



**ANIMAL CARE AND CONTROL
OF NEW YORK CITY, INC.
DBA ANIMAL CARE CENTERS OF NYC
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2016**

**ANIMAL CARE AND CONTROL OF NEW YORK CITY, INC.
DBA ANIMAL CARE CENTERS OF NYC**

**FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2016**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Animal Care and Control of New York City, Inc.
DBA Animal Care Centers of NYC
New York, New York

We have audited the accompanying financial statements of Animal Care and Control of New York City, Inc., DBA Animal Care Centers of NYC, (the "Organization"), which comprise the statements of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's 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.

Auditors' 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 entity'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 entity'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 Animal Care and Control of New York City, Inc., DBA Animal Care Centers of NYC as of June 30, 2017, 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.

Report on Summarized Comparative Information

We have previously audited the Animal Care and Control of New York City, Inc.'s, DBA Animal Care Centers of NYC June 30, 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 10, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Rosenberg and Manente, PLLC
Certified Public Accountants
New York, New York

January 9, 2018

ANIMAL CARE AND CONTROL OF NEW YORK CITY, INC.
DBA ANIMAL CARE CENTERS OF NYC
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

	2017	2016
ASSETS		
Cash and Cash Equivalents	\$ 1,713,442	\$ 1,374,775
Accounts Receivable - The City of New York	257,317	551,284
Unconditional Promises to Give	52,198	71,303
Grant Receivables	158,898	605,398
Prepaid Expenses	342,154	291,582
Deposits on Leased and Other Property	79,535	79,455
Other Accounts Receivables	16,256	13,007
Property and Equipment, Net	659,548	448,269
TOTAL ASSETS	\$ 3,279,348	\$ 3,435,073
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 272,766	\$ 173,588
Accrued Expenses	344,697	145,198
Accounts Payable - The City of New York	42,344	41,934
Salaries, Payroll Taxes and Benefits Payable	449,148	718,985
Vacation and Sick Time Accrual	189,700	178,364
Deferred Income	60,300	50,800
Deferred Rent Payable	40,740	21,130
Line of Credit	400,000	400,000
Customer Deposits Payable	4,350	9,490
Refundable Advance	-	5,000
Other Liabilities	18,189	8,890
TOTAL LIABILITIES	1,822,234	1,753,379
NET ASSETS		
Unrestricted	609,430	555,689
Temporarily Restricted	847,684	1,126,005
TOTAL NET ASSETS	1,457,114	1,681,694
TOTAL LIABILITIES AND NET ASSETS	\$ 3,279,348	\$ 3,435,073

See Accompanying Notes to Financial Statements

ANIMAL CARE AND CONTROL OF NEW YORK CITY, INC.
DBA ANIMAL CARE CENTERS OF NYC
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)

	JUNE 30, 2017			JUNE 30, 2016
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	TOTAL
REVENUES, GAINS, AND OTHER SUPPORT				
Support from Operations:				
Revenue - The City of New York	\$ 13,146,344	\$ 970,088	\$ 14,116,432	\$ 13,865,623
Shelter Revenue	639,502	-	639,502	734,559
Contributions	697,652	1,540,029	2,237,681	2,350,377
In-Kind Contributions	482,313	-	482,313	376,429
Benefit Plan Contributions	924,128	-	924,128	1,001,814
Donated Use of Facilities	1,068,482	-	1,068,482	1,041,770
Investment Income	313	-	313	265
Benefits and Special Events	392,899	-	392,899	317,153
Other Miscellaneous Income	14,814	-	14,814	76,396
Total Revenues, Gains and Other Support Before the Release of Restricted Net Assets	17,366,447	2,510,117	19,876,564	19,764,386
Net Assets Released From Restrictions:				
Satisfaction of Time and Program Restrictions	2,788,438	(2,788,438)	-	-
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	20,154,885	(278,321)	19,876,564	19,764,386
EXPENSES				
Program Services:				
Health and Welfare of Animals	18,067,212	-	18,067,212	17,398,797
Total Program Service Expenses	18,067,212	-	18,067,212	17,398,797
Supporting Services:				
Management and General	1,652,178	-	1,652,178	1,533,114
Fundraising	381,754	-	381,754	372,160
Total Supporting Services	2,033,932	-	2,033,932	1,905,274
TOTAL EXPENSES	20,101,144	-	20,101,144	19,304,071
CHANGE IN NET ASSETS	53,741	(278,321)	(224,580)	460,315
NET ASSETS, BEGINNING OF PERIOD	555,689	1,126,005	1,681,694	1,221,379
NET ASSETS, END OF PERIOD	\$ 609,430	\$ 847,684	\$ 1,457,114	\$ 1,681,694

