



**ANIMAL CARE AND CONTROL
OF NEW YORK CITY, INC.
DBA ANIMAL CARE CENTERS OF NYC
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015**

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

**FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015**

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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

Report on the Financial Statements

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 statement of financial position as of June 30, 2016, and the related statements of activities, cash flows and statement of functional expenses 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, 2016, 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, 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 8, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 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 10, 2017

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

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and Cash Equivalents	\$ 1,374,775	\$ 717,767
Accounts Receivable - The City of New York	181,196	308,491
Unconditional Promises to Give	71,303	19,109
Grant Receivables	975,486	283,417
Prepaid Expenses	291,582	291,719
Deposits on Leased and Other Property	79,455	79,375
Other Accounts Receivables	13,007	16,800
Property and Equipment, Net	448,269	417,553
TOTAL ASSETS	<u>\$ 3,435,073</u>	<u>\$ 2,134,231</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 173,588	\$ 134,610
Accrued Expenses	145,198	284,107
Accounts Payable - The City of New York	41,934	41,234
Salaries, Payroll Taxes and Benefits Payable	718,985	297,677
Vacation and Sick Time Accrual	178,364	151,939
Deferred Income	50,800	-
Deferred Rent Payable	21,130	470
Line of Credit	400,000	-
Customer Deposits Payable	9,490	69
Refundable Advance	5,000	-
Other Liabilities	8,890	2,746
TOTAL LIABILITIES	<u>1,753,379</u>	<u>912,852</u>
NET ASSETS		
Unrestricted	555,689	646,882
Temporarily Restricted	1,126,005	574,497
TOTAL NET ASSETS	<u>1,681,694</u>	<u>1,221,379</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,435,073</u>	<u>\$ 2,134,231</u>

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, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)**

	JUNE 30, 2016			JUNE 30, 2015
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	TOTAL
REVENUES, GAINS, AND OTHER SUPPORT				
Support from Operations:				
Revenue - The City of New York	\$ 13,529,123	\$ 336,500	\$ 13,865,623	\$ 13,306,040
Shelter Revenue	734,559	-	734,559	806,812
Contributions	585,048	1,765,329	2,350,377	1,523,782
In-Kind Contributions	376,429	-	376,429	371,290
Benefit Plan Contributions	1,001,814	-	1,001,814	679,843
Investment Income	265	-	265	347
Benefits and Special Events	317,153	-	317,153	78,262
Other Miscellaneous Income	76,396	-	76,396	54,575
Total Revenues, Gains and Other Support Before the Release of Restricted Net Assets	16,620,787	2,101,829	18,722,616	16,820,951
Net Assets Released From Restrictions:				
Satisfaction of Time and Program Restrictions	1,550,321	(1,550,321)	-	-
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	18,171,108	551,508	18,722,616	16,820,951
EXPENSES				
Program Services:				
Health and Welfare of Animals	16,357,027	-	16,357,027	14,606,768
Total Program Service Expenses	16,357,027	-	16,357,027	14,606,768
Supporting Services:				
Management and General	1,533,114	-	1,533,114	1,530,876
Fundraising	372,160	-	372,160	365,173
Total Supporting Services	1,905,274	-	1,905,274	1,896,049
TOTAL EXPENSES	18,262,301	-	18,262,301	16,502,817
OTHER REVENUES AND (EXPENSES)				
Claims Income / (Expense), Net	-	-	-	(300)
TOTAL OTHER REVENUES AND (EXPENSES)	-	-	-	(300)
CHANGE IN NET ASSETS	(91,193)	551,508	460,315	317,834
NET ASSETS, BEGINNING OF PERIOD	646,882	574,497	1,221,379	903,545
NET ASSETS, END OF PERIOD	\$ 555,689	\$ 1,126,005	\$ 1,681,694	\$ 1,221,379

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, 2016 AND 2015**

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 460,315	\$ 317,834
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation and Amortization	38,691	34,365
Decrease (Increase) in:		
Accounts Receivable - The City of New York	127,295	(7,004)
Unconditional Promises to Give	(52,194)	(22,203)
Grant Receivables	(692,069)	(283,417)
Prepaid Expenses	137	(111,697)
Deposits on Leased and Other Property	(80)	(79)
Other Accounts Receivables	3,793	(5,055)
Increase (Decrease) in:		
Accounts Payable	38,978	(65,711)
Accrued Expenses	(138,909)	144,296
Accounts Payable - The City of New York	700	1,324
Salaries, Payroll Taxes and Benefits Payable	421,308	89,600
Vacation and Sick Time Accrual	26,425	(28,447)
Deferred Income	50,800	-
Deferred Rent Payable	20,660	(1,881)
Customer Deposits Payable	9,421	(4,456)
Refundable Advance	5,000	-
Other Liabilities	6,144	(18,740)
NET CASH PROVIDED BY OPERATING ACTIVITIES	326,415	38,729
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(69,407)	(83,892)
NET CASH USED IN INVESTING ACTIVITIES	(69,407)	(83,892)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from Line of Credit	400,000	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	400,000	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	657,008	(45,163)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	717,767	762,930
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 1,374,775	\$ 717,767
SUPPLEMENTAL DISCLOSURE:		
Interest Paid	\$ 52	\$ 47
Taxes Paid	\$ -	\$ -

