



**ANIMAL CARE AND CONTROL  
OF NEW YORK CITY, INC.  
DBA ANIMAL CARE CENTERS OF NYC  
AND AFFILIATE  
CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2021 AND 2020**

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

**CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2021 AND 2020**

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## **INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying consolidated financial statements of Animal Care and Control of New York City, Inc., DBA Animal Care Centers of NYC (a nonprofit organization) and Affiliate, which comprises the consolidated statements of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Animal Care and Control of New York City, Inc., DBA Animal Care Centers of NYC and affiliate as of June 30, 2021, and the changes in its consolidated 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 and affiliate June 30, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 9, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Rosenberg + Manente PLLC*

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

April 18, 2022

**ANIMAL CARE AND CONTROL OF NEW YORK CITY, INC.  
DBA ANIMAL CARE CENTERS OF NYC AND AFFILIATE  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,520,878	\$ 959,532
Restricted - Cash and Cash Equivalents	41,588,194	50,593,401
Marketable Securities	267,884	176,079
Accounts Receivable - The City of New York	3,467,642	3,672,147
Unconditional Promises to Give	5,378	1,245
Grants Receivable	-	108,639
Prepaid Expenses	231,714	168,919
Other Accounts Receivable	70,518	32,652
<b>TOTAL CURRENT ASSETS</b>	<b>47,152,208</b>	<b>55,712,614</b>
<b>FIXED ASSETS</b>		
Property and Equipment, Net	13,433,336	13,596,402
<b>TOTAL FIXED ASSETS</b>	<b>13,433,336</b>	<b>13,596,402</b>
<b>OTHER ASSETS</b>		
Construction in Progress	23,172,758	11,565,673
Loan Acquisition Costs, Net	2,927,045	2,927,045
Deposits on Leased and Other Property	78,758	79,775
<b>TOTAL OTHER ASSETS</b>	<b>26,178,561</b>	<b>14,572,493</b>
<b>TOTAL ASSETS</b>	<b>\$ 86,764,105</b>	<b>\$ 83,881,509</b>
<b>LIABILITIES, NET ASSETS AND MEMBER'S EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 111,100	\$ 164,203
Accrued Expenses	3,430,769	1,574,757
Credit Cards Payable	119,272	55,039
Accounts Payable - The City of New York	44,832	44,622
Salaries, Payroll Taxes and Benefits Payable	840,271	625,523
Vacation and Sick Time Accrual	362,411	206,331
Interest Payable	138,438	138,438
Deferred Rent Payable	126,181	56,301
Line of Credit	-	976,014
Customer Deposits Payable	5,680	43,174
Other Liabilities	-	245
<b>TOTAL CURRENT LIABILITIES</b>	<b>5,178,954</b>	<b>3,884,647</b>
<b>LONG-TERM LIABILITIES</b>		
Mortgage Payable	75,000,000	75,000,000
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>75,000,000</b>	<b>75,000,000</b>
<b>TOTAL LIABILITIES</b>	<b>80,178,954</b>	<b>78,884,647</b>
<b>NET ASSETS AND MEMBER'S EQUITY</b>		
Without Donor Restrictions	4,646,110	3,276,252
With Donor Restrictions	1,939,041	1,720,610
<b>TOTAL NET ASSETS AND MEMBER'S EQUITY</b>	<b>6,585,151</b>	<b>4,996,862</b>
<b>TOTAL LIABILITIES, NET ASSETS AND MEMBER'S EQUITY</b>	<b>\$ 86,764,105</b>	<b>\$ 83,881,509</b>

See Accompanying Notes to Consolidated Financial Statements

**ANIMAL CARE AND CONTROL OF NEW YORK CITY, INC.**  
**DBA ANIMAL CARE CENTERS OF NYC AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
(With Comparative Summarized Totals for the Year Ended June 30, 2020)