See Accompanying Notes to Financial Statements

ANIMAL CARE AND CONTROL OF NEW YORK CITY, INC.
DBA ANIMAL CARE CENTERS OF NYC
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016)

	2017				2016
	Program Services	Management and General	Fundraising	Total	Total
Salaries	\$ 8,946,917	\$ 723,426	\$ 91,670	\$ 9,762,013	\$ 9,847,692
Payroll Taxes and Fringe Benefits	2,917,994	235,942	29,898	3,183,834	3,551,017
Total Personal Service Expens	11,864,911	959,368	121,568	12,945,847	13,398,709
Vehicle Expenses	148,022	30,838	-	178,860	320,802
Communications	89,940	4,825	61,596	156,361	136,250
Depreciation	53,070	4,291	544	57,905	38,691
Facility Expenses	342,645	27,705	3,511	373,861	319,556
Human Resource	64,858	5,244	665	70,767	37,201
Insurance	378,331	30,591	3,876	412,798	388,749
Interest and Bank Charges	50,537	4,086	518	55,141	59,149
Supplies and Services, Medical	2,093,909	-	-	2,093,909	993,937
Occupancy	1,583,131	13,119	3,993	1,600,243	1,537,444
Other Expenses	90,825	7,344	931	99,100	63,191
Professional Fees	58,640	527,758	-	586,398	523,419
Special Events	-	-	180,276	180,276	154,680
Supplies and Services, Operations	831,003	3,260	-	834,263	819,040
Telecommunications	122,329	9,891	1,253	133,473	153,584
Technology and Equipment	295,061	23,858	3,023	321,942	359,388
Bad Debt	-	-	-	-	281
Total Expenses	\$ 18,067,212	\$ 1,652,178	\$ 381,754	\$ 20,101,144	\$ 19,304,071
Percentage of Total Expenses	89.88%	8.22%	1.90%	100.00%	100.00%

See Accompanying Notes to Financial Statements

ANIMAL CARE AND CONTROL OF NEW YORK CITY, INC.
DBA ANIMAL CARE CENTERS OF NYC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 AND JUNE 30, 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ (224,580)	\$ 460,315
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation and Amortization	57,905	38,691
Decrease (Increase) in:		
Accounts Receivable - The City of New York	293,967	127,295
Unconditional Promises to Give	19,105	(52,194)
Grant Receivables	446,500	(692,069)
Prepaid Expenses	(50,572)	137
Deposits on Leased and Other Property	(80)	(80)
Other Accounts Receivables	(3,249)	3,793
Increase (Decrease) in:		
Accounts Payable	99,178	38,978
Accrued Expenses	199,499	(138,909)
Accounts Payable - The City of New York	410	700
Salaries, Payroll Taxes and Benefits Payable	(269,837)	421,308
Vacation and Sick Time Accrual	11,336	26,425
Deferred Income	9,500	50,800
Deferred Rent Payable	19,610	20,660
Customer Deposits Payable	(5,140)	9,421
Refundable Advance	(5,000)	5,000
Other Liabilities	9,299	6,144
NET CASH PROVIDED BY OPERATING ACTIVITIES	607,851	326,415
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(269,184)	(69,407)
NET CASH USED IN INVESTING ACTIVITIES	(269,184)	(69,407)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from Line of Credit	-	400,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	-	400,000
NET INCREASE IN CASH AND CASH EQUIVALENTS	338,667	657,008
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,374,775	717,767
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 1,713,442	\$ 1,374,775
SUPPLEMENTAL DISCLOSURE:		
Interest Paid	\$ 16,841	\$ 11,942
Taxes Paid	\$ -	\$ -

See Accompanying Notes to Financial Statements

**ANIMAL CARE AND CONTROL OF NEW YORK CITY, INC.
DBA ANIMAL CARE CENTERS OF NYC**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

NOTE 1 - NATURE AND PURPOSE OF ORGANIZATION

Animal Care and Control of New York City, Inc., DBA Animal Care Centers of NYC (the "Organization"), is a not-for-profit entity that is the sole organization responsible by law for the care of New York City's entire homeless and unwanted animal population. The Organization is committed to providing the most humane care possible for the hundreds of animals that are brought to the shelters each day. The mission of the Organization is to promote and protect the health, safety and welfare of pets and people in New York City. The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. Under this method, revenues are recognized in the period in which they are earned. Expenses are recognized in the period in which the related liability is incurred.

B. Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

C. Revenue Recognition

Contributions are reported at fair value at the date the contribution is received. All contributions are considered to be available for unrestricted use unless specifically restricted by donors. The gifts are reported as temporarily or permanently 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 reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

D. Donated Services

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require special skills, and are performed by people with those skills and would otherwise be purchased by the Organization.

A number of volunteers have made a contribution of their time to the Organization to perform a variety of tasks that assist the Organization at the shelter facilities and at fundraising events. The value of this contributed time is not reflected in these financial statements since it does not meet the criteria for recognition under Financial Accounting Standards Board (FASB) ASC 958. The Organization receives approximately 3,375 volunteer hours per month.

**ANIMAL CARE AND CONTROL OF NEW YORK CITY, INC.
DBA ANIMAL CARE CENTERS OF NYC**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Functional Allocation of Expenses

Expenses that can be directly identified with the program or supporting service to which they relate are charged accordingly. Other expenses by function have been allocated among program and supporting service classifications based upon ratios determined by management.

F. Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and revenues and expenses recognized during the reporting period. Significant estimates made in the preparation of the financial statements include the net realizable value of the contributions and grants receivable and functional expense allocations. Actual results could differ from those estimates.

G. Property and Equipment

It is the Organization's policy to capitalize property and equipment over \$1,000. Lesser amounts are expensed. Property and equipment are stated at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent of donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclasses temporarily restricted net assets to unrestricted net assets at that time. Depreciation is provided on the straight-line method over the estimated useful lives of the assets.

Amortization of leasehold improvements is provided on the straight-line method over the remaining term of the lease or the useful life of the improvements, whichever is shorter.

Leasehold Improvements	39 years
Furniture and Fixtures	7 years
Machinery and Equipment	3 to 7 years
Vehicles	5 years

Certain property and equipment used by the Organization is owned by New York City under a funding Agreement. The Organization is responsible for acquiring items needed in order to run the facility; however, title will not pass to the Organization upon termination of the Funding Agreement. Therefore, most capital items are expensed within the year that the City funds the purchase.

H. Contributions

Under Financial Accounting Standards Board (FASB) ASC 958, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

I. Financial Instruments

The Organization's financial instruments are cash and cash equivalents and contributions receivable. The recorded values of cash and cash equivalents and contributions receivable approximate fair values based on their short-term nature.

**ANIMAL CARE AND CONTROL OF NEW YORK CITY, INC.
DBA ANIMAL CARE CENTERS OF NYC**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Financial Statement Presentation

The statements of financial position and of activities focuses on the Organization as a whole and report total assets, liabilities, net assets and changes in net assets in accordance with the FASB ASC 958-205, Financial Statements of Not-for-Profit Organizations. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

(1) Permanently Restricted:

Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization had no permanently restricted assets at June 30, 2017 and June 30, 2016.

(2) Temporarily Restricted:

Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets.

(3) Unrestricted:

Unrestricted net assets represent the portion of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

K. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

L. Comparative Information

The financial statements include certain 2016 comparative information. With respect to the statement of activities, such prior year information is not presented by net asset class and, in the statement of functional expenses, 2016 expenses by natural classification are presented in total rather than by functional category. Accordingly, such information should be read in conjunction with the Organization's 2016 financial statements from which the summarized information was derived.

M. Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Organization is subject to routine audits by various federal, state and local taxing authorities; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2014.

The financial statements effect of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the Statement of Activities. Management does not believe its financial statements include any uncertain tax positions.

**ANIMAL CARE AND CONTROL OF NEW YORK CITY, INC.
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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Allowance for Doubtful Accounts

Management determines whether an allowance for doubtful accounts should be provided for accounts receivable. Such estimates are based on management's assessment of the aged basis of its sources, current economic conditions, subsequent receipts and historical information. Accounts receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. At June 30, 2017 and 2016, management has determined that no allowance for doubtful accounts is necessary.

O. Reclassifications

It is the Organization's policy to reclassify, where appropriate, prior year financial statements to conform to the current year presentation.

