
THE ANIMAL LEAGUE OF GREEN VALLEY

INDEPENDENT ACCOUNTANT'S REVIEW REPORT AND FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

THE ANIMAL LEAGUE OF GREEN VALLEY

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors
The Animal League of Green Valley
Green Valley, Arizona

We have reviewed the accompanying statements of financial position of The Animal League of Green Valley (a nonprofit organization) as of December 31, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Regier Carr & Monroe, L.L.P.

May 15, 2015
Tucson, Arizona

THE ANIMAL LEAGUE OF GREEN VALLEY

STATEMENTS OF FINANCIAL POSITION

December 31, 2014 and 2013

ASSETS		2014	2013
		<u>2014</u>	<u>2013</u>
CURRENT ASSETS			
Cash and cash equivalents	\$ 673,189	\$ 317,798	
Accounts receivable	18,703	-	
Bequest receivable	51,514	-	
Prepaid expenses	7,526	4,579	
		<u>750,932</u>	<u>322,377</u>
Total current assets		750,932	322,377
CASH - RESTRICTED		86,288	70,105
PROPERTY AND EQUIPMENT, NET		<u>2,883,116</u>	<u>2,907,623</u>
Total assets		<u><u>\$ 3,720,336</u></u>	<u><u>\$ 3,300,105</u></u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$ 10,050	\$ 29,522	
Current maturities, long-term debt	44,622	42,982	
Total current liabilities	54,672	72,504	
LONG-TERM DEBT			
Note payable, less current maturities	187,959	274,982	
Total liabilities	242,631	347,486	
NET ASSETS			
Unrestricted net assets	3,391,417	2,882,514	
Temporarily restricted	86,288	70,105	
Total net assets	3,477,705	2,952,619	
Total liabilities and net assets		<u><u>\$ 3,720,336</u></u>	<u><u>\$ 3,300,105</u></u>

*See Independent Accountant's Review Report
The Notes to Financial Statements are an integral part of these statements*

THE ANIMAL LEAGUE OF GREEN VALLEY

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Total
REVENUES			
Contributions received	\$ 219,714	\$ 100	\$ 219,814
Fee income	125,017	-	125,017
Thrift shop/The Attic	464,123	-	464,123
Memorials	15,578	-	15,578
Estates	498,081	-	498,081
Fundraising	35,117	-	35,117
Grants	6,500	45,000	51,500
Membership dues	17,500	-	17,500
Interest income	851	-	851
In-kind salaries	180,000	-	180,000
Gain on sale of assets	-	-	-
Other income	4,280	-	4,280
Net assets released from restrictions	28,917	(28,917)	-
	<u>1,595,678</u>	<u>16,183</u>	<u>1,611,861</u>
PROGRAM/ACTIVITY COSTS			
Program services	928,377	-	928,377
General and administrative expenses	136,779	-	136,779
Fundraising expenses	21,619	-	21,619
	<u>1,086,775</u>	<u>-</u>	<u>1,086,775</u>
Change in net assets	508,903	16,183	525,086
NET ASSETS, BEGINNING OF YEAR	<u>2,882,514</u>	<u>70,105</u>	<u>2,952,619</u>
NET ASSETS, END OF YEAR	<u><u>\$ 3,391,417</u></u>	<u><u>\$ 86,288</u></u>	<u><u>\$ 3,477,705</u></u>

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THE ANIMAL LEAGUE OF GREEN VALLEY

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2013

	Unrestricted	Temporarily Restricted	Total
REVENUES			
Contributions received	\$ 178,775	\$ 4,830	\$ 183,605
Fee income	59,536	-	59,536
Thrift shop/The Attic	478,537	-	478,537
Memorials	13,969	-	13,969
Estates	13,624	-	13,624
Fundraising	26,137	-	26,137
Grants	4,075	100,000	104,075
Membership dues	31,830	-	31,830
Interest income	1,161	-	1,161
In-kind salaries	176,000	-	176,000
Gain on sale of assets	5,539	-	5,539
Other income	3,010	-	3,010
Net assets released from restrictions	50,105	(50,105)	-
	<u>1,042,298</u>	<u>54,725</u>	<u>1,097,023</u>
PROGRAM/ACTIVITY COSTS			
Program services	722,970	-	722,970
General and administrative expenses	120,290	-	120,290
Fundraising expenses	14,891	-	14,891
	<u>858,151</u>	<u>-</u>	<u>858,151</u>
Change in net assets	184,147	54,725	238,872
NET ASSETS, BEGINNING OF YEAR	<u>2,698,367</u>	<u>15,380</u>	<u>2,713,747</u>
NET ASSETS, END OF YEAR	<u><u>\$ 2,882,514</u></u>	<u><u>\$ 70,105</u></u>	<u><u>\$ 2,952,619</u></u>

