undesignated	5,113,941	5,197,974
Temporarily restricted	700,890	394,968
	<u>5,814,831</u>	<u>5,592,942</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,359,274</u>	<u>\$ 5,749,347</u>

Read the accompanying notes to the financial statements.

ARIZONA ANIMAL WELFARE LEAGUE
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2012

	December 31, 2013			2012
	Unrestricted	Temporarily Restricted	Total	Total
<u>SUPPORT, REVENUES AND OTHER GAINS (LOSSES)</u>				
Public Support:				
Contributions:				
Individuals and corporations	\$ 572,680	\$ 56,224	\$ 628,904	\$ 593,711
Estates and trusts	922,123	100,000	1,022,123	1,268,789
Capital campaign donations	-	269,728	269,728	297,633
Donated materials and services	169,321	-	169,321	104,991
Grants	113,950	558,900	672,850	429,933
Total Public Support	1,778,074	984,852	2,762,926	2,695,057
Revenues and Other Gains/(Losses):				
Adoption fees and related programs	1,143,048	-	1,143,048	813,592
Event income	243,697	-	243,697	319,114
Gift shop - retail	14,723	-	14,723	21,321
Investment income	49,928	-	49,928	59,006
Other income	5,000	-	5,000	6,959
Gain/(loss) on disposal of assets	(19,688)	-	(19,688)	-
Total Revenues and Other Gains/(Losses)	1,436,708	-	1,436,708	1,219,992
Net assets released from restrictions	678,930	(678,930)	-	-
TOTAL SUPPORT, REVENUES AND OTHER GAINS	3,893,712	305,922	4,199,634	3,915,049
EXPENSES:				
Program services	3,364,262	-	3,364,262	2,600,497
Management and general	184,566	-	184,566	175,294
Fundraising and development	428,917	-	428,917	445,107
TOTAL EXPENSES	3,977,745	-	3,977,745	3,220,898
CHANGE IN NET ASSETS	(84,033)	305,922	221,889	694,151
NET ASSETS, Beginning of year	5,197,974	394,968	5,592,942	4,898,791
NET ASSETS, End of year	\$ 5,113,941	\$ 700,890	\$ 5,814,831	\$ 5,592,942

Read the accompanying notes to the financial statements.

ARIZONA ANIMAL WELFARE LEAGUE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 WITH COMPARATIVE TOTALS FOR 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 221,889	\$ 694,151
Adjustments to reconcile change in net assets to net cash provided by operations:		
Depreciation	125,287	120,134
Realized/unrealized (gain) loss on investments	(25,113)	(29,993)
(Increase)/decrease in assets:		
Accounts receivable	(112,453)	(2,665)
Pledge receivable	50,000	702,335
Inventories	(18,248)	(21,382)
Prepaid expenses	(20,599)	(14,535)
Other assets	26,994	(20,557)
Increase/(decrease) in liabilities:		
Accounts payable	85,191	(253,023)
Accrued payroll and taxes	11,057	11,888
Accrued compensated absences	4,489	(1,479)
Agent funds to be disbursed	14,177	-
	362,671	1,184,874
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(272,676)	(1,611,293)
Purchase of investments	(291,763)	(569,482)
Proceeds from sale of investments	30,032	1,090,180
	(534,407)	(1,090,595)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease obligation	(6,876)	(1,039)
	(6,876)	(1,039)
Net increase/(decrease) in cash	(178,612)	93,240
Cash and cash equivalents at beginning of year	966,187	872,947
Cash and cash equivalents at end of year	\$ 787,575	\$ 966,187
Interest paid	\$ 6,876	\$ 1,039
Non-cash transaction:		
Capital assets acquired via long-term debt	\$ 280,000	\$ 13,966

Read the accompanying notes to the financial statements.

**ARIZONA ANIMAL WELFARE LEAGUE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 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 are designed to keep animals in their homes and out of the shelter system. These include dog and cat vaccine clinic, dog obedience classes, seminars on dog behavior issues, youth programs, free behavior help for owned animals and low cost public clinic.

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.

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, 2013**

NOTE 1 – 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. Income determined to be unrelated business taxable income (UBTI) would be taxable. Management does not believe the League has any UBTI for the year ended December 31, 2013.

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.

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 \$1,000 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 3 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, 2013**

NOTE 1 – 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, 2013**

NOTE 1 – 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, 2013, 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 allowed 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, 2013**

NOTE 2 – 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 \$1,350. The carrying amount of deposits was \$786,225 and the bank balance was \$775,988 at December 31, 2013. The bank balances are covered by FDIC insurance to the extent that they do not exceed \$250,000 per institution. At December 31, 2013, the League had \$525,988 in deposits that exceeded FDIC insurance coverage limits.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable consist of the following at December 31, 2013:

Amex receivables (donations)	\$ 9,017
Offsite adoption sites	5,065
PetSmart subsidy	9,470
Other miscellaneous	395
Total accounts receivable	\$ 23,947

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

NOTE 4 – PLEDGE RECEIVABLE

Pledges for the construction of the new building, had a balance of \$50,000 at December 31, 2013. 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.

NOTE 5 – INVESTMENTS

Investments as of December 31, 2013 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:

<u>Valuation Inputs</u>	
Level 1 – quoted prices	\$ 1,037,370
Level 2 – other significant observable inputs	-
Level 3 – significant unobservable inputs	-
Total investments	\$ 1,037,370

Investment income is summarized as follows:

Dividend and interest income	\$ 24,816
Unrealized gain/(loss) on investments	656
Realized gain on investment	24,456
Total investment income	\$ 49,928

**ARIZONA ANIMAL WELFARE LEAGUE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 5 – INVESTMENTS (CONTINUED)

Expenses relating to investment income, including custodial fees and investment advisory fees, were \$5,332 for the year ended December 31, 2013.