	JUNE 30, 2021			JUNE 30, 2020
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	TOTAL
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>				
<b>Support from Operations:</b>				
Revenue - The City of New York	\$ 15,921,423	\$ -	\$ 15,921,423	\$ 18,400,953
Shelter Revenue	429,155	-	429,155	725,865
Contributions	1,134,095	1,504,259	2,638,354	3,140,786
In-Kind Contributions	85,025	-	85,025	115,341
Benefit Plan Contributions	1,433,160	-	1,433,160	1,316,080
Donated Use of Facilities	1,177,834	-	1,177,834	1,139,105
Benefits and Special Events	239,790	-	239,790	450,679
Other Miscellaneous Income	173,491	-	173,491	77,950
Interest Income	681,849	-	681,849	806,382
Investment Income/(Loss)	6,326	-	6,326	4,536
Unrealized Gain/(Loss)	90,424	-	90,424	(6,646)
<b>Total Revenues, Gains and Other Support Before the Release of Restricted Net Assets</b>	<b>21,372,572</b>	<b>1,504,259</b>	<b>22,876,831</b>	<b>26,171,031</b>
<b>Net Assets Released From Restrictions:</b>				
Satisfaction of Time and Program Restrictions	1,285,828	(1,285,828)	-	-
<b>TOTAL REVENUES, GAINS, AND OTHER SUPPORT</b>	<b>22,658,400</b>	<b>218,431</b>	<b>22,876,831</b>	<b>26,171,031</b>
<b>EXPENSES</b>				
<b>Program Services:</b>				
Health and Welfare of Animals	18,303,259	-	18,303,259	20,999,875
<b>Total Program Service Expenses</b>	<b>18,303,259</b>	<b>-</b>	<b>18,303,259</b>	<b>20,999,875</b>
<b>Supporting Services:</b>				
Management and General	2,681,296	-	2,681,296	2,540,377
Fundraising	303,987	-	303,987	530,011
<b>Total Supporting Services</b>	<b>2,985,283</b>	<b>-</b>	<b>2,985,283</b>	<b>3,070,388</b>
<b>TOTAL EXPENSES</b>	<b>21,288,542</b>	<b>-</b>	<b>21,288,542</b>	<b>24,070,263</b>
<b>CHANGE IN NET ASSETS</b>	<b>1,369,858</b>	<b>218,431</b>	<b>1,588,289</b>	<b>2,100,768</b>
<b>NET ASSETS AND MEMBERS' EQUITY,</b>				
<b>BEGINNING OF YEAR</b>	<b>3,094,268</b>	<b>1,720,610</b>	<b>4,814,878</b>	<b>2,753,337</b>
Prior Year Net Asset Adjustment	181,984	-	181,984	142,757
<b>ADJUSTED NET ASSETS AND MEMBER'S EQUITY,</b>				
<b>BEGINNING OF YEAR</b>	<b>3,276,252</b>	<b>1,720,610</b>	<b>4,996,862</b>	<b>2,896,094</b>
<b>NET ASSETS AND MEMBER'S EQUITY, END OF YEAR</b>	<b>\$ 4,646,110</b>	<b>\$ 1,939,041</b>	<b>\$ 6,585,151</b>	<b>\$ 4,996,862</b>

**ANIMAL CARE AND CONTROL OF NEW YORK CITY, INC.  
DBA ANIMAL CARE CENTERS OF NYC AND AFFILIATE  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2021**

(With Comparative Summarized Totals for the Year Ended June 30, 2020)

	<b>JUNE 30, 2021</b>				<b>JUNE 30, 2020</b>
	<b>Health and Welfare of Animals</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>	<b>Total</b>
Salaries	\$ 9,825,843	\$ 1,316,652	\$ 155,615	\$ 11,298,110	\$ 12,749,444
Payroll Taxes and Fringe Benefits	3,513,963	470,867	55,652	4,040,482	4,118,291
<b>Total Personnel Service Expenses</b>	<b>13,339,806</b>	<b>1,787,519</b>	<b>211,267</b>	<b>15,338,592</b>	<b>16,867,735</b>
Vehicle Expenses	139,974	5,588	-	145,562	299,311
Communications	17,202	3,264	44,929	65,395	158,503
Depreciation	166,556	22,318	2,638	191,512	167,528
Facility Expenses	172,119	23,064	2,726	197,909	317,355
Human Resource	38,690	5,184	612	44,486	54,058
Insurance	478,489	66,480	9,028	553,997	516,256
Interest and Bank Charges	-	48,706	-	48,706	94,599
Supplies and Services, Medical	1,407,161	-	-	1,407,161	1,725,969
Occupancy	1,686,791	28,665	3,388	1,718,844	1,772,761
Other Expenses	9,493	7,209	1,160	17,862	66,339
Professional Fees	26,021	618,823	-	644,844	514,720
Special Events	-	-	23,350	23,350	115,129
Supplies and Services, Operations	302,116	26,473	40	328,629	636,594
Telecommunications	134,944	10,025	1,542	146,511	157,783
Technology and Equipment	208,794	27,978	3,307	240,079	348,518
First Alert Stipends	175,103	-	-	175,103	184,838
Discount and Subsidized	-	-	-	-	69,269
Bad Debt	-	-	-	-	2,998
<b>Total Expenses</b>	<b>\$ 18,303,259</b>	<b>\$ 2,681,296</b>	<b>\$ 303,987</b>	<b>\$ 21,288,542</b>	<b>\$ 24,070,263</b>

