

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

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

DECEMBER 31, 2021

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

TABLE OF CONTENTS

	<u>Page</u>
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	1-2
FINANCIAL STATEMENTS	
<i>Statements of Financial Position,</i> December 31, 2021 and 2020	3
<i>Statement of Activities and Changes in Net Assets,</i> Years ended December 31, 2021 and 2020	4
<i>Statement of Functional Expenses,</i> Year ended December 31, 2021 with Summarized Information for 2020	5
<i>Statements of Cash Flows,</i> Years ended December 31, 2021 and 2020	6
<i>Notes to Financial Statements</i>	7-9

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

Opinion

We have audited the accompanying financial statements of Mayor's Alliance for NYC's Animals, Inc. (the "Alliance") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Alliance and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Alliance's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Alliance's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Alliance's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report of Summarized Comparative Information

We have previously audited the Alliance's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements, in our report dated August 26, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Tait, Weller & Baker LLP

**Philadelphia, Pennsylvania
June 13, 2022**

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

STATEMENTS OF FINANCIAL POSITION

December 31, 2021 And 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 171,274	\$ 256,621
Prepaid expense	<u>1,037</u>	<u>-</u>
Total assets	<u>\$ 172,311</u>	<u>\$ 256,621</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accrued expenses	\$ <u>2,683</u>	\$ <u>1,701</u>
Total liabilities	<u>2,683</u>	<u>1,701</u>
Net assets		
Without restrictions	<u>169,628</u>	<u>254,920</u>
Total liabilities and net assets	<u>\$ 172,311</u>	<u>\$ 256,621</u>

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

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended December 31, 2021 And 2020

	<u>2021</u>	<u>2020</u>
Support and Revenue		
Contributions		
Foundations	\$ 29,000	\$ 20,200
Individuals and others	110,530	46,703
PPP grant	34,089	28,700
Other	<u>60</u>	<u>4,670</u>
Total support and revenue	<u>173,679</u>	<u>100,273</u>
Expenses		
Program expense	196,880	218,475
Management and general	29,962	39,035
Fundraising	<u>32,129</u>	<u>40,301</u>
Total expenses	<u>258,971</u>	<u>297,811</u>
Change in net assets	(85,292)	(197,538)
Net Assets - Without Donor Restrictions		
Beginning of year	<u>254,920</u>	<u>452,458</u>
End of year	<u>\$ 169,628</u>	<u>\$ 254,920</u>

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

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2021 With Summarized Information For 2020

	<u>Year Ended December 31, 2021</u>			<u>Total Expenses</u>	<u>Year Ended December 31, 2020 Total Expenses</u>
	<u>Program</u>	<u>Management And General</u>	<u>Fund-Raising</u>		
Salaries and benefits	\$ 123,146	\$ 7,696	\$ 23,090	\$ 153,932	\$ 181,971
Consultants	300	15,238	300	15,838	22,894
Insurance	1,204	1,429	226	2,859	5,896
Equipment and software	2,757	172	517	3,446	1,449
Printing and supplies	5,435	340	1,019	6,794	6,409
Telephone and communications	6,257	391	1,173	7,821	8,861
Postage and shipping	2,199	137	413	2,749	1,786
Travel and entertainment	692	43	130	865	1,151
Rent	9,552	597	1,791	11,940	10,465
Storage	1,483	93	278	1,854	1,313
Media expense	7,449	-	3,192	10,641	25,078
Emergency medical expense	21,141	-	-	21,141	13,082
Boarding	15,265	-	-	15,265	8,895
Animal transport program	-	-	-	-	4,456
Miscellaneous	-	3,826	-	3,826	4,105
Total expenses	<u>\$ 196,880</u>	<u>\$ 29,962</u>	<u>\$ 32,129</u>	<u>\$ 258,971</u>	<u>\$ 297,811</u>

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

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2021 And 2020

	<u>2021</u>	<u>2020</u>
<i>Cash flows from operating activities</i>		
<i>Change in net assets</i>	\$ (85,292)	\$ (197,538)
<i>Adjustments to reconcile net change in net assets to net cash used for operating activities</i>		
Decrease in contribution and accounts receivable	-	10,440
Increase in prepaid expense	(1,037)	-
Decrease in security deposit	-	19,333
Increase (decrease) in accrued expense	<u>982</u>	<u>(1,039)</u>
Net cash used for operating activities	<u>(85,347)</u>	<u>(168,804)</u>
Decrease in cash	(85,347)	(168,804)
<i>Cash</i>		
Beginning of year	<u>256,621</u>	<u>425,425</u>
End of year	<u>\$ 171,274</u>	<u>\$ 256,621</u>

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

(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. Our original goal was 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. When we achieved that goal in 2015, our challenge was to maintain that achievement going forward.