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THE ANIMAL LEAGUE OF GREEN VALLEY

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2014

	Program Services	General and Administrative	Fundraising	Total
Advertising	\$ 8,278	\$ 2,759	\$ -	\$ 11,037
Animal clinics	23,551	-	-	23,551
Animal food	37,573	-	-	37,573
Animal medical	306,603	-	-	306,603
Animal programs	96,285	-	-	96,285
Cleaning expenses	18,113	6,037	-	24,150
Depreciation expense	85,626	28,542	-	114,168
Fundraising expense	-	-	16,729	16,729
Dog training	7,176	-	-	7,176
In-kind salaries expense	135,000	40,110	4,890	180,000
Insurance	7,449	2,483	-	9,932
Interest	7,963	2,654	-	10,617
Materials and supplies	42,401	14,133	-	56,534
Meeting	2,761	920	-	3,681
Miscellaneous	5,479	1,826	-	7,305
Off-site boarding and grooming	37,909	-	-	37,909
Postage	483	161	-	644
Printing and photo expense	21,170	7,056	-	28,226
Professional fees	-	8,742	-	8,742
Rent expense	-	-	-	-
Repairs and maintenance	19,388	6,462	-	25,850
Storage	686	229	-	915
Telephone	4,703	1,567	-	6,270
Thrift store expense	20,488	-	-	20,488
Volunteer appreciation	7,700	2,567	-	10,267
Utilities	31,592	10,531	-	42,123
Total	<u>\$ 928,377</u>	<u>\$ 136,779</u>	<u>\$ 21,619</u>	<u>\$ 1,086,775</u>

See Independent Accountant's Review Report

The Notes to Financial Statements are an integral part of these statements

THE ANIMAL LEAGUE OF GREEN VALLEY

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2013

	Program Services	General and Administrative	Fundraising	Total
Advertising	\$ 9,821	\$ 3,274	\$ -	\$ 13,095
Animal clinics	16,720	-	-	16,720
Animal food	36,225	-	-	36,225
Animal medical	241,136	-	-	241,136
Animal programs	32,471	-	-	32,471
Cleaning expenses	14,684	4,894	-	19,578
Depreciation expense	58,864	19,621	-	78,485
Fundraising expense	-	-	10,001	10,001
Dog training	2,145	-	-	2,145
In-kind salaries expense	132,000	39,110	4,890	176,000
Insurance	7,490	2,497	-	9,987
Interest	3,387	1,129	-	4,516
Materials and supplies	37,151	12,383	-	49,534
Meeting	285	95	-	380
Miscellaneous	6,334	2,111	-	8,445
Off-site boarding and grooming	23,335	-	-	23,335
Postage	1,496	499	-	1,995
Printing and photo expense	19,599	6,533	-	26,132
Professional fees	-	9,409	-	9,409
Rent expense	1,575	525	-	2,100
Repairs and maintenance	10,896	3,632	-	14,528
Storage	713	238	-	951
Telephone	4,156	1,385	-	5,541
Thrift store expenses	23,619	-	-	23,619
Volunteer appreciation	7,309	2,436	-	9,745
Utilities	31,559	10,519	-	42,078
Total	<u>\$ 722,970</u>	<u>\$ 120,290</u>	<u>\$ 14,891</u>	<u>\$ 858,151</u>

See Independent Accountant's Review Report

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THE ANIMAL LEAGUE OF GREEN VALLEY