See Accompanying Notes to Consolidated Financial Statements

**ANIMAL CARE AND CONTROL OF NEW YORK CITY, INC.**  
**DBA ANIMAL CARE CENTERS OF NYC AND AFFILIATE**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in Net Assets	\$ 1,588,289	\$ 2,100,768
<b>Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities</b>		
Depreciation and Amortization	191,512	167,528
<b>Decrease (Increase) in:</b>		
Accounts Receivable - The City of New York	204,505	(1,489,435)
Unconditional Promises to Give	(4,133)	4,149
Grant Receivables	108,639	78,259
Prepaid Expenses	(62,795)	78,045
Other Accounts Receivables	(37,866)	(29,955)
Deposits on Leased and Other Property	1,017	(160)
<b>Increase (Decrease) in:</b>		
Accounts Payable	(53,103)	(260,963)
Accrued Expenses	1,856,012	1,049,833
Credit Cards Payable	64,233	-
Accounts Payable - The City of New York	210	886
Salaries, Payroll Taxes and Benefits Payable	214,748	19,510
Vacation and Sick Time Accrual	156,080	(46,155)
Interest Payable	-	49,123
Deferred Rent Payable	69,880	(2,235)
Customer Deposits Payable	(37,494)	35,900
Other Liabilities	(245)	(2,280)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>4,259,489</b>	<b>1,752,818</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(28,446)	-
Construction in Progress	(11,607,085)	(8,425,032)
Loan Acquisition Costs, Net	-	(17,638)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(11,635,531)</b>	<b>(8,442,670)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Gain)/Loss on Investments	(91,805)	(27,417)
(Payments)/Advances from Line of Credit	(976,014)	402,613
<b>NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES</b>	<b>(1,067,819)</b>	<b>375,196</b>
<b>NET DECREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	<b>(8,443,861)</b>	<b>(6,314,656)</b>
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR</b>	<b>51,552,933</b>	<b>57,867,589</b>
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR</b>	<b>\$ 43,109,072</b>	<b>\$ 51,552,933</b>
<b>SUPPLEMENTAL DISCLOSURE:</b>		
Interest Paid	\$ 6,589,625	\$ 3,267,125
Taxes Paid	\$ -	\$ -

See Accompanying Notes to Consolidated Financial Statements

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**NOTE 1 - NATURE AND PURPOSE OF ORGANIZATION**

Founded in 1995, Animal Care and Control of New York City, Inc., DBA Animal Care Centers of NYC (“ACC”), is a non-profit organization with a mission to end animal homelessness in New York City. ACC is a model of a public/private partnership and receives support from the private sector to complement the services it provides pursuant to its 34 year contract with the NYC Department of Health and Mental Hygiene. Under this contract, ACC provides animal related services to over 9 million residents within the five boroughs of New York City. ACC’s services to the community include pet adoption, animal rescue, veterinary care including spay/neuter, lost and found pet assistance and surrender prevention programs. With full-service care centers in Brooklyn, Manhattan and Staten Island ACC provides shelter and care for approximately 25,000 animals every year, and an additional 5,000 animals that are supported throughout the city as part of our community outreach programs. By 2025, ACC will also open two new, state of the art animal care centers in the boroughs of Queens and the Bronx. ACC believes that community engagement and collaboration are the key to solving animal homelessness. Through a network of hundreds of animal rescue partners, volunteers, animal fosters, support from local and national businesses and foundations, and a robust community outreach program (including wellness clinics, humane education, pet food pantries and free vaccine clinics), ACC has become a national leader in animal welfare. ACC is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Through its contract for services with the city of New York, ACC does not rely on donor contributions as a primary source for staff salaries or other administrative expenses associated with contract services. Under this public/private funding approach, ACC uses donor contributions primarily for programs and services that are not funded by the city contract in an effort to enhance animal care and further ACC’s mission to end animal homelessness in NYC.

