
THE ANIMAL LEAGUE OF GREEN VALLEY

INDEPENDENT ACCOUNTANT'S REVIEW REPORT AND FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

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 financial statements of The Animal League of Green Valley (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of 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'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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

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

Regier Carr & Monroe, L.L.P.

June 18, 2016
Tucson, Arizona

THE ANIMAL LEAGUE OF GREEN VALLEY

STATEMENTS OF FINANCIAL POSITION

December 31, 2015 and 2014

ASSETS		2015	2014
		<u>2015</u>	<u>2014</u>
CURRENT ASSETS			
Cash and cash equivalents	\$	671,845	\$ 673,189
Accounts receivable		17,238	18,703
Bequest receivable		-	51,514
Prepaid expenses		8,444	7,526
Total current assets		697,527	750,932
CASH - RESTRICTED		345,371	86,288
PROPERTY AND EQUIPMENT, NET		2,768,414	2,883,116
Total assets		<u>\$ 3,811,312</u>	<u>\$ 3,720,336</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$	29,341	\$ 10,050
Current maturities, long-term debt		-	44,622
Total current liabilities		29,341	54,672
LONG-TERM DEBT			
Note payable, less current maturities		-	187,959
Total liabilities		29,341	242,631
NET ASSETS			
Unrestricted net assets		3,436,600	3,391,417
Board designated		300,000	-
Total unrestricted net assets		3,736,600	3,391,417
Temporarily restricted		45,371	86,288
Total net assets		<u>3,781,971</u>	<u>3,477,705</u>
Total liabilities and net assets		<u>\$ 3,811,312</u>	<u>\$ 3,720,336</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, 2015

	Unrestricted	Temporarily Restricted	Total
REVENUES			
Contributions received	\$ 288,819	\$ -	\$ 288,819
Fee income	58,612	-	58,612
Pima County contract	74,558	-	74,558
Thrift shop/The Attic	442,100	-	442,100
Memorials	17,711	-	17,711
Estates	450,115	-	450,115
Fundraising	50,055	-	50,055
Grants	15,000	10,000	25,000
Membership dues	15,140	-	15,140
Interest income	929	-	929
In-kind salaries	185,550	-	185,550
Interest income	-	91	91
Other income	4,003	-	4,003
Net assets released from restrictions	51,008	(51,008)	-
	<u>1,653,600</u>	<u>(40,917)</u>	<u>1,612,683</u>
PROGRAM/ACTIVITY COSTS			
Program services	1,133,998	-	1,133,998
General and administrative expenses	150,406	-	150,406
Fundraising expenses	24,013	-	24,013
	<u>1,308,417</u>	<u>-</u>	<u>1,308,417</u>
Change in net assets	345,183	(40,917)	304,266
NET ASSETS, BEGINNING OF YEAR	<u>3,391,417</u>	<u>86,288</u>	<u>3,477,705</u>
NET ASSETS, END OF YEAR	<u><u>\$ 3,736,600</u></u>	<u><u>\$ 45,371</u></u>	<u><u>\$ 3,781,971</u></u>

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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
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 FUNCTIONAL EXPENSES

For the Year Ended December 31, 2015

	Program Services	General and Administrative	Fundraising	Total
Advertising	\$ 11,559	\$ 3,853	\$ -	\$ 15,412
Animal clinics	14,402	-	-	14,402
Animal food	44,862	-	-	44,862
Animal medical	453,507	-	-	453,507
Animal Programs				
Spay and neuter outreach	133,939	-	-	133,939
Cleaning expenses	17,906	5,968	-	23,874
Depreciation expense	86,027	28,675	-	114,702
Fundraising expense	-	-	24,013	24,013
Dog training	3,410	-	-	3,410
In-kind salaries expense	139,163	46,387	-	185,550
Insurance	9,050	3,016	-	12,066
Interest	3,874	1,291	-	5,165
Materials and supplies	53,327	17,775	-	71,102
Miscellaneous	4,510	1,503	-	6,013
Off-site boarding and grooming	44,256	-	-	44,256
Postage	1,249	416	-	1,665
Printing and photo expense (newsletter)	23,663	7,887	-	31,550
Professional fees	-	10,565	-	10,565
Rent expense	7,611	2,537	-	10,148
Repairs and maintenance	19,801	6,600	-	26,401
Storage	634	211	-	845
Telephone	5,177	1,725	-	6,902
Thrift store expense	20,077	-	-	20,077
Volunteer appreciation	4,891	1,630	-	6,521
Utilities	31,103	10,367	-	41,470
Total	<u>\$ 1,133,998</u>	<u>\$ 150,406</u>	<u>\$ 24,013</u>	<u>\$ 1,308,417</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, 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				
Spay and neuter outreach	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 (newsletter)	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 expenses	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