P. Rent Expense

The Organization records rent expense associated with its office lease on a straight-line basis over the life of the lease. The difference between the straight-line amount and the amount actually paid during the year is recorded as a liability and an expense in the accompanying consolidated financial statements.

Q. Advertising Costs

Advertising costs are generally charged to operations in the year incurred. For the years ended June 30, 2017 and 2016, advertising was \$74,876 and \$51,040, respectively. Advertising costs are reflected in Communications on the Statement of Functional Expenses. For the years ended June 30, 2017 and 2016, no advertising costs were donated to the Organization.

R. Medical Supplies, Medications and Products

Medical supplies, medications and products are purchased on an as needed basis and are expensed upon purchase. The dollar value of the supplies on hand at any given time is not material. It is the Organization's decision not to maintain inventory on its balance sheet.

S. Pensions and Benefits

The Organization provides a range of benefits to eligible employees, including pensions, 401(k) Savings, and Group Life and Welfare Benefits. The Organization records annual amounts relating to these plans based on calculations, which include various actuarial assumptions such as discount rates, expected rates of return on plan assets, compensation increases, and turnover rates.

NOTE 3 - DONATIONS IN-KIND

The Organization receives donations in-kind from various individuals and organizations. These donations are comprised predominantly of services and supplies, such as food, blankets, leashes, and toys, used in shelter operations, legal and media. For the years ended June 30, 2017 and 2016, management estimated the value of these items received to be \$482,313 and \$376,429, respectively.

**ANIMAL CARE AND CONTROL OF NEW YORK CITY, INC.
DBA ANIMAL CARE CENTERS OF NYC**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

NOTE 4 - PROPERTY AND EQUIPMENT, NET

Property and equipment at June 30th by major classification is summarized as follows:

	<u>2017</u>	<u>2016</u>
Leasehold Improvements	\$ 382,554	\$ 275,374
Furniture and Fixtures	39,234	12,034
Machinery and Equipment	708,093	528,743
Vehicles	218,153	218,153
Construction in Progress	<u>-</u>	<u>44,546</u>
	1,348,034	1,078,850
Accumulated Depreciation and Amortization	<u>688,486</u>	<u>630,581</u>
Property and Equipment, Net	<u>\$ 659,548</u>	<u>\$ 448,269</u>

Depreciation expense for the years ended June 30, 2017 and 2016 was \$57,905 and \$38,691, respectively.

Construction in process in the above schedule consists of expenses that relate to the expansion of an animal shelter.

The cost of certain equipment and facilities, which are used by the Organization in connection with its Shelter Operations, are not reflected in the statement of financial position because the assets' titles remain with the City of New York.

NOTE 5 - NEW YORK CITY FUNDING

The Organization, through its contract with the City of New York (the "City"), has a license to use and occupy three City owned buildings as animal care facilities: Manhattan Animal Care Facility, Brooklyn Animal Care Facility and Staten Island Animal Care Facility. The Organization also uses two facilities that are leased through the City: Queens Animal Receiving Facility and the Bronx Animal Receiving Facility. Accordingly, for the years ended June 30, 2017 and 2016 the value of the donated use of facilities by the City on behalf of the Organization has been included in the Statement of Activities in Donated Use of Facilities in the amounts of \$1,068,482 and \$1,041,770, respectively. To the extent funding is provided for in the agreement, the Organization is responsible for general repairs, insurance and maintenance of the premises.

Effective July 1, 2006, the City assumed responsibility for the payment of the Organization's utilities, for locations owned or leased by the City. Accordingly, for the years ended June 30, 2017 and 2016 the value of the utilities paid by the City on behalf of the Organization has been included in the accompanying financial statements in both Revenue from the City of New York and Occupancy Expense in the amounts of \$255,694 and \$222,385, respectively.

At June 30, 2017 and 2016, the Organization was due from the City \$257,317 and \$551,284, respectively. At June 30, 2017 and 2016, the Organization owes the City under the current contract \$42,344 and \$41,934 in interest, respectively. For the years ended June 30, 2017 and 2016, revenue recognized under the City contract was \$14,116,432 and \$13,865,623, respectively. The contract with the City is effective until June 30, 2018.

**ANIMAL CARE AND CONTROL OF NEW YORK CITY, INC.
DBA ANIMAL CARE CENTERS OF NYC**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

NOTE 6 - COMMITMENTS AND CONTINGENCIES

The contract with the City of New York is subject to audit by the City.