1906 Flushing LLC (“1906 Flushing”) is a limited liability company that owns property in Queens, New York. In 2019, property development for the new Queens Full Service Shelter began at the Queens site and is expected to be completed in 2022. Upon completion and appropriate approvals of the building, ACC will rent the full facility as outlined in the terms of the lease agreement between 1906 Flushing and ACC dated June 21, 2019.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Financial Statement Presentation and Basis of Accounting**

ACC’s policy is to prepare its consolidated financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). 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. The statements of financial position and of activities focus 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*.

**Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of ACC, and its wholly owned subsidiary, 1906 Flushing. Collectively, the aforementioned are referred to as the “Organization” hereafter. All significant intercompany transactions and balances have been eliminated in consolidation.



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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of Estimates**

The preparation of the consolidated 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 consolidated financial statements and revenues and expenses recognized during the reporting period. Significant estimates made in the preparation of the consolidated financial statements include the net realizable value of contributions and grants receivable, donated use of facilities, accrued expenses, prepaid expenses and functional expense allocations. Actual results could differ from those estimates.

**Financial Instruments**

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

**Reclassifications**

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

**Measure of Operations**

The consolidated statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing program services. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature. As of June 30, 2021 and 2020, the Organization did not have nonoperating activities.

**Comparative Information**

The consolidated financial statements include certain 2020 comparative information. With respect to the consolidated statement of activities, such prior year information is not presented by net asset class and, in the consolidated statement of functional expenses, 2020 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 2020 financial statements from which the summarized information was derived.

**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 and time deposit accounts with no withdrawal restrictions other than loss of end of term interest to be cash equivalents. At June 30, 2021 and 2020, there was \$41,588,194 and \$50,593,401, respectively, in restricted cash for the property development of the new Queens Full Service Shelter.

**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 Consolidated Statements of Financial Position.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contributions Receivable**

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until conditions are substantially met.

**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, 2021 and 2020, management has determined no allowance for doubtful accounts to be necessary.

**Property and Equipment**

It is the Organization's policy to capitalize property and equipment over \$1,000; lesser amounts are expensed. Fixed assets are recorded at cost. Maintenance and repairs are charged to expenses as incurred; major betterments are capitalized. When items or property and equipment are sold or retired, the related cost and accumulated depreciation is removed from the accounts and any gain or loss is included in the results of operations. Management reviews property and equipment for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable. Property and equipment are written off to operations when considered impaired.

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	7 years
Software	3 to 5 years

Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as without donor restriction 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 with donor restricted net assets to without donor restricted net assets at that time.

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.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation**

Net assets, revenues, gains and losses are classified on the absence or the existence and nature of donor imposed restrictions as follows:

**(1) Net Assets Without Donor Restrictions:**

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets are available for use at the discretion of the Board of Directors and management. The Board can designate a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion.

**(2) Net Assets With Donor Restrictions:**

Net assets subject to stipulations imposed by donors, and grantors. The Organization reports gifts of cash and other assets as revenue with donor restrictions 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, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. As of June 30, 2021 and 2020, the Organization did not have any donor-restricted contributions that were perpetual in nature.

**Advertising Costs**

Advertising costs, including donated advertising, are generally charged to operations in the year incurred. For the years ended June 30, 2021 and 2020, total advertising costs were \$8,011 and \$52,046, respectively. For the years ended June 30, 2021 and 2020, donated advertising was valued at \$0 and \$5,378, respectively. Advertising costs are reflected in communications on the Consolidated Statement of Functional Expenses.

