

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

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

DECEMBER 31, 2016

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, 2016 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, 2016, 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 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 14, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters – Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Tait, Weller & Baker LLP

**Philadelphia, Pennsylvania
August 22, 2017**

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

STATEMENTS OF FINANCIAL POSITION

December 31, 2016 And 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash	\$ 366	\$ 41,136
Contributions receivable	200,000	200,000
Security deposit and other assets	47,311	35,546
Fixed assets, net of accumulated depreciation of \$508,971 and \$448,231, respectively	<u>112,992</u>	<u>115,564</u>
Total assets	<u>\$ 360,669</u>	<u>\$ 392,246</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Cash overdraft	\$ 20,638	\$ -
Accrued expenses	<u>111,051</u>	<u>65,035</u>
Total liabilities	<u>131,689</u>	<u>65,035</u>
Net assets		
Unrestricted	3,775	52,071
Temporarily restricted (<i>Note 2</i>)	<u>225,205</u>	<u>275,140</u>
Total net assets	<u>228,980</u>	<u>327,211</u>
Total liabilities and net assets	<u>\$ 360,669</u>	<u>\$ 392,246</u>

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

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2016 With Summarized Information For 2015

	<u>Year Ended December 31, 2016</u>			<u>Year Ended</u>
	<u>Unrestricted</u>	<u>Temporarily</u> <u>Restricted</u>	<u>Total</u>	<u>December 31,</u> <u>2015</u> <u>Total</u>
Support and Revenue				
Contributions				
Foundations	\$ 346,600	\$ 43,500	\$ 390,100	\$ 3,006,517
Individuals and others	1,910,346	38,504	1,948,850	1,873,896
Other	7,136	-	7,136	1,394
Net assets released from restrictions (Note 2)	<u>131,939</u>	<u>(131,939)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>2,396,021</u>	<u>(49,935)</u>	<u>2,346,086</u>	<u>4,881,807</u>
Expenses				
Program expense	2,002,055	-	2,002,055	5,100,848
Management and general	158,369	-	158,369	273,003
Fundraising	<u>283,893</u>	<u>-</u>	<u>283,893</u>	<u>284,927</u>
Total expenses	<u>2,444,317</u>	<u>-</u>	<u>2,444,317</u>	<u>5,658,778</u>
Change in net assets	(48,296)	(49,935)	(98,231)	(776,971)
Net assets				
Beginning of year	<u>52,071</u>	<u>275,140</u>	<u>327,211</u>	<u>1,104,182</u>
End of year	<u>\$ 3,775</u>	<u>\$ 225,205</u>	<u>\$ 228,980</u>	<u>\$ 327,211</u>

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

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2016 And 2015

	<u>2016</u>	<u>2015</u>
<i>Cash flows from operating activities</i>		
<i>Change in net assets</i>	\$(98,231)	\$(776,971)
<i>Adjustments to reconcile net change in net assets to net cash used for operating activities</i>		
Depreciation	60,739	84,218
Increase in contribution receivable	-	(50,000)
Increase in security deposit and other assets	(11,765)	(10,454)
Increase (decrease) in accrued expense	<u>46,016</u>	<u>(21,018)</u>
Net cash used for operating activities	<u>(3,241)</u>	<u>(774,225)</u>
<i>Cash flows from investing activities</i>		
Purchase of fixed assets	<u>(58,167)</u>	<u>-</u>
Decrease in cash	(61,408)	(774,225)
<i>Cash</i>		
Beginning of year	<u>41,136</u>	<u>815,361</u>
End of year	<u>\$(20,272)</u>	<u>\$ 41,136</u>

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

The Mayor's Alliance for NYC's Animals, Inc. (the "**Alliance**"), a 501(c)(3) non-profit charity, is the sole umbrella organization for animal welfare in New York City. Since 2003, the Alliance has been working with a coalition of 150+ rescue groups and shelters to find homes for thousands of New York City's dogs and cats. The Alliance's goal is to transform New York City into a no-kill community by 2015, where no dogs or cats of reasonable health or temperament are killed simply because they do not have homes.

While the Alliance works collaboratively with the City of New York, it is a 501(c)(3) charity and does not receive any government funding, nor is it a city agency.

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.

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.**"

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.

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

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2016

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 (2013 – 2015) or expected to be taken in the Alliance's 2016 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, 2015, from which the summarized information was derived.

(2) NET ASSETS

Temporarily restricted net assets are available for the following purposes at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Time restriction – use in future periods	\$ 200,000	\$ 200,000
Helping Pets & People	<u>25,205</u>	<u>75,140</u>
	<u>\$ 225,205</u>	<u>\$ 275,140</u>

During the year ended December 31, 2016, net assets released from restrictions were comprised of the following:

Wheels of Hope	\$ 32,100
Helping Pets & People / Feral Cat Initiative	<u>99,839</u>
	<u>\$ 131,939</u>

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

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2016

(3) COMMITMENTS

The Alliance extended its lease for office space for an additional three years effective January 1, 2016 with monthly rent of \$5,958 for the first year and increasing each subsequent year. The lease terminates on December 31, 2019. Rent expense for the years ended December 31, 2016 and 2015 was \$95,427 and \$92,676, respectively.

Minimum annual rentals under the lease are as follows:

2017	\$ 74,358
2018	77,332
2019	<u>77,332</u>
	<u>\$ 229,022</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 2016 and 2015 were \$9,579 and \$18,623, respectively.

(5) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, August 22, 2017, 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, 2016 With Summarized Information For 2015

	<u>Year Ended December 31, 2016</u>			<u>Total Expenses</u>	<u>Year Ended December 31, 2015 Total Expenses</u>
	<u>Program</u>	<u>Management And General</u>	<u>Fund-Raising</u>		
Salaries and benefits	\$ 423,026	\$ 76,380	\$180,200	\$ 679,606	\$ 765,100
Consultants	21,435	42,679	21,435	85,549	193,075
Insurance	2,537	2,322	1,081	5,940	6,521
Equipment and software	4,293	775	1,829	6,897	7,525
Printing and supplies	19,014	3,433	8,099	30,546	33,056
Telephone and communications	15,105	2,728	6,434	24,267	28,731
Postage and shipping	5,509	994	2,347	8,850	8,189
Travel and entertainment	11,346	2,048	4,833	18,227	32,136
Rent	59,399	10,725	25,303	95,427	92,677
Storage	16,717	3,019	7,121	26,857	15,975
Adoption/events	62,366	-	-	62,366	82,781
Vests	4,611	-	-	4,611	4,553
Grants	44,800	-	-	44,800	195,647
Adoption subsidies	-	-	-	-	2,558,823
Media expense	142,860	-	25,211	168,071	220,430
Emergency medical expense	146,199	-	-	146,199	232,593
Depreciation	58,263	2,476	-	60,739	84,218
Boarding	112,808	-	-	112,808	138,032
Spay/neuter program	-	-	-	-	10,310
Animal transport program	664,663	-	-	664,663	639,834
Feral cat initiative	122,647	-	-	122,647	200,202
Special projects	60,000	-	-	60,000	96,600
Miscellaneous	4,457	10,790	-	15,247	11,770
Total expenses	<u>\$2,002,055</u>	<u>\$158,369</u>	<u>\$283,893</u>	<u>\$2,444,317</u>	<u>\$5,658,778</u>