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2013:

Land	\$ 751,193
Buildings and improvements	4,124,693
Vehicles	212,955
Office equipment	372,415
Construction in progress	<u>128,949</u>
 Total Property and Equipment	 5,590,205
Less: Accumulated Depreciation	<u>(1,381,876)</u>
 Net Property and Equipment	 <u>\$ 4,208,329</u>

Depreciation expense was \$176,499 for the year ended December 31, 2013.

NOTE 7 – 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, 2013, are assets under capital leases of \$10,432.

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

2014	\$ 3,224
2015	3,221
2016	3,146
2017	<u>2,088</u>
 Total minimum lease payments	 11,679
Less amount representing interest	<u>(1,247)</u>
 Present value of minimum lease payments	 <u>\$ 10,432</u>

**ARIZONA ANIMAL WELFARE LEAGUE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 8 – LONG-TERM DEBT

The League entered into a loan agreement dated September 17, 2013, for \$280,000 to purchase the warehouse and parking property adjacent to the shelter. The loan carries a fixed interest rate of 5.25%. The loan is payable in monthly installments of principal and interest totaling \$2,800.17 with a final balloon payment of approximately \$170,000 due upon maturity on August 30, 2020.

The future scheduled maturities of this note are as follows:

Year ending June 30,	
2014	\$ 12,634
2015	14,452
2016	15,229
2017	16,048
2018 and thereafter	<u>217,256</u>
Total	<u>\$ 275,619</u>

NOTE 9 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following as of December 31, 2013:

Capital improvements	\$ 458,764
Restricted grants	210,832
Other restricted contributions	<u>31,294</u>
	<u>\$ 700,890</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 \$24,571 as of December 31, 2013.

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, 2013**

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, 2013.

NOTE 13 – ADVERTISING

Advertising is done for fundraising and events as well as promoting mission related programs. All costs are expensed once incurred and separated based on usage for fundraising or programs.

The League uses advertising to promote its programs and fundraising events. Advertising costs are expensed as incurred. For the year ended December 31, 2013, advertising expense totaled \$104,280.

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, 2013, approximately \$150,964 was paid to such companies.

The League is a member of the Alliance for Companion Animals (the Alliance), a coalition of animal welfare agencies dedicated to solving Maricopa County's homeless animal problem. During the year ended December 31, 2013, the League's Executive Director served as President of the Alliance and the League handled funds in agency capacity on behalf of the Alliance.

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 22, 2014, 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

**ARIZONA ANIMAL WELFARE LEAGUE
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Program Costs		
	AAWL	Chandler Store	Total Program Costs
Salaries	\$ 1,659,077	\$ 200,286	\$ 1,859,363
Other employee benefits	137,433	16,591	154,024
Payroll taxes	98,674	7,819	106,493
Fees for service - accounting	-	-	-
Fees for service - investment fees	5,332	-	5,332
Fees for service - vet and other fees	62,286	-	62,286
Advertising and promotion	14,305	900	15,205
Event expense	-	-	-
Office	31,356	3,226	34,582
Information technology	32,067	2,047	34,114
Occupancy	128,165	122,061	250,226
Conferences and meetings	7,837	628	8,465
Depreciation	176,499	-	176,499
Insurance	36,538	3,940	40,478
In-kind contributions	66,699	-	66,699
Vehicle related	14,529	6,342	20,871
Education	31,561	-	31,561
Shelter supplies	274,670	22,580	297,250
Other clinic expense	30,986	-	30,986
Maintenance and repairs	62,441	5,001	67,442
Adoption expense	9,011	1,268	10,279
Interest expense	-	-	-
Miscellaneous	64,225	27,882	92,107
Total Expenses	\$ 2,943,691	\$ 420,571	\$ 3,364,262

Support Services

<u>Administrative Costs</u>	<u>Fund Development</u>	<u>Total</u>
\$ 93,623	\$ 94,677	\$ 2,047,663
7,755	7,843	169,622
8,855	9,676	125,024
24,505	-	24,505
-	-	5,332
-	-	62,286
-	89,075	104,280
-	151,311	151,311
-	39,110	73,692
7,115	9,054	50,283
-	-	250,226
2,339	1,493	12,297
-	-	176,499
-	-	40,478
-	10,200	76,899
-	-	20,871
-	-	31,561
-	-	297,250
-	-	30,986
-	-	67,442
-	-	10,279
6,121	-	6,121
<u>34,253</u>	<u>16,478</u>	<u>142,838</u>
<u>\$ 184,566</u>	<u>\$ 428,917</u>	<u>\$ 3,977,745</u>

**ARIZONA ANIMAL WELFARE LEAGUE
SCHEDULE OF PROGRAM REVENUES AND OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>AAWL</u>	<u>Chandler Store</u>	<u>Total</u>
Program revenues and support	<u>\$ 3,766,228</u>	<u>\$ 433,406</u>	<u>\$ 4,199,634</u>
Program expenses	2,943,691	420,571	3,364,262
Administrative expenses	179,717	4,849	184,566
Fundraising expenses	<u>428,917</u>	<u>-</u>	<u>428,917</u>
Total expenses and losses	<u>3,552,325</u>	<u>425,420</u>	<u>3,977,745</u>
Increase (decrease) in net assets	<u>\$ 213,903</u>	<u>\$ 7,986</u>	<u>\$ 221,889</u>