**Loan Acquisition Costs**

Loan acquisition costs are amortized on a straight-line method over the life of the underlying debt, which will begin when the asset is put in service.

**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 consolidated financial statements since it does not meet the criteria for recognition under Financial Accounting Standards Board (FASB) ASC 958. The Organization received approximately 15,000 and 29,000 volunteer hours for the fiscal year ending June 30, 2021 and 2020, respectively.

**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.

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition**

The Organization recognizes revenue from contributions in accordance with Accounting Standards Update (“ASU”) 2018-08, Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. In accordance with ASU 2018-08, the Organization evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the Organization records the transactions as allowable costs are incurred in accordance with ASC 958-605. If the transfer of assets is determined to be a contribution, the Organization evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Organization is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor’s obligation to transfer assets.

The Organization recognizes contributions received and made, including unconditional promises to give, as revenue in the period received or made. Contributions received are reported as either revenues without donor restrictions or revenues with donor restrictions. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as revenues with donor restrictions and are reclassified as net assets released from restrictions in the same year. Promises to give that stipulate conditions to be met before the contributions is made are not recorded until the conditions are met. For the years ended June 30, 2021 and 2020, there were no conditional promises to give.

**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 services classifications based upon benefits received.

The expenses that are allocated include the following:

<b><u>Expense</u></b>	<b><u>Method of Allocation</u></b>
Salaries, Payroll Taxes and Benefits	Time and Effort
Vehicle Expenses	Direct
Communications	Direct and Head Count
Depreciation and Amortization	Direct
Facility Expenses	Direct and Head Count
Human Resources	Direct and Head Count
Insurance	Direct and Head Count
Interest and Bank Charges	Direct and Head Count
Occupancy	Direct and Head Count
Professional Services	Direct
Supplies and Services, Operations	Direct
Telecommunications	Direct and Head Count
Technology and Equipment	Direct and Head Count

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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. 1906 Flushing is a single member limited liability company that has elected to be treated as a disregarded entity. As such, 1906 Flushing is not subject to Federal and State income tax, but rather, its income or loss inures to the Organization.

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 2018.

The consolidated financial statements effect of a tax position taken or expected to be taken are recognized in the consolidated 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 consolidated financial statements include any uncertain tax positions.

**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 - FAIR VALUE MEASUREMENT**

Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 820, Fair Value Measurements and Disclosures, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The Organization held no financial instruments that were valued using Level 3 measurements as of June 30, 2021 and 2020. The Levels 1 and 2 of fair value hierarchy are as follows:

**Level 1 Inputs:** Valuation based on quoted prices in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date, and where transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

**Level 2 Inputs:** Valuation based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, that is, markets in which there are few transactions, prices are not current, or prices vary substantially over time.

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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**NOTE 3 - FAIR VALUE MEASUREMENT (CONTINUED)**

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodology used at June 30, 2021.

Mutual Funds: Valued at the net asset value (“NAV”) of shares held by the Company at year-end.

Common Stock, Exchange-Traded Funds, and U.S. Government Securities: Valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Company’s securities at fair value as of June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total Level 3</u>	<u>Investment</u>
Municipal Bonds	\$ --	\$ 53,281	\$ --	\$ 53,281
Common Stocks	<u>214,603</u>	<u>--</u>	<u>--</u>	<u>214,603</u>
Total	<u>\$ 214,603</u>	<u>\$ 53,281</u>	<u>\$ --</u>	<u>\$ 267,884</u>

The following table sets forth by level, within the fair value hierarchy, the Company’s securities at fair value as of June 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Investment</u>
Municipal Bonds	\$ --	\$ 32,859	\$ --	\$ 32,859
Common Stocks	<u>143,220</u>	<u>--</u>	<u>--</u>	<u>143,220</u>
Total	<u>\$ 143,220</u>	<u>\$ 32,859</u>	<u>\$ --</u>	<u>\$ 176,079</u>

The total cost of the securities listed in the above fair value hierarchy is \$171,898. For the period ended June 30, 2021, the Company reported \$90,424 in unrealized gains.

