

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

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

DECEMBER 31, 2012

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

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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 financial statements of Mayor's Alliance for NYC's Animals, Inc. (the "*Alliance*"), which comprise the statement of financial position as of December 31, 2012 and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

Management 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 organization'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 organization'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Alliance as of December 31, 2012, 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.

**Board of Directors
Mayor's Alliance for NYC's Animals, Inc.
New York, New York**

Report on Summarized Comparative Information

We have previously audited the Alliance's financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 23, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Tait, Weller & Baker LLP

**Philadelphia, Pennsylvania
July 17, 2013**

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

STATEMENTS OF FINANCIAL POSITION

December 31, 2012 And 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash and cash equivalents	\$ 1,552,711	\$3,812,683
Contributions receivable	150,000	150,000
Security deposit and other assets	13,437	13,437
Fixed assets, net of accumulated depreciation of \$199,746 and \$121,883, respectively	<u>208,261</u>	<u>286,124</u>
Total assets	<u>\$ 1,924,409</u>	<u>\$4,262,244</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accrued expenses	<u>\$ 177,464</u>	<u>\$ 721,132</u>
Net assets		
Unrestricted	1,106,955	917,205
Temporarily restricted (<i>Note 2</i>)	<u>639,990</u>	<u>2,623,907</u>
Total net assets	<u>1,746,945</u>	<u>3,541,112</u>
Total liabilities and net assets	<u>\$ 1,924,409</u>	<u>\$4,262,244</u>

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

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2012 With Summarized Information For 2011

	<u>Year Ended December 31, 2012</u>			<u>Year Ended</u>
	<u>Unrestricted</u>	<u>Temporarily</u> <u>Restricted</u>	<u>Total</u>	<u>December 31,</u> <u>2011</u> <u>Total</u>
Support and Revenue				
Contributions				
Foundations	\$ 49,600	\$ 332,000	\$ 381,600	\$ 5,773,594
Individuals and others	1,452,867	451,395	1,904,262	1,367,471
Other	14,824	9,088	23,912	88,580
Net assets released from restrictions (Note 2)	<u>2,776,400</u>	<u>(2,776,400)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>4,293,691</u>	<u>(1,983,917)</u>	<u>2,309,774</u>	<u>7,229,645</u>
Expenses				
Program expense	3,551,694	-	3,551,694	6,321,625
Management and general	258,827	-	258,827	235,355
Fundraising	<u>293,420</u>	<u>-</u>	<u>293,420</u>	<u>274,554</u>
Total expenses	<u>4,103,941</u>	<u>-</u>	<u>4,103,941</u>	<u>6,831,534</u>
Change in net assets	189,750	(1,983,917)	(1,794,167)	398,111
Net assets				
Beginning of year	<u>917,205</u>	<u>2,623,907</u>	<u>3,541,112</u>	<u>3,143,001</u>
End of year	<u>\$1,106,955</u>	<u>\$ 639,990</u>	<u>\$ 1,746,945</u>	<u>\$ 3,541,112</u>

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

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2012 And 2011

	<u>2012</u>	<u>2011</u>
<i>Cash flows from operating activities</i>		
<i>Change in net assets</i>	\$ (1,794,167)	\$ 398,111
<i>Adjustments to reconcile net change in net assets to net cash provided by (used for) operating activities</i>		
Depreciation	77,863	58,642
(Increase) decrease in contributions receivable	-	(150,000)
Increase (decrease) in accrued expense	<u>(543,668)</u>	<u>208,713</u>
Net cash provided by (used for) operating activities	<u>(2,259,972)</u>	<u>515,466</u>
<i>Cash flows from investing activities</i>		
Purchase of fixed assets	<u>-</u>	<u>(209,133)</u>
Increase (decrease) in cash	(2,259,972)	306,333
<i>Cash and cash equivalents</i>		
Beginning of year	<u>3,812,683</u>	<u>3,506,350</u>
End of year	<u>\$ 1,552,711</u>	<u>\$ 3,812,683</u>

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

(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 \$1,505,402 and \$2,988,659 of money market funds, certificates of deposit and securities with maturity dates less than ninety days as of December 31, 2012 and 2011, 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, 2012

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 (2009 – 2011) or expected to be taken in the Alliance's 2012 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, 2011, from which the summarized information was derived.