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THE ANIMAL LEAGUE OF GREEN VALLEY

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 304,266	\$ 525,086
Adjustments to reconcile net assets to net cash provided by operating activities		
Depreciation	114,702	114,168
Increase (decrease) in cash resulting from changes in		
Accounts receivable	1,465	(18,703)
Bequest receivable	51,514	(51,514)
Prepaid expenses	(918)	(2,947)
Accounts payable	19,291	(19,472)
Restricted cash	(259,083)	(16,183)
Net cash provided by operating activities	<u>231,237</u>	<u>530,435</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>-</u>	<u>(89,661)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long term debt	<u>(232,581)</u>	<u>(85,383)</u>
Net (decrease) increase in cash and cash equivalents	(1,344)	355,391
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>673,189</u>	<u>317,798</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 671,845</u></u>	<u><u>\$ 673,189</u></u>
SUPPLEMENTAL INFORMATION		
In-kind services	<u>\$ 194,186</u>	<u>\$ 180,000</u>
Cash paid for interest	<u><u>\$ 5,165</u></u>	<u><u>\$ 10,617</u></u>

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THE ANIMAL LEAGUE OF GREEN VALLEY

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

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, 2015, \$45,371 represents temporarily restricted net assets for the life care of animals, asset additions and education (\$86,288 at 2014).

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, 2015 and 2014.

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, 2015, in-kind revenue and expense totaled \$185,550 (\$180,000 for 2014).

Property and Equipment

The League capitalizes all expenditures in excess of \$2,500 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, 2015 was \$114,702 (\$114,168 for 2014). 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, 2015 and 2014. Total advertising costs for the year ended December 31, 2015 were \$15,412 (\$11,037 for 2014).

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 to give. 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, 2015 and 2014 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.

Board Restricted Funds

The board of directors designated a reserve account of \$300,000 during 2015 at Wells Fargo Bank for the financial operation and security of the League.

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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, 2015 and 2014, the League had approximately \$54,000 of deposits in excess of federally insured limits (\$14,000 at December 31, 2014). Management believes that there is no risk of default with Wells Fargo Bank, where the League holds these excess funds.

Revenue

The League is dependent on the sales from The Attic thrift shop. The Attic revenues made up 27% of the League’s revenues for 2015 (30% for 2014).

3. ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2015 and 2014 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, 2015 and 2014 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 \$17,238 at December 31, 2015 (\$18,703 for 2014). The organization has no liens to reduce this credit risk.

4. LEASES

In 2015 the League leased property from Prince Road Associates L.L.C. The lease runs through June 30, 2016 and requires monthly payments of \$1,600. The total lease expense for 2015 was \$10,148. The future lease payments for 2016 are \$9,600.

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See Independent Accountant’s Review Report

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2015</u>	<u>2014</u>
Land	\$ 111,692	\$ 111,692
Buildings and improvements	3,144,912	3,144,912
Furniture	4,498	4,498
Equipment	60,761	60,761
Computer hardware	12,298	12,298
Vehicle	<u>49,969</u>	<u>49,969</u>
Total	3,384,130	3,384,130
Less accumulated depreciation	<u>(615,715)</u>	<u>(501,014)</u>
Net property assets	<u>\$ 2,768,415</u>	<u>\$ 2,883,116</u>

6. SIGNIFICANT ESTIMATES

The functional allocation of expenditures is a significant estimate based on 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, 2015 was 3.750%). At December 31, 2014, the remaining balance of the loan was \$232,581. In the current year the League paid the loan in full.

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8. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 18 2016, the date the financial statements were available to be issued.

See Independent Accountant's Review Report