

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

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

DECEMBER 31, 2010

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, 2010, and the related statements of activities and changes in net assets, and of cash flows for the year ended December 31, 2010. 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 2009 financial statements and in our report dated May 25, 2010, 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, 2010, and the changes in its net assets, and its cash flows for the year ended December 31, 2010, 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, 2010, 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 22, 2011

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

STATEMENT OF FINANCIAL POSITION

December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and cash equivalents	\$3,506,350	\$2,815,954
Contributions receivable	-	370,666
Security deposit and other assets	13,437	16,977
Fixed assets, net of accumulated depreciation of \$63,241 and \$65,725, respectively	<u>135,633</u>	<u>77,579</u>
Total assets	<u>\$3,655,420</u>	<u>\$3,281,176</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accrued expenses	<u>\$ 512,419</u>	<u>\$ 677,926</u>
Net assets		
Unrestricted	683,171	417,873
Temporarily restricted (<i>Note 2</i>)	<u>2,459,830</u>	<u>2,185,377</u>
Total net assets	<u>3,143,001</u>	<u>2,603,250</u>
Total liabilities and net assets	<u>\$3,655,420</u>	<u>\$3,281,176</u>

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

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended December 31, 2010 with Summarized Information for 2009

	<u>Year Ended December 31, 2010</u>			<u>Year Ended</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>December 31, 2009</u>
				<u>Total</u>
Support and Revenue				
Contributions				
Foundations	\$ 261,500	\$ 5,347,200	\$5,608,700	\$5,992,091
Individuals and others	1,157,600	180,691	1,338,291	1,355,142
Other	41,466	8,292	49,758	73,857
Net assets released from restrictions (Note 2)	<u>5,261,730</u>	<u>(5,261,730)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>6,722,296</u>	<u>274,453</u>	<u>6,996,749</u>	<u>7,421,090</u>
Expenses				
Program expense	5,960,467	-	5,960,467	6,467,230
Management and general	269,637	-	269,637	250,999
Fundraising	<u>226,894</u>	<u>-</u>	<u>226,894</u>	<u>197,587</u>
Total expenses	<u>6,456,998</u>	<u>-</u>	<u>6,456,998</u>	<u>6,915,816</u>
Change in net assets	265,298	274,453	539,751	505,274
Net assets				
Beginning of year	<u>417,873</u>	<u>2,185,377</u>	<u>2,603,250</u>	<u>2,097,976</u>
End of year	<u>\$ 683,171</u>	<u>\$ 2,459,830</u>	<u>\$3,143,001</u>	<u>\$2,603,250</u>

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

STATEMENT OF CASH FLOWS

Years ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<i>Cash flows from operating activities</i>		
<i>Change in net assets</i>	\$ 539,751	\$ 505,274
<i>Adjustments to reconcile net change in net assets to net cash provided by operating activities</i>		
Depreciation	29,524	23,779
(Increase) decrease in contributions receivable	370,666	(370,666)
(Increase) decrease in security deposit	3,540	(4,829)
Increase (decrease)in accrued expense	<u>(165,507)</u>	<u>15,472</u>
Net cash provided by operating activities	<u>777,974</u>	<u>169,030</u>
<i>Cash flows from investing activities</i>		
Purchase of fixed assets	<u>(87,578)</u>	<u>(17,333)</u>
Increase in cash	690,396	151,697
<i>Cash and cash equivalents</i>		
Beginning of year	<u>2,815,954</u>	<u>2,664,257</u>
End of year	<u>\$3,506,350</u>	<u>\$2,815,954</u>

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

(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 \$3,222,057 and \$2,356,971 of money market funds, certificates of deposit and securities with maturity dates less than ninety days as of December 31, 2010 and 2009, 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, 2010

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 (2007 – 2009) or expected to be taken in the Alliance's 2010 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, 2009, 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 22, 2011, have been evaluated in the preparation of the financial statements.

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

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

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2010

(2) NET ASSETS

Temporarily restricted net assets are available for the following purposes at December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Maddie's Fund		
Pet Rescue Project	\$2,049,365	\$1,902,539
Spay/Neuter Project	211,911	138,035
Spay/Neuter Free Clinic	-	1,512
Broadway Barks	18,794	-
Domestic Violence/Homeless Project	<u>179,760</u>	<u>143,291</u>
	<u>\$2,459,830</u>	<u>\$2,185,377</u>

During the year ended December 31, 2010, net assets released from restrictions were comprised of the following:

Maddie's Fund	
Pet Rescue Project	\$3,751,947
Spay/Neuter Project	1,179,692
Picasso Fund	68,963
Broadway Barks	53,982
Spay/Neuter Free Clinic	1,512
Domestic Violence/Homeless Project/Feral Cat Initiative	<u>205,634</u>
	<u>\$5,261,730</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, 2010 and 2009 was \$65,648 and \$77,623, respectively.

Minimum annual rentals under the lease are as follows:

2011	\$ 49,800
2012	<u>50,748</u>
	<u>\$100,548</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 2010 and 2009 were \$9,541 and \$7,150, respectively.

SUPPLEMENTAL INFORMATION

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

FUNCTIONAL EXPENSES

Year ended December 31, 2010 with Summarized Information for 2009

	<u>Year Ended December 31, 2010</u>			<u>Total Expenses</u>	<u>Year Ended</u>
	<u>Program</u>	<u>Management And General</u>	<u>Fund-Raising</u>		<u>December 31, 2009</u>
				<u>Total Expenses</u>	
Salaries and benefits	\$ 349,551	\$ 95,144	\$125,341	\$ 570,036	\$ 489,041
Consultants	40,440	135,782	30,415	206,637	157,670
Insurance	1,555	423	558	2,536	5,212
Equipment and software	11,339	3,086	4,066	18,491	15,576
Printing and supplies	19,624	5,341	7,037	32,002	25,690
Telephone and communications	18,115	4,930	6,495	29,540	19,478
Postage and shipping	3,941	1,073	1,413	6,427	7,349
Travel and entertainment	13,530	3,683	4,851	22,064	25,985
Rent	40,257	10,957	14,435	65,649	97,134
Storage	4,813	1,310	1,726	7,849	6,496
Adoption/events	50,674	-	-	50,674	24,744
Vests	5,713	-	-	5,713	3,708
Grants	645,604	-	-	645,604	499,919
Adoption subsidies	2,029,988	-	-	2,029,988	2,737,977
Media expense	173,156	-	30,557	203,713	198,228
Emergency medical expense	570,868	-	-	570,868	734,912
Depreciation	26,494	3,030	-	29,524	23,779
Boarding	250,882	-	-	250,882	262,820
Spay/neuter program	1,089,893	-	-	1,089,893	1,044,570
Animal transport program	494,864	-	-	494,864	390,341
Special projects	98,304	-	-	98,304	117,123
Miscellaneous	<u>20,862</u>	<u>4,878</u>	<u>-</u>	<u>25,740</u>	<u>28,064</u>
Total expenses	<u>\$5,960,467</u>	<u>\$269,637</u>	<u>\$226,894</u>	<u>\$6,456,998</u>	<u>\$6,915,816</u>

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