

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

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

**DECEMBER 31, 2018**

# 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, 2018 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.

### *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, 2018, 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 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 1, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Tait, Weller & Baker LLP*

**Philadelphia, Pennsylvania  
August 2, 2019**

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

## STATEMENTS OF FINANCIAL POSITION

December 31, 2018 And 2017

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|   | <u>2018</u>              | <u>2017</u>              |
|---|--------------------------|--------------------------|
| <b>ASSETS</b>   |                          |                          |
| Cash  | \$ 357,949               | \$ 55,754                |
| Contributions receivable  | 100,000                  | -                        |
| Security deposit and other assets   | 30,980                   | 34,631                   |
| Fixed assets, net of accumulated depreciation of<br>\$131,951 and \$120,273, respectively | <u>14,774</u>            | <u>26,452</u>            |
| <b>Total assets</b>   | <b><u>\$ 503,703</u></b> | <b><u>\$ 116,837</u></b> |
| <b>LIABILITIES AND NET ASSETS</b>   |                          |                          |
| Liabilities   |                          |                          |
| Accrued expenses  | <u>\$ 5,220</u>          | <u>\$ 19,725</u>         |
| <b>Total liabilities</b>  | <u>5,220</u>             | <u>19,725</u>            |
| Net assets  |                          |                          |
| Without restrictions  | 498,483                  | 79,632                   |
| With restrictions ( <i>Note 2</i> )   | <u>-</u>                 | <u>17,480</u>            |
| <b>Total net assets</b>   | <u>498,483</u>           | <u>97,112</u>            |
| <b>Total liabilities and net assets</b>   | <b><u>\$ 503,703</u></b> | <b><u>\$ 116,837</u></b> |

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

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2018 With Summarized Information For 2017

|   | <u>Year Ended December 31, 2018</u> |                     |                   | <u>Year Ended</u>   |
|---|-------------------------------------|---------------------|-------------------|---------------------|
|   | <u>Without Donor</u>                | <u>With Donor</u>   | <u>Total</u>      | <u>December 31,</u> |
|   | <u>Restrictions</u>                 | <u>Restrictions</u> |                   | <u>2017</u>         |
|   |                                     |                     |                   | <u>Total</u>        |
| <b>Support and Revenue</b>                        |                                     |                     |                   |                     |
| Contributions                                     |                                     |                     |                   |                     |
| Foundations                                       | \$ 302,500                          | \$ -                | \$ 302,500        | \$ 395,205          |
| Individuals and others                            | 1,506,401                           | -                   | 1,506,401         | 1,104,867           |
| Other   | 736                                 | -                   | 736               | 294                 |
| Net assets released from restrictions<br>(Note 2) | <u>17,480</u>                       | <u>(17,480)</u>     | <u>-</u>          | <u>-</u>            |
| <b>Total support and revenue</b>                  | <u>1,827,117</u>                    | <u>(17,480)</u>     | <u>1,809,637</u>  | <u>1,500,366</u>    |
| <b>Expenses</b>                                   |                                     |                     |                   |                     |
| Program expense                                   | 1,098,589                           | -                   | 1,098,589         | 1,320,216           |
| Management and general                            | 96,596                              | -                   | 96,596            | 100,992             |
| Fundraising                                       | <u>213,081</u>                      | <u>-</u>            | <u>213,081</u>    | <u>211,026</u>      |
| <b>Total expenses</b>                             | <u>1,408,266</u>                    | <u>-</u>            | <u>1,408,266</u>  | <u>1,632,234</u>    |
| <b>Change in net assets</b>                       | 418,851                             | (17,480)            | 401,371           | (131,868)           |
| <b>Net assets</b>                                 |                                     |                     |                   |                     |
| Beginning of year                                 | <u>79,632</u>                       | <u>17,480</u>       | <u>97,112</u>     | <u>228,980</u>      |
| <b>End of year</b>                                | <u>\$ 498,483</u>                   | <u>\$ -</u>         | <u>\$ 498,483</u> | <u>\$ 97,112</u>    |