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 525,086	\$ 238,872
Adjustments to reconcile net assets to net cash provided (used) by operating activities increase (decrease)		
Depreciation	114,168	78,485
Gain on sale of assets	-	(5,539)
Increase (decrease) in cash resulting from changes in		
Deposits in transit	-	6,653
Accounts receivable	(18,703)	-
Bequest receivable	(51,514)	-
Prepaid expenses	(2,947)	317
Accounts payable	(19,472)	20,627
Restricted cash	<u>(16,183)</u>	<u>(54,725)</u>
Net cash provided by operating activities	<u>530,435</u>	<u>284,690</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(89,661)	(1,366,919)
Proceeds sale of property	<u>-</u>	<u>9,578</u>
Net cash (used) by investing activities	<u>(89,661)</u>	<u>(1,357,341)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds long term debt	-	345,700
Payments on long term debt	<u>(85,383)</u>	<u>(27,736)</u>
Net cash (used) provided by financing activities	<u>(85,383)</u>	<u>317,964</u>
Net increase (decrease) in cash and cash equivalents	355,391	(754,687)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>317,798</u>	<u>1,072,485</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 673,189</u></u>	<u><u>\$ 317,798</u></u>
SUPPLEMENTAL INFORMATION		
In-kind services	<u><u>\$ 180,000</u></u>	<u><u>\$ 176,000</u></u>
Cash paid for interest	<u><u>\$ 10,617</u></u>	<u><u>\$ 4,516</u></u>

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THE ANIMAL LEAGUE OF GREEN VALLEY

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Animal League of Green Valley (the “League”) was incorporated under the laws of the State of Arizona on April 25, 1984 to promote and provide for the humane treatment of companion dogs and cats in the greater Green Valley/Sahuarita area and to provide life care for dogs and cats that survive their owners. The League applied for and was granted tax exempt status on October 15, 1985.

Basis of Presentation

The financial statements are presented in accordance with generally accepted accounting principles. In accordance with accounting codification standards, unrestricted, temporarily restricted, and permanently restricted net assets are presented separately.

Unrestricted net assets represent those assets available to the League for normal operations.

Temporarily restricted net assets carry donor-imposed restrictions that limit their use. At December 31, 2014, \$86,288 represents temporarily restricted net assets for the life care of animals, asset additions and education (\$70,105 at 2013).

Permanently restricted net assets also possess a donor-imposed restriction that limits their use to investment in perpetuity to provide a permanent source of income for League operations. No permanently restricted net assets existed at December 31, 2014 and 2013.

Revenue Recognition

All contributions are considered to be available for the general programs of the League unless specifically restricted by the donor. The League reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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. Donor-restricted contributions are recorded in the temporarily restricted class for restrictions expiring during this fiscal year and then reclassified to the unrestricted class. The provisions for expiration of restrictions on temporarily restricted net assets were adopted prospectively.

(continued)

See Independent Accountant’s Review Report

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Services

Amounts are reported in the financial statements for voluntary donations of services when those services create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills and which would be typically purchased if not provided by donation. For the year ended December 31, 2014, in-kind revenue and expense totaled \$180,000 (\$176,000 for 2013).

Property and Equipment

The League capitalizes all expenditures in excess of \$1,000 for property and equipment at cost. Contributed property and equipment are recorded at the estimated fair value at the date of donation. Certain donated services are capitalized as improvements when those services enhance the value of assets. Depreciation is provided using the straight-line method with a full-month convention over the estimated useful lives of the respective assets. Depreciation expense for the year ended December 31, 2014 was \$114,168 (\$78,485 for 2013). Upon sale or retirement of depreciable properties, the related cost and accumulated depreciation are removed from the accounts. All gains or losses are reflected in revenue in the year of disposition. Routine repairs and maintenance are expensed as incurred.

Income Taxes

The League is organized as an Arizona nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualify for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and (viii), and have been determined not to be a private foundation under Sections 509(a)(1) and (3), respectively. The League is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the League is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The League has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The League believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The League would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Cash and Cash Equivalents

Cash and cash equivalents include all unrestricted cash balances and highly liquid investments with an original maturity of three months or less.

(continued)

See Independent Accountant's Review Report

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising Costs

Costs incurred for producing and communicating non-direct advertising are expensed when incurred. Costs incurred for direct response advertising is capitalized and amortized over its estimated useful life. No advertising costs were capitalized at December 31, 2014 and 2013. Total advertising costs for the year ended December 31, 2014 were \$11,037 (\$13,095 for 2013).