**NOTE 4 - 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, 2021 and 2020, management estimated the value of these items received to be \$85,025 and \$115,341, respectively.

**NOTE 5 - 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, 2021 and 2020, cash and cash equivalents exceeding federally insured limits totaled approximately \$43,110,000 and \$50,343,000, respectively.

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**NOTE 5 - CONCENTRATION OF CREDIT RISK (CONTINUED)**

The Company maintains investment accounts with licensed brokers valued at \$267,884, plus \$12,230 in cash, as of June 30, 2021. The cash and the securities in the account are insured by the Securities Investor Protection Corporation (“SIPC”) up to \$250,000 and \$500,000, respectively. The broker also carries excess SIPC insurance that insures the net equity of investor accounts. The coverage covers losses of cash or securities from customer accounts if the broker were to fail and be unable to meet its obligations to its customers. The coverage does not cover any losses from changes in the market value of investments. Although created by Congress, SIPC is not a government agency. It is a non-profit membership corporation, which receives its revenue from those brokers and dealers that are required by law to be SIPC members and from its own investments.

For the years ended June 30, 2021 and 2020, the contract with the City of New York accounted for more than 74% of the Organization revenues.

**NOTE 6 - RELATED PARTY**

During the years ended June 30, 2021 and 2020, various members of the board of directors pledged donations totaling approximately \$54,900 and \$79,000, respectively.

On July 21, 2019, a lease agreement between ACC and 1906 Flushing was executed for what will be the new Queens Full Service Shelter. The commencement date is anticipated to be July 15, 2022, which is the projected project completion date. The lease is due to expire no earlier than July 1, 2052. Under the lease agreement, the lease payments are tied directly to the monthly loan amortization payments of \$376,901 a month (See Note 13 – Property Loans). Any differences from the lease agreement payments and the lease’s fair market value will be adjusted accordingly. Lease payments will be paid directly by the City, in accordance with their agreement with ACC (See Note 11 – New York City Funding). In addition, for years ended June 30, 2021 and 2020, ACC made investments of approximately \$805,000 in 1906 Flushing. The balance was eliminated during consolidation.

**NOTE 7 - COMMITMENTS AND CONTINGENCIES**

The contract with the City of New York is subject to audit by the City (See Note 11).

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 consolidated financial statements. Accordingly, no amounts have been provided in the accompanying consolidated financial statements for such potential claims.

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Organization is closely monitoring its business operations and is working to minimize the impact on its operations. The extent of the impact of COVID-19 on the Organization’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organization’s donors, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may

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**NOTE 7 - COMMITMENTS AND CONTINGENCIES (CONTINUED)**

impact the Organization's financial position and results of its operations and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

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 8 - BAD DEBT**

At June 30, 2021 and 2020, there was \$0 and \$2,998 bad debt expense, respectively.

**NOTE 9 - PROPERTY AND EQUIPMENT, NET**

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

	<u>2021</u>	<u>2020</u>
Land	\$ 13,026,750	\$ 13,026,750
Leasehold Improvements	382,554	382,554
Furniture and Fixtures	112,034	112,034
Machinery and Equipment	740,717	735,292
Vehicles	363,597	340,577
Software	<u>78,327</u>	<u>78,327</u>
	14,703,979	14,675,534
Accumulated Depreciation and Amortization	<u>1,270,643</u>	<u>1,079,132</u>
Property and Equipment, Net	<u>\$ 13,433,336</u>	<u>\$ 13,596,402</u>

Depreciation and amortization expense for the years ended June 30, 2021 and 2020 was \$191,512 and \$167,528, respectively.

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

Land, included in the above schedule, is the site for the new Queens Full Service Shelter. The costs incurred in association with constructing the new Queens Full Service Shelter are included in the consolidated statements of financial position as a non-current asset, Construction in Progress. Upon completion of the facility, and when the facility is operational and in service, these costs will be reclassified to the appropriate asset class. As of June 30, 2021 and 2020, construction in progress totaled approximately \$23,173,000 and \$11,566,000, respectively.