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

## STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2018 With Summarized Information For 2017

|                              | <u>Year Ended December 31, 2018</u> |                                       |                          | <u>Total Expenses</u>      | <u>Year Ended</u>          |
|------------------------------|-------------------------------------|---------------------------------------|--------------------------|----------------------------|----------------------------|
|                              | <u>Program</u>                      | <u>Management<br/>And<br/>General</u> | <u>Fund-<br/>Raising</u> |                            | <u>December 31,</u>        |
|                              |                                     |                                       |                          | <u>2017</u>                | <u>Total</u>               |
|                              |                                     |                                       |                          |                            | <u>Expenses</u>            |
| Salaries and benefits        | \$ 306,855                          | \$39,608                              | \$ 154,624               | \$ 501,087                 | \$ 539,460                 |
| Consultants                  | 4,830                               | 39,963                                | 4,830                    | 49,623                     | 54,106                     |
| Insurance                    | 4,378                               | 2,429                                 | 2,206                    | 9,013                      | 7,568                      |
| Equipment and software       | 767                                 | 99                                    | 387                      | 1,253                      | 1,266                      |
| Printing and supplies        | 9,402                               | 1,214                                 | 4,738                    | 15,354                     | 20,574                     |
| Telephone and communications | 13,468                              | 1,738                                 | 6,787                    | 21,993                     | 23,121                     |
| Postage and shipping         | 2,539                               | 328                                   | 1,278                    | 4,145                      | 4,643                      |
| Travel and entertainment     | 3,785                               | 488                                   | 1,907                    | 6,180                      | 4,873                      |
| Rent                         | 48,257                              | 6,229                                 | 24,316                   | 78,802                     | 77,945                     |
| Storage                      | 2,838                               | 366                                   | 1,430                    | 4,634                      | 4,953                      |
| Adoption/events              | 78,577                              | -                                     | -                        | 78,577                     | 50,115                     |
| Grants                       | -                                   | -                                     | -                        | -                          | 1,000                      |
| Media expense                | 59,942                              | -                                     | 10,578                   | 70,520                     | 93,581                     |
| Emergency medical expense    | 24,887                              | -                                     | -                        | 24,887                     | 38,122                     |
| Depreciation                 | 11,678                              | -                                     | -                        | 11,678                     | 42,791                     |
| Boarding                     | 26,857                              | -                                     | -                        | 26,857                     | 30,471                     |
| Animal transport program     | 416,392                             | -                                     | -                        | 416,392                    | 526,009                    |
| Feral cat initiative         | 80,799                              | -                                     | -                        | 80,799                     | 102,060                    |
| Special projects             | -                                   | -                                     | -                        | -                          | 5,000                      |
| Miscellaneous                | <u>2,338</u>                        | <u>4,134</u>                          | <u>-</u>                 | <u>6,472</u>               | <u>4,576</u>               |
| <b>Total expenses</b>        | <b><u>\$ 1,098,589</u></b>          | <b><u>\$96,596</u></b>                | <b><u>\$ 213,081</u></b> | <b><u>\$ 1,408,266</u></b> | <b><u>\$ 1,632,234</u></b> |