Use of Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles 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 date of the financial statements and the reported amounts of contributions, revenues and gains and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable

Accounts receivable are uncollateralized donor promises which are uncollateralized. The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. The allowance for doubtful accounts is based on management's assessment of the collectability of accounts and the aging of accounts. At December 31, 2014 and 2013 management estimated all receivables to be collectible.

Inventory

The League carries inventory for the thrift store, The Attic, at no value. All items in the thrift store are donated and are handled by volunteers, resulting in no cost basis. The League has no repair facility, so no costs are incurred to bring the items to saleable condition. A fair market value is not reported since donated items do not have a readily available market or comparable price structure. Furthermore, items not sold within a short time are discarded as having no value.

Functional Allocation of Expenses

The costs of providing the various programs and other activities are summarized on a functional basis. Accordingly, costs are allocated among the programs and supporting services benefited.

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See Independent Accountant's Review Report

2. CONCENTRATIONS OF CREDIT RISK

Cash in Banks

Balances on deposit are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to specified limits. Balances in excess of such limits are uninsured. At December 31, 2014 and 2013, the League had approximately \$14,000 of deposits in excess of federally insured limits (\$16,000 at December 31, 2013).

Revenue

The League is dependent on the sales from The Attic thrift shop. The Attic revenues made up 30% of the League’s revenues for 2014 (44% for 2013).

3. BEQUEST RECEIVABLES

The Foundation received an unrestricted bequest through a will that was recognized during 2014. The bequest called for a contribution of a percentage of the residual estate. Management estimated the residual amount to be \$51,514. The bequest was fully collected in the interim period.

4. ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2014 and 2013 are comprised of amounts promised from donors. The allowance for bad debts is estimated from historical expense, coupled with a current status of existing receivables. December 31, 2014 and 2013 no allowance was considered necessary. The total loss if all parties fail to perform and collection efforts prove to be ineffective is the stated balance of \$18,703 at December 31, 2014 (none for 2013). The organization has no liens to reduce this credit risk.

(continued)

See Independent Accountant’s Review Report

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2014</u>	<u>2013</u>
Land	\$ 111,692	\$ 111,692
Buildings and improvements	3,144,912	3,092,295
Furniture	4,498	4,498
Equipment	60,761	49,565
Computer hardware	12,298	12,298
Vehicle	<u>49,969</u>	<u>24,121</u>
Total	3,384,130	3,294,469
Less accumulated depreciation	<u>(501,014)</u>	<u>(386,846)</u>
Net property assets	<u>\$ 2,883,116</u>	<u>\$ 2,907,623</u>

6. SIGNIFICANT ESTIMATES

The functional allocation of expenditures is a significant estimate based on salaries and estimated levels of effort.

Management's estimate of the useful lives of the fixed assets acquired was based on management's experience with similar assets.

The League is 100% volunteer run. Donated in-kind salaries that require specialized skills provided by individuals possessing those skills and which would be typically purchased if not provided by donation and income have been reported at an estimated value. The amounts reported represent a significant estimate.

7. CONSTRUCTION LOAN

In November 2012, the League obtained a construction loan from a financial institution in order to partially finance the construction of the fifth phase of the animal shelter. The loan is in the amount of \$450,000 with a variable interest rate based on the LIBOR Index plus 3.5% (rate at December 31, 2012 was 3.750%). At December 31, 2013, construction draws totaled \$345,700 and the loan was reclassified as a fixed-term loan maturity August 1, 2023. Total payments were \$85,353 (\$27,736 for 2013.) The balance at December 31, 2014 was \$232,581. The loan has no pre-payment penalties and it is the intention of the League to pay the loan off before the due date. The note is secured by real property.

(continued)

See Independent Accountant's Review Report

7. CONSTRUCTION LOAN (continued)

Future minimum payments are as follows:

<u>December 31,</u>	
2015	\$ 44,622
2016	46,325
2017	48,092
2018	49,927
2019 and thereafter	<u>43,615</u>
Total	<u>\$ 232,581</u>

Total interest expense incurred was \$10,617 for 2014 (\$4,615 for 2013).

8. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 15, 2015, the date the financial statements were available to be issued.

See Independent Accountant's Review Report