**NOTE 10 - LINE OF CREDIT**

Pursuant to an agreement with their Financial Institution, the Organization may borrow up to \$3,000,000 under a renewable line of credit. The interest on such borrowings is payable monthly at an annual rate equal to the LIBOR rate plus 3.00%. The line is secured by substantially all of the Organization's assets. As of June 30, 2021 and 2020, the Organization had drawn down on its available line of credit approximately \$0 and \$976,000, respectively. This credit facility is due to mature in September 2022.



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**NOTE 11 - NEW YORK CITY FUNDING**

The Organization has a cost reimbursement contract with the City of New York (the "City"), which runs through June 30, 2052, which engages the Organization to assist the City in carrying out its animal and care control responsibilities. The total maximum amount for all payments shall not exceed \$1,487,966,471 for the entire term of the agreement. Under the agreement, the Organization 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 and two receiving centers: Queens Animal Receiving Facility and the Bronx Animal Receiving Center.

In addition, the City provided funds to allow the Organization to acquire land, build, develop and operate a new full service Queens Animal Care Center, financed and equipped as provided for under the agreement (See Note 13 - Property Loans). The City can terminate the contract with or without cause with no less than ten days from the date of notice personally delivered or fifteen days from the date of the notice via mail. Upon the opening of the new Queens Animal Care Center, the Organization will cease to utilize the Queens Animal Resource Center that is currently provided by the City of New York.

For the years ended June 30, 2021 and 2020, the value of the donated use of facilities by the City on behalf of the Organization has been included in the Consolidated Statement of Activities in Donated Use of Facilities in the amounts of approximately \$1,178,000 and \$1,139,000, 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, 2021 and 2020 the value of the utilities paid by the City on behalf of the Organization has been included in the accompanying consolidated financial statements in both Revenue from the City of New York and Occupancy Expense in the amounts of approximately \$277,000 and \$270,000, respectively.

At June 30, 2021 and 2020, the Organization was due from the City approximately \$3,468,000 and \$3,672,000, respectively. For the years ended June 30, 2021 and 2020, benefit plan contributions and expenses made on behalf of the Organization totaled approximately \$1,433,000 and \$1,316,000, respectively. In addition to the above, for the years ended June 30, 2021 and 2020, revenue recognized under the City contract was approximately \$15,921,000 and \$18,401,000, respectively. At June 30, 2021 and 2020, the Organization owes the City under the current contract approximately \$45,000 in interest for both years.

**NOTE 12 - LEASE COMMITMENTS AND RENTAL EXPENSE**

On November 1, 2020, the Organization re-negotiated their office space lease in Manhattan. The term of the lease was extended through August 31, 2023.

Minimum future rental payments under this lease are as follows:

Year ending June 30,	
2022	\$ 263,026
2023	314,670
2024	<u>52,686</u>
	<u>\$ 630,382</u>

Rent included in occupancy expense for years ended June 30, 2021 and 2020 was \$234,773 and \$275,389, respectively.

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**NOTE 13 - PROPERTY LOANS**

On June 21, 2019, 1906 Flushing acquired property located in Queens, New York, which is being developed for the new Queens Full Service Shelter (the "Project"). On that same date, the following notes were executed:

<u>Lender</u>	<u>Loan Amount</u>	<u>Interest Payments</u>	<u>Interest Rate</u>
Acquisition Loan	\$ 12,233,503	\$ 45,162	4.43%
Building Loan	33,882,687	125,084	4.43%
Project Loan	<u>28,883,810</u>	<u>106,629</u>	4.43%
Total Property Loans	<u>\$ 75,000,000</u>	<u>\$ 276,875</u>	

Interest on all three loans are due monthly at a rate 4.43% until the completion of the project, which is anticipated to be July 15, 2022. At such time, the amortization start date, principal and interest of \$376,901 will be payable monthly. The interest rate of 4.43% is in effect throughout the life of the loan, and all three property loans mature July 15, 2052. The loans are secured by, among other things, (i) a Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Filing from Company for the benefit of Purchaser, creating a valid and perfected first mortgage lien on the Mortgaged Property, including, without limitation, the buildings, structures and improvements now or hereafter located thereon, and assigning Company's right, title and interest in and to the Lease therein described, (ii) an Assignment of Leases and Rents dated as of the date hereof from Company to Purchaser assigning Company's right, title and interest in and to the Lease and any other leases and rents, (iii) a lien on all funds held pursuant to the Cash Management Agreement and the Construction

Escrow Agreement, (iv) the Collateral Assignment of Contracts, and (v) the Surety Bond.

