

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

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

DECEMBER 31, 2013

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, 2013 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, 2013, 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 17, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Tait, Weller & Baker LLP

**Philadelphia, Pennsylvania
July 15, 2014**

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

STATEMENTS OF FINANCIAL POSITION

December 31, 2013 And 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and cash equivalents	\$ 828,804	\$ 1,552,711
Contributions receivable	150,000	150,000
Security deposit and other assets	24,361	13,437
Fixed assets, net of accumulated depreciation of \$279,961 and \$199,746, respectively	<u>230,285</u>	<u>208,261</u>
Total assets	<u>\$ 1,233,450</u>	<u>\$ 1,924,409</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accrued expenses	<u>\$ 19,273</u>	<u>\$ 177,464</u>
Net assets		
Unrestricted	880,622	1,106,955
Temporarily restricted (<i>Note 2</i>)	<u>333,555</u>	<u>639,990</u>
Total net assets	<u>1,214,177</u>	<u>1,746,945</u>
Total liabilities and net assets	<u>\$ 1,233,450</u>	<u>\$ 1,924,409</u>

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

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2013 With Summarized Information For 2012

	<u>Year Ended December 31, 2013</u>			<u>Year Ended</u>
	<u>Unrestricted</u>	<u>Temporarily</u> <u>Restricted</u>	<u>Total</u>	<u>December 31,</u> <u>2012</u> <u>Total</u>
Support and Revenue				
Contributions				
Foundations	\$ 253,360	\$ 3,317,067	\$ 3,570,427	\$ 381,600
Individuals and others	1,494,767	473,664	1,968,431	1,904,262
Other	19,020	1,450	20,470	23,912
Net assets released from restrictions (Note 2)	<u>4,098,616</u>	<u>(4,098,616)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>5,865,763</u>	<u>(306,435)</u>	<u>5,559,328</u>	<u>2,309,774</u>
Expenses				
Program expense	5,524,703	-	5,524,703	3,551,694
Management and general	265,816	-	265,816	258,827
Fundraising	<u>301,577</u>	<u>-</u>	<u>301,577</u>	<u>293,420</u>
Total expenses	<u>6,092,096</u>	<u>-</u>	<u>6,092,096</u>	<u>4,103,941</u>
Change in net assets	(226,333)	(306,435)	(532,768)	(1,794,167)
Net assets				
Beginning of year	<u>1,106,955</u>	<u>639,990</u>	<u>1,746,945</u>	<u>3,541,112</u>
End of year	<u>\$ 880,622</u>	<u>\$ 333,555</u>	<u>\$ 1,214,177</u>	<u>\$ 1,746,945</u>

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

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2013 And 2012

	<u>2013</u>	<u>2012</u>
<i>Cash flows from operating activities</i>		
<i>Change in net assets</i>	\$ (532,768)	\$ (1,794,167)
<i>Adjustments to reconcile net change in net assets to net cash used for operating activities</i>		
Depreciation	80,215	77,863
Increase in security deposit and other assets	(10,924)	-
Decrease in accrued expense	<u>(158,191)</u>	<u>(543,668)</u>
Net cash used for operating activities	<u>(621,668)</u>	<u>(2,259,972)</u>
<i>Cash flows from investing activities</i>		
Purchase of fixed assets	<u>(102,239)</u>	<u>-</u>
Decrease in cash	(723,907)	(2,259,972)
<i>Cash and cash equivalents</i>		
Beginning of year	<u>1,552,711</u>	<u>3,812,683</u>
End of year	<u>\$ 828,804</u>	<u>\$ 1,552,711</u>

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

(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.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include \$677,928 and \$1,505,402 of money market funds as of December 31, 2013 and 2012, 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, 2013

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 (2010 – 2012) or expected to be taken in the Alliance's 2013 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, 2012, from which the summarized information was derived.

(2) NET ASSETS

Temporarily restricted net assets are available for the following purposes at December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Community Cats	\$ 97,025	\$ 22,704
Time restriction – use in future periods	150,000	150,000
Broadway Barks	-	135,190
Wheels of Hope	-	188,932
Helping Pets & People / Other Projects	<u>86,530</u>	<u>143,164</u>
	<u>\$ 333,555</u>	<u>\$ 639,990</u>

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

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2013

During the year ended December 31, 2013, net assets released from restrictions were comprised of the following:

Maddie's Fund	
Pet Rescue Project	\$ 2,905,000
Community Cats	132,179
Picasso Fund	45,722
Broadway Barks	187,598
Expiration of time restriction	150,000
Wheels of Hope	386,565
Helping Pets & People / Homeless Project/Feral Cat Initiative	<u>291,552</u>
	<u>\$ 4,098,616</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, 2013 and 2012 was \$79,081 and \$73,314, respectively.

Minimum annual rentals under the lease are as follows:

2014	\$ 62,748
2015	<u>68,748</u>
	<u>\$ 131,496</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 2013 and 2012 were \$17,139 and \$17,766, respectively.

(5) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, July 15, 2014, 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, 2013 With Summarized Information For 2012

	<u>Year Ended December 31, 2013</u>			<u>Total Expenses</u>	<u>Year Ended</u>
	<u>Program</u>	<u>Management And General</u>	<u>Fund-Raising</u>		<u>December 31, 2012</u>
					<u>Total Expenses</u>
Salaries and benefits	\$ 403,410	\$ 107,823	\$ 184,480	\$ 695,713	\$ 710,637
Consultants	9,950	114,357	27,050	151,357	142,257
Insurance	2,517	2,263	1,151	5,931	2,271
Equipment and software	4,480	1,197	2,049	7,726	9,365
Printing and supplies	14,515	3,880	6,637	25,032	28,930
Telephone and communications	16,855	4,504	7,708	29,067	34,996
Postage and shipping	5,137	1,374	2,349	8,860	10,086
Travel and entertainment	23,278	6,221	10,645	40,144	32,905
Rent	45,855	12,256	20,970	79,081	73,314
Storage	5,892	1,575	2,695	10,162	8,985
Adoption/events	103,923	-	-	103,923	52,882
Vests	3,334	-	-	3,334	6,288
Grants	196,736	-	-	196,736	288,611
Adoption subsidies	2,905,840	-	-	2,905,840	836,360
Media expense	203,113	-	35,843	238,956	247,446
Emergency medical expense	347,127	-	-	347,127	291,369
Depreciation	77,739	2,476	-	80,215	77,863
Boarding	189,405	-	-	189,405	173,092
Spay/neuter program	14,937	-	-	14,937	194,424
Animal transport program	659,391	-	-	659,391	625,990
Feral cat initiative	172,904	-	-	172,904	137,519
Special projects	107,440	-	-	107,440	102,617
Miscellaneous	<u>10,925</u>	<u>7,890</u>	<u>-</u>	<u>18,815</u>	<u>15,734</u>
Total expenses	<u>\$ 5,524,703</u>	<u>\$ 265,816</u>	<u>\$ 301,577</u>	<u>\$ 6,092,096</u>	<u>\$ 4,103,941</u>