Certain grants and contracts may be subject to audit by funding sources. Such audits may result in disallowance of costs submitted for reimbursement. Management is of the opinion that such cost disallowances, if any, will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

The Organization may be involved in legal actions arising in the ordinary course of its business. It is the opinion of management that such actions will be resolved without material effect on the Organization's financial position.

NOTE 7 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents in financial institutions, which from time to time may exceed the Federal Depository Insurance Coverage limit. In assessing their risk, the Organization's policy is to maintain funds only with reputable financial institutions and management believes the risk of loss is minimal. At June 30, 2017 and 2016, cash and cash equivalents exceeding federally insured limits totaled \$675,142 and \$824,356, respectively.

For the year ended June 30, 2017 the contract with the City of New York accounted for more than 75% of the Organization revenues.

Promises to give at June 30, 2017 and 2016 are due from various foundations, institutions, corporations and individuals well known to the Organization with favorable past payments histories. Accordingly, management has assessed credit risk associated with the receivable balances at June 30, 2017 and 2016 and has determined that an allowance for potential losses was not necessary.

NOTE 8 - LEASE COMMITMENTS AND RENTAL EXPENSE

On September 1, 2015, the Organization re-negotiated their office space lease in Manhattan. The term of the lease is for seven years through August 31, 2022.

Minimum future rental payments under this lease are as follows:

Year ending June 30,	
2018	\$ 265,257
2019	272,602
2020	282,245
2021	300,460
2022	<u>256,193</u>
	<u>\$ 1,376,757</u>

Rent included in occupancy expense for years ended June 30, 2017 and 2016 was \$257,488 and \$249,373, respectively.

**ANIMAL CARE AND CONTROL OF NEW YORK CITY, INC.
DBA ANIMAL CARE CENTERS OF NYC**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

NOTE 9 - LINE OF CREDIT

Pursuant to an agreement with their Financial Institution, the Organization may borrow up to \$500,000 under a renewable line of credit. The interest rate on the line is 3.94% over the LIBOR Rate. The line is secured by substantially all of the Organization's assets. At June 30, 2017 and 2016, the Organization had drawn down on its available line of credit \$400,000 in both years. The line of credit is due to mature on February 28, 2018.

NOTE 10-NET ASSETS

(A) Unrestricted Net Assets

As of June 30, 2017 and 2016, the Organization had \$609,430 and \$555,689 in unrestricted net assets, respectively.

(B) Temporarily Restricted Net Assets

The purposes of temporarily restricted net assets during the year ended June 30, 2017 and 2016 (Beginning of Period) were as follows:

	Beginning of Period	Contributions	Released	End of Period
Animal Care Fund	\$ 23,011	\$ 101,650	\$ 117,329	\$ 7,332
Animal Influenza	-	322,426	322,426	-
Vehicles and Other Capital Items	34,328	-	-	34,328
Subsidy Fund	11,718	-	651	11,067
Star Fund	68,388	77,417	106,704	39,101
Dog Playground and Socialization Space	151,406	-	55,218	96,188
Canine Influenza	16,530	-	16,530	-
Petco Foundation	450,858	-	269,993	180,865
Ultrasound Equipment	140,000	-	66,784	73,216
Dog Walking Fund	39,712	2,342	41,904	150
Payroll Support and Surrender Prevention	73,388	352,500	332,193	93,695
Community Pet Program	50,555	-	50,555	-
PetSmart Community	27,169	-	27,169	-
Animal Farm Foundation	6,782	-	6,677	105
Clear the Shelters Day	10,000	-	10,000	-
Adoption Medical Reimbursement	9,019	50,000	19,349	39,670
Grooming Room	3,137	-	2,637	500
Maddie Grant	2,312	-	2,312	-
Surrender Prevention	1,123	-	1,123	-
Pet Finder	-	10,000	10,000	-
City Council	-	117,000	116,391	609
Infectious Disease	-	40,000	21,111	18,889
Community Cat Program	-	103,373	72,896	30,477
Surrender Extension	-	110,000	110,000	-
First Alert Incentive	-	100,000	-	100,000
Adoption Mania	-	5,000	-	5,000
ASPCA Conference	-	5,000	4,350	650
Emergency Vet Fund	-	100,000	10,369	89,631
NYC Department of Health	-	970,088	970,088	-
Other	6,569	43,321	23,679	26,211
Total	<u>\$1,126,005</u>	<u>\$2,510,117</u>	<u>\$2,788,438</u>	<u>\$ 847,684</u>

The Organization's temporarily restricted net assets are short-term in nature and expected to be available within one year.