(2) NET ASSETS

Temporarily restricted net assets are available for the following purposes at December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Maddie's Fund		
Pet Rescue Project	\$ -	\$ 2,044,204
Spay/Neuter Project	-	15,119
Community Cats	22,704	165,820
Time restriction – use in future periods	150,000	150,000
Broadway Barks	135,190	109,660
Wheels of Hope	188,932	-
Helping Pets & People / Homeless Project	<u>143,164</u>	<u>139,104</u>
	<u>\$ 639,990</u>	<u>\$ 2,623,907</u>

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

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2012

During the year ended December 31, 2012, net assets released from restrictions were comprised of the following:

Maddie's Fund	
Pet Rescue Project	\$ 2,044,204
Spay/Neuter Project	15,119
Community Cats	224,616
Picasso Fund	20,777
Broadway Barks	67,941
Expiration of time restriction	150,000
Helping Pets & People / Homeless Project/Feral Cat Initiative	<u>253,743</u>
	<u>\$ 2,776,400</u>

(3) COMMITMENTS

The Alliance extended its lease for office space for an additional three years effective January 1, 2013 with monthly rent of \$4,729 for the first year and increasing each subsequent year. The lease terminates on December 31, 2015. Rent expense for the years ended December 31, 2012 and 2011 was \$73,314 and \$70,565, respectively.

Minimum annual rentals under the lease are as follows:

2013	\$ 56,748
2014	62,748
2015	<u>68,748</u>
	<u>\$ 188,244</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 2012 and 2011 were \$17,766 and \$18,354, respectively.

(5) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, July 17, 2013, have been evaluated in the preparation of the financial statements.

SUPPLEMENTAL INFORMATION

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

FUNCTIONAL EXPENSES

Year Ended December 31, 2012 With Summarized Information For 2011

	<u>Year Ended December 31, 2012</u>			<u>Total Expenses</u>	<u>Year Ended</u>
	<u>Program</u>	<u>Management And General</u>	<u>Fund-Raising</u>		<u>December 31, 2011</u>
					<u>Total Expenses</u>
Salaries and benefits	\$ 425,053	\$ 101,937	\$183,647	\$ 710,637	\$ 706,400
Consultants	3,800	117,357	21,100	142,257	116,315
Insurance	552	1,481	238	2,271	4,736
Equipment and software	5,601	1,344	2,420	9,365	15,332
Printing and supplies	17,304	4,150	7,476	28,930	24,556
Telephone and communications	20,932	5,020	9,044	34,996	31,749
Postage and shipping	6,033	1,447	2,606	10,086	8,255
Travel and entertainment	19,681	4,720	8,504	32,905	29,358
Rent	43,851	10,517	18,946	73,314	70,565
Storage	5,374	1,289	2,322	8,985	6,766
Adoption/events	52,882	-	-	52,882	83,383
Vests	6,288	-	-	6,288	2,299
Grants	288,611	-	-	288,611	588,823
Adoption subsidies	836,360	-	-	836,360	1,464,756
Media expense	210,329	-	37,117	247,446	257,453
Emergency medical expense	291,369	-	-	291,369	333,064
Depreciation	75,387	2,476	-	77,863	58,642
Boarding	173,092	-	-	173,092	245,915
Spay/neuter program	194,424	-	-	194,424	2,033,480
Animal transport program	625,990	-	-	625,990	581,120
Feral cat initiative	137,519	-	-	137,519	46,459
Special projects	102,617	-	-	102,617	97,304
Miscellaneous	<u>8,645</u>	<u>7,089</u>	<u>-</u>	<u>15,734</u>	<u>24,804</u>
Total expenses	<u>\$3,551,694</u>	<u>\$258,827</u>	<u>\$293,420</u>	<u>\$4,103,941</u>	<u>\$6,831,534</u>