Having accomplished our mission to transform New York City into a no-kill city and to help our shelter and rescue partners increase their capacity in order to maintain the successes we achieved together over the past 17 years, we reevaluated our programming to reflect the realities of the evolving landscape of animal welfare in New York City. In 2019, we thoughtfully and carefully transitioned our key programming to other nonprofit partners who possess the capacity, both fiscally and organizationally, to take the programs to the next level. Going forward, the Alliance will focus on its role as a capacity-builder, a connector, and hub for New York City animal welfare. Among our areas of focus will be connecting pet owners and those interested in helping pets with more in-depth resources; advocating for pet adoption, spay/neuter and responsible pet ownership; providing limited services and guidance to local animal rescue organizations; consulting with other communities seeking to develop lifesaving programs similar to those we created in New York City; and working with the City of New York to address animal welfare related issues and challenges.

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.

REVENUE RECOGNITION

The Alliance recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and right of return – are not recognized until the condition on which they depend have been met. Unconditional contributions are classified as without donor restrictions unless there are donor stipulations that limit the use of the donated assets.

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

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2021

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:

Net assets without donor restrictions – 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.

Net assets with donor restrictions – Net assets that are subject to donor-imposed stipulations.

There were no net assets with donor restrictions as of December 31, 2021 and 2020.

FUNCTIONAL ALLOCATION OF EXPENSES

The expenses for staff personnel, facilities and related costs incurred in the operations for the Alliance are allocated to program, general administration, and fund-raising activities based on the level of effort in the respective categories.

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 (2018 – 2020) or expected to be taken in the Alliance's 2021 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, 2020, from which the summarized information was derived.

(2) 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. There were no employer contributions made to the plan in 2021 and 2020.

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

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2021

(3) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The following table reflects the Alliance's financial assets as of December 31, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal Board designations:

Financial Assets	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	<u>\$171,274</u>	<u>\$256,621</u>

As part of the Alliance's liquidity-management plan, it structures its financial assets to be available as its obligations come due.

(4) COVID-19 AND PAYROLL PROTECTION PROGRAM

In December 2019, a novel strain of the coronavirus ("COVID-19") was reported in China. The World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern". This outbreak has affected virtually every industry and has created volatility in stock markets throughout the world. Many federal and state governments have implemented numerous restrictions, mandated various closures and quarantine requirements in connection with the COVID-19 outbreak. The extent of the impact of COVID-19 on the Alliance's operational and financial performance will depend on future developments, including the duration and spread of the outbreak and the impact on the Alliance's funders, donors, employees and vendors, all of which are uncertain and cannot be predicted.

On April 19, 2020, the Alliance received \$28,700 in funds from the Federal Paycheck Protection Program (PPP). The PPP loan was designed to provide a direct incentive for small businesses to keep their workers on the payroll. The Small Business Administration (SBA) would forgive loans if all employees were kept on the payroll for a specific period of time and the money was used for certain allowable costs. Any amounts not forgiven at the end of the program period convert into a loan with 1% interest, payable over 24 months. The AICPA released guidance on recording options and the Alliance had decided to record these funds under the government grant model (FASB ASC 958-605). The cash received under the PPP was recorded as a liability until the conditions were substantially met. When the Alliance had substantially met the conditions of the program and qualifying expenses were incurred, the cancellation of the liability was recorded as revenue. As the Alliance had met conditions and incurred expense in the amount of \$28,700 as of December 31, 2020, the amount had been included in the Statement of Activities with grant revenue. Further, on December 8, 2020, the Alliance was notified that the PPP loan of \$28,700 was forgiven by the SBA.

On February 6, 2021, the Alliance received a \$34,089 Paycheck Protection Program Second Draw Loan ("PPP Second Draw Loan") under the Consolidated Appropriations Act 2021, Additional Coronavirus Response and Relief provisions. PPP Second Draw Loans are eligible for forgiveness if the Alliance incurs qualifying expenses over a period of time not to exceed 24 weeks. The period of time in which qualifying expenses may be incurred commences upon receipt of the loan. Any portion of the loan not forgiven is payable over a 5-year period at an interest rate of 1%. The Alliance was notified on August 25, 2021 that the PPP Second Draw Loan was forgiven by the SBA and the amount has been included in the Statement of Activities with grant revenue.

(5) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, June 13, 2022, have been evaluated in the preparation of the financial statements.