

MAYOR'S ALLIANCE FOR NYC'S ANIMALS, INC.

***FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS***

DECEMBER 31, 2009

MAYOR'S ALLIANCE FOR NYC'S ANIMALS, INC.

TABLE OF CONTENTS

	<u>Page</u>
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	1
FINANCIAL STATEMENTS	
<i>Statement of Financial Position,</i> December 31, 2009 and 2008	2
<i>Statement of Activities and Changes in Net Assets,</i> Year ended December 31, 2009 with Summarized Information for 2008	3
<i>Statement of Cash Flows,</i> Years ended December 31, 2009 and 2008	4
<i>Notes to Financial Statements</i>	5
SUPPLEMENTAL INFORMATION	
<i>Functional Expenses,</i> Year ended December 31, 2009 with Summarized Information for 2008	8

TAIT, WELLER & BAKER LLP

Certified Public Accountants

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors

Mayor's Alliance for NYC's Animals, Inc.

New York, New York

We have audited the accompanying statement of financial position of Mayor's Alliance for NYC's Animals, Inc. (the "*Alliance*") as of December 31, 2009, and the related statements of activities and changes in net assets, and of cash flows for the year ended December 31, 2009. These financial statements are the responsibility of the Alliance's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Alliance's 2008 financial statements and in our report dated July 17, 2009, we expressed an unqualified opinion.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mayor's Alliance for NYC's Animals, Inc. as of December 31, 2009, and the changes in its net assets, and its cash flows for the year ended December 31, 2009, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming the above opinion on the basic financial statements as of and for the year ended December 31, 2009, taken as a whole. The accompanying supplemental information for functional expenses, on page 8, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Tait, Weller & Baker LLP

Philadelphia, Pennsylvania

May 25, 2010

MAYOR'S ALLIANCE FOR NYC'S ANIMALS, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and cash equivalents	\$2,815,954	\$2,664,257
Contributions receivable	370,666	-
Security deposit and other assets	16,977	12,148
Fixed assets, net of accumulated depreciation of \$65,725 and \$41,946, respectively	<u>77,579</u>	<u>84,025</u>
Total assets	<u>\$3,281,176</u>	<u>\$2,760,430</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accrued expenses	<u>\$ 677,926</u>	<u>\$ 662,454</u>
Net assets		
Unrestricted	417,873	188,504
Temporarily restricted (<i>Note 2</i>)	<u>2,185,377</u>	<u>1,909,472</u>
Total net assets	<u>2,603,250</u>	<u>2,097,976</u>
Total liabilities and net assets	<u>\$3,281,176</u>	<u>\$2,760,430</u>

MAYOR'S ALLIANCE FOR NYC'S ANIMALS, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended December 31, 2009 with Summarized Information for 2008

	<u>Year Ended December 31, 2009</u>			<u>Year Ended</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>December 31, 2008</u>
				<u>Total</u>
Support and Revenue				
Contributions				
Foundations	\$ 253,500	\$ 5,738,591	\$5,992,091	\$4,787,082
Individuals and others	1,130,149	224,993	1,355,142	1,389,679
Other	60,989	12,868	73,857	85,024
Net assets released from restrictions (Note 2)	<u>5,700,547</u>	<u>(5,700,547)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>7,145,185</u>	<u>275,905</u>	<u>7,421,090</u>	<u>6,261,785</u>
Expenses				
Program expense	6,467,230	-	6,467,230	5,407,508
Management and general	250,999	-	250,999	209,783
Fundraising	<u>197,587</u>	<u>-</u>	<u>197,587</u>	<u>198,838</u>
Total expenses	<u>6,915,816</u>	<u>-</u>	<u>6,915,816</u>	<u>5,816,129</u>
Change in net assets	229,369	275,905	505,274	445,656
Net assets				
Beginning of year	<u>188,504</u>	<u>1,909,472</u>	<u>2,097,976</u>	<u>1,652,320</u>
End of year	<u>\$ 417,873</u>	<u>\$ 2,185,377</u>	<u>\$2,603,250</u>	<u>\$2,097,976</u>

MAYOR'S ALLIANCE FOR NYC'S ANIMALS, INC.

STATEMENT OF CASH FLOWS

Years ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<i>Cash flows from operating activities</i>		
<i>Change in net assets</i>	\$ 505,274	\$ 445,656
<i>Adjustments to reconcile net change in net assets to net cash provided by operating activities</i>		
Depreciation	23,779	17,725
Increase in contributions receivable	(370,666)	-
Increase in security deposit	(4,829)	(1,588)
Increase in accrued expense	<u>15,472</u>	<u>264,672</u>
Net cash provided by operating activities	<u>169,030</u>	<u>726,465</u>
<i>Cash flows from investing activities</i>		
Purchase of fixed assets	<u>(17,333)</u>	<u>(44,580)</u>
Increase in cash	151,697	681,885
<i>Cash and cash equivalents</i>		
Beginning of year	<u>2,664,257</u>	<u>1,982,372</u>
End of year	<u>\$2,815,954</u>	<u>\$2,664,257</u>

MAYOR'S ALLIANCE FOR NYC'S ANIMALS, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

The Mayor's Alliance for NYC's Animals, Inc. (the "*Alliance*") is working with the City of New York toward the day when no New York City dog or cat of reasonable health and temperament is killed merely because he or she does not have a home.