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, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)**

	2016				2015
	Program Services	Management and General	Fundraising	Total	Total
Salaries	\$ 9,094,862	\$ 654,067	\$ 98,763	9,847,692	\$ 8,522,483
Payroll Taxes and Fringe Benefits	3,279,552	235,852	35,613	3,551,017	2,880,694
Total Personal Service Expenses	12,374,414	889,919	134,376	13,398,709	11,403,177
Vehicle Expenses	265,491	55,311	-	320,802	351,976
Communications	66,079	5,552	64,619	136,250	209,208
Depreciation	35,733	2,570	388	38,691	34,365
Facility Expenses	295,127	21,224	3,205	319,556	277,151
Human Resource	34,357	2,471	373	37,201	53,118
Insurance	359,030	25,820	3,899	388,749	398,755
Interest and Bank Charges	54,627	3,929	593	59,149	46,624
Supplies and Services, Medical	993,937	-	-	993,937	1,106,357
Occupancy	478,734	12,987	3,953	495,674	538,924
Other Expenses	58,367	4,190	634	63,191	34,005
Professional Fees	52,442	470,977	-	523,419	531,440
Special Events	-	-	154,680	154,680	105,357
Supplies and Services, Operations	814,651	4,093	296	819,040	917,057
Telecommunications	141,843	10,201	1,540	153,584	157,771
Technology and Equipment	331,914	23,870	3,604	359,388	337,532
Bad Debt	281	-	-	281	-
Total Expenses	\$ 16,357,027	\$ 1,533,114	\$ 372,160	\$ 18,262,301	\$ 16,502,817
Percentage of Total Expenses	89.57%	8.39%	2.04%	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**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

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. 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 2,500 volunteer hours per month.

D. 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.

**ANIMAL CARE AND CONTROL OF NEW YORK CITY, INC.
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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. 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.

F. Financial Statement Presentation

The classification of an organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the three classes of net assets (permanently restricted, temporarily restricted, and unrestricted) be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities. These classes are defined 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, 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.

**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, 2016 AND 2015**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. 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.

H. Cash and Cash Equivalents

Cash and cash equivalents includes cash deposited with banks and short-term investments of three months or less.

I. 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.

J. Comparative Information

The financial statements include certain 2015 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, 2015 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 2015 financial statements from which the summarized information was derived.

K. 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 2013.

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. The Organization does not believe its financial statements include any uncertain tax positions.

L. Bad Debt Expense

The Organization uses the allowance method to determine un-collectable unconditional promises to give and accounts receivables. Management has determined that no allowance is needed based upon prior years' experience and managements' analysis of specific receivables.

M. Reclassifications

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

**ANIMAL CARE AND CONTROL OF NEW YORK CITY, INC.
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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Rent Expense

The Organization records rent expense associated with its office lease on a straight-line basis over the life of the lease. Deferred rent expense is recorded when material.

O. Advertising Costs

Advertising costs are generally charged to operations in the year incurred. For the years ended June 30, 2016 and 2015, advertising was \$51,040 and \$109,893, respectively. Advertising costs are reflected in Communications on the Statement of Functional Expenses. For the years ended June 30, 2016 and 2015, advertising expense includes approximately \$-0- and \$21,000 in advertising costs, respectively, that were donated to the Organization and are reflected as in-kind contributions.

P. 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.

Q. Pensions 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.

R. 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 restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

NOTE 3 - PROPERTY AND EQUIPMENT, NET

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

	2016	2015
Leasehold Improvements	\$ 275,374	\$ 275,374
Furniture and Fixtures	12,034	15,672
Machinery and Equipment	528,743	500,245
Vehicles	218,153	218,153
Construction in Progress	44,546	-
	1,078,850	1,009,444
Accumulated Depreciation and Amortization	630,581	591,891
Property and Equipment, Net	\$ 448,269	\$ 417,553

Depreciation expense for the years ended June 30, 2016 and 2015 was \$38,691 and \$34,365, respectively.

**ANIMAL CARE AND CONTROL OF NEW YORK CITY, INC.
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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 3 - PROPERTY AND EQUIPMENT, NET (CONTINUED)

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. The Organization has not included an estimate of contribution revenue and program expense in the accompanying statement of activities for the free use of the equipment and facilities during the years ended June 30, 2016 and 2015.

NOTE 4 - NEW YORK CITY FUNDING

The Organization, through its contract with the City of New York, 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. To the extent funding is provided for in the agreement, the Organization is responsible for general repairs, insurance and maintenance of the premises. Since the fair value has not been determined, the benefit of the use of the five facilities has not been reflected within the financial statements.