**ANIMAL CARE AND CONTROL OF NEW YORK CITY, INC.
DBA ANIMAL CARE CENTERS OF NYC**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

NOTE 11-EMPLOYEE BENEFIT PLANS

All eligible employees of the Organization are members of the Cultural Institutions Retirement System's (CIRS) Pension, Savings Plan and Group Life and Welfare Benefits plans. The CIRS Pension Plan is a multiemployer defined benefit plan. Pension and Group Life and Welfare Benefit contributions are funded by the City of New York in accordance with their contract with the Organization. The employer match to the Savings Plan, in accordance with the Collective Bargaining Agreement, remains suspended.

The risk of participating in these multiemployer plans is different from single-employer plans in the following aspects:

- a) Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- b) If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- c) If the Organization chooses to stop participating in some of its multiemployer plans, the Organization may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Organization's participation in this plan for the annual year ended June 30, 2017 and June 30, 2016, is outlined in the table below. The "EIN/Pension Plan number" column provides the Employer Identification Number (EIN) and the three-digit plan number, if applicable. The zone status is based on information that the Company received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded. A plan is in the green zone if it has a current funded percentage greater than 80 percent. Unless otherwise noted, the most recent PPA zone status available in 2017 and 2016 is for the plan's year-end at June 30, 2017 and June 30, 2016, respectively. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. The last column lists the expiration dates(s) of the collective bargaining agreements(s) to which the plans are subject. The period to period comparability fluctuates based upon the Organization's growth. During 2016, there was a significant growth in the number of employees covered by the Organization's multiemployer plan due to the overall growth in the Organization. The Company was not identified in its plan's 2016 Forms 5500 as providing more than 5% of total plan contributions.

The Organization currently has no intention of withdrawing from the multiemployer pension plan in which it participates.

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status		FIP/RP Status	Contributions of Company			Surcharge Imposed	Expiration Date of Collective-Bargaining Agreement
		2017	2016		2017	2016	2015		
(1) CIRS	11-2001170	Green	Green	NA	\$810k	\$889k	\$509k	No	NA*

(1) Cultural Institutions Retirement System

* The Collective Bargaining Agreement is on extension until April 30, 2018.

**ANIMAL CARE AND CONTROL OF NEW YORK CITY, INC.
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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

NOTE 11-EMPLOYEE BENEFIT PLANS (CONTINUED)

Group Life and Welfare Benefits plans and administrative fees for the years ended June 30, 2017 and 2016 were as follows:

	<u>2017</u>	<u>2016</u>
Group Life and Welfare Benefits	\$ 20,439	\$ 26,661
Administration Fees	<u>93,435</u>	<u>86,447</u>
	<u>\$ 113,874</u>	<u>\$ 113,108</u>

The Organization is in the process of terminating an “inactive” 403(b) retirement plan that they sponsor. There were no employer or employee contributions in the years ended June 30, 2017 and 2016.

NOTE 12-PRIOR PERIOD ADJUSTMENT

The Organization received donated use of five facilities from the City of New York (See Note 5). In prior years, the estimated fair market value benefit of the facilities’ use was not reflected in the financial statements. The Organization has determined the fair market value of the donated facilities’ use and restated its financial statements for the year ending June 30, 2016. The effect of the prior period adjustment has no effect on net assets for the year ending June 30, 2016.

The effect of the restatement on the change in revenues, gains, and other support and expenses are as follows:

	June 30, 2016		
	As Previously Stated	Restated	Effect of Change
Donated Use of Facilities	<u>\$ -0-</u>	<u>\$ 1,041,770</u>	<u>\$ 1,041,770</u>
Occupancy	<u>\$ 495,674</u>	<u>\$ 1,537,444</u>	<u>(\$ 1,041,770)</u>

NOTE 13-SUBSEQUENT EVENTS

Subsequent to the date of the financial statements, the Organization made a payment against the line of credit for \$200,000.

Management has evaluated subsequent events through January 9, 2018, which is the date the financial statements were available to be issued and determined no adjustments to the financial statements or additional disclosures are necessary.