To achieve that goal, the Alliance, a 501(c)(3) not-for-profit corporation, has formed a public-private partnership with the City of New York to develop creative solutions to deal with issues of animal care and control in New York City. We are bringing together all not-for-profit animal care groups, small and large, that are already working effectively to place and/or spay and neuter New York City's dogs and cats. Through our multi-year program, we will help these groups work to their highest potential.

Ultimately, the goal of the Alliance would be to enter into a compact with the City of New York to take from it all available adoptable, and then treatable, animals.

ACCOUNTING ESTIMATES

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

CONCENTRATION OF CREDIT RISK

The Alliance occasionally maintains deposits in excess of federally insured limits. Accounting Standards Codification ("*ASC*") 825, "*Financial Instruments*", formerly known as Statement of Financial Accounting Standards ("*SFAS*") No. 107, identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by monitoring the financial institutions in which deposits are made.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include \$2,356,971 and \$2,583,990 of money market funds and certificates of deposit as of December 31, 2009 and 2008, respectively.

EQUIPMENT

Equipment is recorded at cost less accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, generally three to five years.

CONTRIBUTIONS

To ensure observation of limitations and restrictions placed on resources available to the Alliance, gifts of cash and other assets are reported 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 classified to unrestricted net assets and reported in the statement of activities as "*net assets released from restrictions.*"

MAYOR'S ALLIANCE FOR NYC'S ANIMALS, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2009

NET ASSETS

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Alliance are classified and reported as follows:

Unrestricted – Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary mission of the Alliance.

Temporarily Restricted – Net assets that are subject to donor-imposed stipulations.

ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services.

TAXES

The Alliance is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Internal Revenue Service has classified the Alliance as an organization that is not a private foundation as defined in Section 509(a) of the Internal Revenue Code.

PRIOR YEAR INFORMATION

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Alliance's audited financial statements for the year ended December 31, 2008, from which the summarized information was derived.

SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, May 25, 2010, have been evaluated in the preparation of the financial statements.

(2) NET ASSETS

Temporarily restricted net assets are available for the following purposes at December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Maddie's Fund		
Pet Rescue Project	\$1,902,539	\$1,811,507
Spay/Neuter Project	138,035	-
Spay/Neuter Free Clinic	1,512	14,720
Domestic Violence/Homeless Project	<u>143,291</u>	<u>83,245</u>
	<u>\$2,185,377</u>	<u>\$1,909,472</u>

MAYOR'S ALLIANCE FOR NYC'S ANIMALS, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2009

During the year ended December 31, 2009, net assets released from restrictions were comprised of the following:

Maddie's Fund	
Pet Rescue Project	\$4,232,139
Spay/Neuter Project	1,104,554
Picasso Fund	123,810
Broadway Barks	111,783
Spay/Neuter Free Clinic	13,207
Domestic Violence/Homeless Project	<u>115,054</u>
	<u>\$5,700,547</u>

(3) COMMITMENTS

The Alliance has an operating lease for office space in New York. Monthly rent, exclusive of operating and real estate escalations, was \$5,040 per month through December 31, 2008. The lease was renewed through March 31, 2010 with monthly rent of \$6,500. Effective December 31, 2009, this lease was terminated. The Alliance entered into a new lease for office space effective January 1, 2010. Rent expense for the years ended December 31, 2009 and 2008 was \$77,623 and \$65,227, respectively.

Minimum annual rentals under the lease are as follows:

2010	\$ 47,400
2011	49,800
2012	<u>50,748</u>
	<u>\$147,948</u>

(4) RETIREMENT PLAN

The Alliance has a qualified 403(b) defined contribution retirement plan covering all full-time employees. Under the plan, employees may contribute up to the IRS elective deferral limit. The plan provides for discretionary contributions by the Alliance as a percentage of the elective deferrals. Total employer contributions to the plan in 2009 and 2008 were \$7,150 and \$4,148, respectively.

SUPPLEMENTAL INFORMATION

MAYOR'S ALLIANCE FOR NYC'S ANIMALS, INC.

FUNCTIONAL EXPENSES

Year ended December 31, 2009 with Summarized Information for 2008

	<u>Year Ended December 31, 2009</u>			<u>Year Ended</u>
	<u>Program</u>	<u>Management And General</u>	<u>Fund- Raising</u>	<u>December 31, 2008 Total Expenses</u>
Salaries and benefits	\$ 287,056	\$ 96,148	\$105,837	\$ 489,041
Consultants	36,000	102,845	18,825	157,670
Insurance	1,096	3,712	404	5,212
Equipment and software	9,143	3,062	3,371	15,576
Printing and supplies	15,079	5,051	5,560	25,690
Telephone and communications	11,433	3,829	4,216	19,478
Postage and shipping	4,314	1,445	1,590	7,349
Travel and entertainment	15,253	5,109	5,623	25,985
Rent	57,016	19,097	21,021	97,134
Storage	3,813	1,277	1,406	6,496
Adoption/events	24,744	-	-	24,744
Vests	3,708	-	-	3,708
Grants	499,919	-	-	499,919
Adoption subsidies	2,737,977	-	-	2,737,977
Media expense	168,494	-	29,734	198,228
Emergency medical expense	734,912	-	-	734,912
Depreciation	22,538	1,241	-	23,779
Boarding	262,820	-	-	262,820
Spay/neuter program	1,044,570	-	-	1,044,570
Animal transport program	390,341	-	-	390,341
Special projects	117,123	-	-	117,123
Miscellaneous	19,881	8,183	-	28,064
Total expenses	\$6,467,230	\$250,999	\$197,587	\$6,915,816