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, 2016 and 2015 the value of the utilities paid by the City on behalf of the Organization has been included in the accompanying financial statements in both Contract Revenue and Occupancy Expense in the amounts of \$222,385 and \$276,749, respectively.

At June 30, 2016 and 2015, the Organization was due \$181,196 and \$308,491, respectively, from the City under the current contract. At June 30, 2016 and 2015, the Organization owes the City under the current contract \$41,934 and \$41,234, respectively. For the years ended June 30, 2016 and 2015, revenue recognized under the City contract was \$13,529,123 and \$13,073,540, respectively. The contract with the City is effective until June 30, 2018.

NOTE 5 - 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.

Form 5500 for the Organization's sponsored "inactive" pension plan was filed late for the plan years 2014 and 2015. This was due to the Organization's inability to obtain third party information that was necessary and required to accurately complete Form 5500. Based upon the above information, management is confident that they will be able to abate all late filing penalties totaling \$13,650 for both years.

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.

**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, 2016 AND 2015**

NOTE 6 - 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, 2016 and 2015, cash and cash equivalents exceeding federally insured limits totaled \$824,356 and \$136,419, respectively.

For the year ended June 30, 2016 the contract with the City of New York accounts for more than 79% of the Organization revenues.

Promises to give at June 30, 2016 and 2015 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, 2016 and 2015 and has determined that an allowance for potential losses was not necessary.

NOTE 7 - RESTRICTIONS ON NET ASSETS

The purposes of temporarily restricted net assets during the year ended June 30, 2016 and 2015 (Beginning of Period) were as follows:

	Beginning of Period	Contributions	Released	End of Period
Animal Care Fund	\$ 55,130	\$ 173,519	\$ 205,638	\$ 23,011
Vehicles and Other Capital Items	34,328	-	-	34,328
Mailings	2,026	-	2,026	-
Subsidy Fund	11,718	-	-	11,718
Star Fund	42,084	64,831	38,527	68,388
X-Ray Equipment	78,500	-	78,500	-
Mobile Adoption Unit and Public Awareness	106,545	7,000	113,545	-
Dog Playground and Socialization Space	195,953	-	44,547	151,406
Canine Influenza	44,611	-	28,081	16,530
Petco Foundation	-	500,000	49,142	450,858
Ultrasound Equipment	-	140,000	-	140,000
Dog Walking Fund	-	50,757	11,045	39,712
Payroll Support and Surrender Prevention	-	177,500	104,112	73,388
Community Pet Program	-	250,000	199,445	50,555
PetSmart Community	-	93,220	66,051	27,169
Animal Farm Foundation	-	12,000	5,218	6,782
Clear the Shelters Day	-	20,000	10,000	10,000
Adoption Medical Reimbursement	-	50,000	40,981	9,019
Grooming Room	-	7,000	3,863	3,137
Maddie Grant	-	42,250	39,938	2,312
Surrender Prevention	-	39,000	37,877	1,123
Other	3,602	19,045	16,078	6,569
	<u>\$ 574,497</u>	<u>\$ 1,646,122</u>	<u>\$ 1,094,614</u>	<u>\$ 1,126,005</u>

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

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 8 - 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, 2016 and 2015, management has estimated the value of these items received to be \$376,429 and \$371,290, respectively.

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, 2016 and 2015 the Organization had drawn down on its available line of credit \$400,000 and \$-0-, respectively. The line of credit is due to mature on February 28, 2017.

NOTE 10-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,		
2017	\$	258,114
2018		265,257
2019		272,602
2020		282,245
2021		300,460
Thereafter		256,193
	<u>\$</u>	<u>1,634,871</u>

Rent included in occupancy expense for 2016 and 2015 was \$249,373 and \$210,257, respectively.

NOTE 11-EMPLOYEE BENEFIT PLANS

All eligible employees of the Organization are members of the Cultural Institutions Retirement System's (CIRS) Pension, 401(k) Savings, and Group Life and Welfare Benefits plans. The CIRS Pension Plan is a multiemployer plan. Accordingly, certain information with respect to vested and non-vested benefits, as well as plan assets relating to the Organization's employees, is not readily available. The Organization's employees receive a contribution of up to 3% of salary, as determined by the level of employee contributions to the 401(k) Savings Plan. Pension costs are funded by the City of New York in accordance with their contract with the Organization. Pension/CIRS expenses for the years ended June 30, 2016 and 2015 was:

	2016	2015
Pension	\$ 888,706	\$ 597,762
401(k) Savings	-	(9,882)
Group Life and Welfare Benefits	26,661	21,677
Administration (For All Three Above Plans)	86,447	70,286
	<u>\$ 1,001,814</u>	<u>\$ 679,843</u>

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

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 11-EMPLOYEE BENEFIT PLANS (CONTINUED)

The Organization is also a sponsor of an inactive single employer pension plan. There were no employer or employee contributions in the years ended June 30, 2016 and 2015.

NOTE 12-SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 10, 2017, 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.