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

## STATEMENTS OF CASH FLOWS

Years Ended December 31, 2018 And 2017

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|  | <u>2018</u>       | <u>2017</u>      |
|--|-------------------|------------------|
| <i>Cash flows from operating activities</i>  |                   |                  |
| <i>Change in net assets</i>  | \$ 401,371        | \$ (131,868)     |
| <i>Adjustments to reconcile net change in net assets to net cash used for operating activities</i> |                   |                  |
| Depreciation   | 11,678            | 42,791           |
| Loss on disposal of vehicles   | -                 | 43,749           |
| (Increase) decrease in contribution receivable   | (100,000)         | 200,000          |
| Decrease in security deposit and other assets  | 3,651             | 12,680           |
| Decrease in accrued expense  | <u>(14,505)</u>   | <u>(91,326)</u>  |
| <b>Net cash provided by operating activities</b>   | <u>302,195</u>    | <u>76,026</u>    |
| <br>   |                   |                  |
| <b>Increase in cash</b>  | 302,195           | 76,026           |
| <br>   |                   |                  |
| <i>Cash</i>  |                   |                  |
| Beginning of year  | <u>55,754</u>     | <u>(20,272)</u>  |
| End of year  | <u>\$ 357,949</u> | <u>\$ 55,754</u> |



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

## NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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### (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. While that goal was achieved in 2015, our challenge is to maintain that achievement going forward.

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, net assets with donor restrictions are classified to net assets without donor restrictions 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:

**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.

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

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2018

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### **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.

### **RECLASSIFICATIONS**

Certain amounts from the prior year financial statements have been reclassified to conform to the current year presentation

### **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 (2015 – 2017) or expected to be taken in the Alliance's 2018 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, 2017, from which the summarized information was derived.

### **RECENT ACCOUNTING PRONOUNCEMENTS**

In 2018, the Alliance adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance and cash flows. The main provisions of this guidance include the presentation of two classes of net assets versus the previously required three. This guidance also enhances disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classification.

A summary of the net asset reclassifications driven by the adoption of ASU 2016-14 is as follows:

| <b><u>Net Asset Classifications</u></b> | <b><u>Balance At<br/>December 31, 2017<br/>As Previously Reported</u></b> | <b><u>Adjustments<br/>From<br/>ASU 2016-14</u></b> | <b><u>Balance At<br/>January 1, 2018<br/>As Adjusted</u></b> |
|---|---|--|--|
| Unrestricted Net Assets                 | \$79,632  | \$(79,632)   | \$ -   |
| Temporarily Restricted                  | 17,480  | (17,480)   | -  |
| Without Donor Restriction               | -   | 79,632   | 79,632   |
| With Donor Restriction                  | <u>-</u>  | <u>17,480</u>                                      | <u>17,480</u>  |
| Net assets previously presented         | <u>\$97,112</u>   | <u>\$ -</u>  | <u>\$97,112</u>  |

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

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2018

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### **NEW ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED**

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update will assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as an exchange (reciprocal transactions) and determining whether a transaction is conditional. ASU 2018-08 is effective for fiscal years beginning after December 15, 2018. The ASU should be applied using a modified prospective basis. The Alliance plans to adopt the new ASU at the required implementation date.

### **(2) NET ASSETS**

Net assets with donor restrictions are available for the following purposes at December 31, 2018 and 2017:

|                       | <u>2018</u> | <u>2017</u>     |
|-----------------------|-------------|-----------------|
| Helping Pets & People | \$ <u>-</u> | <u>\$17,480</u> |

During the year ended December 31, 2018, net assets released from restrictions were comprised of the following:

|                       |                 |
|-----------------------|-----------------|
| Helping Pets & People | <u>\$17,480</u> |
|-----------------------|-----------------|

### **(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, 2018 and 2017 was \$78,802 and \$77,945, respectively.

Minimum annual rentals under the lease are as follows:

|      |                 |
|------|-----------------|
| 2019 | <u>\$77,332</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. There were no employer contributions made to the plan in 2018 and 2017.

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

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2018

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### (5) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The following table reflects the Alliance's financial assets as of December 31, 2018, 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>2018</u>       |
|--|-------------------|
| Cash and cash equivalents                                    | \$ 357,949        |
| Contributions receivable                                     | <u>100,000</u>    |
| Total financial assets available to meet current obligations | <u>\$ 457,949</u> |

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

### (6) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, August 2, 2019, have been evaluated in the preparation of the financial statements.