

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

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

DECEMBER 31, 2011

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

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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, 2011, and the related statements of activities and changes in net assets, and of cash flows for the year ended December 31, 2011. 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 2010 financial statements and in our report dated July 22, 2011, 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, 2011, and the changes in its net assets, and its cash flows for the year ended December 31, 2011, 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, 2011, 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
July 23, 2012

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

STATEMENTS OF FINANCIAL POSITION

December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 3,812,683	\$3,506,350
Contributions receivable	150,000	-
Security deposit and other assets	13,437	13,437
Fixed assets, net of accumulated depreciation of \$121,883 and \$63,241, respectively	<u>286,124</u>	<u>135,633</u>
Total assets	<u>\$ 4,262,244</u>	<u>\$3,655,420</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accrued expenses	<u>\$ 721,132</u>	<u>\$ 512,419</u>
Net assets		
Unrestricted	917,205	683,171
Temporarily restricted (<i>Note 2</i>)	<u>2,623,907</u>	<u>2,459,830</u>
Total net assets	<u>3,541,112</u>	<u>3,143,001</u>
Total liabilities and net assets	<u>\$ 4,262,244</u>	<u>\$ 3,655,420</u>

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

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended December 31, 2011 with Summarized Information for 2010

	<u>Year Ended December 31, 2011</u>			<u>Year Ended</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>December 31, 2010</u>
				<u>Total</u>
Support and Revenue				
Contributions				
Foundations	\$ 325,475	\$ 5,448,119	\$ 5,773,594	\$ 5,608,700
Individuals and others	1,109,622	257,849	1,367,471	1,338,291
Other	81,744	6,836	88,580	49,758
Net assets released from restrictions (Note 2)	<u>5,548,727</u>	<u>(5,548,727)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>7,065,568</u>	<u>164,077</u>	<u>7,229,645</u>	<u>6,996,749</u>
Expenses				
Program expense	6,321,625	-	6,321,625	5,960,467
Management and general	235,355	-	235,355	269,637
Fundraising	<u>274,554</u>	<u>-</u>	<u>274,554</u>	<u>226,894</u>
Total expenses	<u>6,831,534</u>	<u>-</u>	<u>6,831,534</u>	<u>6,456,998</u>
Change in net assets	234,034	164,077	398,111	539,751
Net assets				
Beginning of year	<u>683,171</u>	<u>2,459,830</u>	<u>3,143,001</u>	<u>2,603,250</u>
End of year	<u>\$ 917,205</u>	<u>\$ 2,623,907</u>	<u>\$ 3,541,112</u>	<u>\$ 3,143,001</u>

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

STATEMENTS OF CASH FLOWS

Years ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<i>Cash flows from operating activities</i>		
<i>Change in net assets</i>	\$ 398,111	\$ 539,751
<i>Adjustments to reconcile net change in net assets to net cash provided by operating activities</i>		
Depreciation	58,642	29,524
(Increase) decrease in contributions receivable	(150,000)	370,666
Decrease in security deposit	-	3,540
Increase (decrease) in accrued expense	<u>208,713</u>	<u>(165,507)</u>
Net cash provided by operating activities	<u>515,466</u>	<u>777,974</u>
<i>Cash flows from investing activities</i>		
Purchase of fixed assets	<u>(209,133)</u>	<u>(87,578)</u>
Increase in cash	306,333	690,396
<i>Cash and cash equivalents</i>		
Beginning of year	<u>3,506,350</u>	<u>2,815,954</u>
End of year	<u>\$ 3,812,683</u>	<u>\$ 3,506,350</u>

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

(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*" 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 \$2,988,659 and \$3,222,057 of money market funds, certificates of deposit and securities with maturity dates less than ninety days as of December 31, 2011 and 2010, respectively.

FIXED ASSETS

Fixed assets are 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 seven 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, 2011

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.

Management has reviewed the tax positions for each of the open tax years (2008 – 2010) or expected to be taken in the Alliance's 2011 tax return and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

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, 2010, 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, July 23, 2012, have been evaluated in the preparation of the financial statements.

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

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2011

(2) NET ASSETS

Temporarily restricted net assets are available for the following purposes at December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Maddie's Fund		
Pet Rescue Project	\$ 2,044,204	\$ 2,049,365
Spay/Neuter Project	15,119	211,911
Community Cats	165,820	-
Time restriction – use in future periods	150,000	-
Broadway Barks	109,660	18,794
Helping Pets & People / Homeless Project	<u>139,104</u>	<u>179,760</u>
	<u>\$ 2,623,907</u>	<u>\$ 2,459,830</u>

During the year ended December 31, 2011, net assets released from restrictions were comprised of the following:

Maddie's Fund	
Pet Rescue Project	\$ 3,065,676
Spay/Neuter Project	1,494,902
Community Cats	664,049
Picasso Fund	38,887
Broadway Barks	72,529
Helping Pets & People / Homeless Project/Feral Cat Initiative	<u>212,684</u>
	<u>\$ 5,548,727</u>

(3) COMMITMENTS

The Alliance entered into a new three-year lease for office space effective January 1, 2010 with monthly rent of \$3,950 for the first year and increasing each subsequent year. The lease terminates on December 31, 2012. Rent expense for the years ended December 31, 2011 and 2010 was \$70,565 and \$65,648, respectively.

Minimum annual rentals under the lease are as follows:

2012	<u>\$50,748</u>
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(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 2011 and 2010 were \$18,354 and \$9,541, respectively.

SUPPLEMENTAL INFORMATION

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

FUNCTIONAL EXPENSES

Year ended December 31, 2011 with Summarized Information for 2010

	<u>Year Ended December 31, 2011</u>			<u>Total Expenses</u>	<u>Year Ended December 31, 2010 Total Expenses</u>
	<u>Program</u>	<u>Management And General</u>	<u>Fund-Raising</u>		
Salaries and benefits	\$ 436,342	\$ 99,190	\$170,868	\$ 706,400	\$ 570,036
Consultants	38,000	97,115	19,200	154,315	206,637
Insurance	1,882	2,118	736	4,736	2,536
Equipment and software	9,471	2,153	3,708	15,332	18,491
Printing and supplies	15,168	3,448	5,940	24,556	32,002
Telephone and communications	19,611	4,458	7,680	31,749	29,540
Postage and shipping	5,099	1,159	1,997	8,255	6,427
Travel and entertainment	18,134	4,122	7,102	29,358	22,064
Rent	43,588	9,909	17,068	70,565	65,649
Storage	4,179	950	1,637	6,766	7,849
Adoption/events	83,383	-	-	83,383	50,674
Vests	2,299	-	-	2,299	5,713
Grants	588,823	-	-	588,823	645,604
Adoption subsidies	1,464,756	-	-	1,464,756	2,029,988
Media expense	218,835	-	38,618	257,453	203,713
Emergency medical expense	335,156	-	-	335,156	570,868
Depreciation	56,166	2,476	-	58,642	29,524
Boarding	245,915	-	-	245,915	250,882
Spay/neuter program	2,033,480	-	-	2,033,480	1,089,893
Animal transport program	581,120	-	-	581,120	494,864
Special projects	97,304	-	-	97,304	98,304
Miscellaneous	<u>22,914</u>	<u>8,257</u>	<u>-</u>	<u>31,171</u>	<u>25,740</u>
Total expenses	<u>\$ 6,321,625</u>	<u>\$235,355</u>	<u>\$274,554</u>	<u>\$ 6,831,534</u>	<u>\$ 6,456,998</u>

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