Aggregate maturities of long-term debt are summarized as follows:

June 30, 2023	\$ 1,224,985
June 30, 2024	1,280,367
June 30, 2025	1,338,253
June 30, 2026	1,398,757
June 30, 2027	1,461,995
June 30, 2028 and Thereafter	<u>68,295,643</u>
Total Long-Term Debt	<u>\$ 75,000,000</u>

As of June 30, 2021 and 2020, interest of \$6,728,063 and \$3,405,563 was capitalized to construction in progress.

**NOTE 14 - 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:

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**NOTE 14 - EMPLOYEE BENEFIT PLANS (CONTINUED)**

- 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 fiscal year ended June 30, 2021 and 2020 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 2021 and 2020 is for the plan’s year-end at June 30, 2020 and 2019, 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. The Company was not identified in its plan’s 2020 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

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
		2019	2018		2021	2020	2019		
(1) CIRS	11-2001170	Green	Green	NA	\$1.25m	\$1.14k	\$904k	No	NA*

which is participates.

(1) Cultural Institutions Retirement System

\* The Collective Bargaining Agreement is currently on extension.

Group Life and Welfare Benefits plans and administrative fees for the years ended June 30, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Group Life and Welfare Benefits	\$ 24,787	\$ 25,625
Administration Fees	<u>157,738</u>	<u>152,723</u>
	<u>\$ 182,525</u>	<u>\$ 178,348</u>

For the years ending June 30, 2021 and 2020, the Organization made no contributions to the 401(k) Savings Plan.

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**NOTE 15 - NET ASSETS WITHOUT DONOR RESTRICTIONS**

The Organization's net assets without donor restrictions is comprised of undesignated and board designated amounts for the following purposes for the years ending June 30, 2021 and 2020.

	<u>2021</u>	<u>2020</u>
Undesignated	<u>\$ 4,646,110</u>	<u>\$ 3,276,252</u>

For the years ending June 30, 2021 and 2020, the undesignated amounts above include \$1,387,976 and \$717,996 in member equity from 1906 Flushing Avenue LLC, respectively.

**NOTE 16 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following as of June 30, 2021:

<u>Restriction Type</u>	<u>Beginning of Fiscal Year</u>	<u>Contributions</u>	<u>Released</u>	<u>End of Fiscal Year</u>
<b>Time Restricted:</b>				
Within a One Year Time Period	\$ --	\$ --	(\$ --)	\$ --
<b>Purpose Restricted:</b>				
Program Services	<u>1,720,610</u>	<u>1,504,259</u>	<u>( 1,285,828)</u>	<u>1,939,041</u>
<b>Total</b>	<u>\$ 1,720,610</u>	<u>\$ 1,504,259</u>	<u>(\$ 1,285,828)</u>	<u>\$ 1,939,041</u>

Net assets with donor restrictions are restricted for the following as of June 30, 2020:

<u>Restriction Type</u>	<u>Beginning of Fiscal Year</u>	<u>Contributions</u>	<u>Released</u>	<u>End of Fiscal Year</u>
<b>Time Restricted:</b>				
Within a One Year Time Period	\$ --	\$ --	(\$ --)	\$ --
<b>Purpose Restricted:</b>				
Program Services	<u>986,830</u>	<u>2,346,882</u>	<u>( 1,613,102)</u>	<u>1,720,610</u>
<b>Total</b>	<u>\$ 986,830</u>	<u>\$ 2,346,882</u>	<u>(\$ 1,613,102)</u>	<u>\$ 1,720,610</u>

Purpose restrictions are expected to be released from restrictions within one year.

**NOTE 17 - RECEIVABLES**

Receivables consist of grants and contributions from the government, foundations, institutions, corporations and individuals. For the years ended June 30, 2021 and 2020, receivables consisted of the following:

	<u>2021</u>	<u>2020</u>
Amount Due In:		
Less Than One Year	<u>\$ 3,543,538</u>	<u>\$ 3,814,683</u>

**NOTE 18 - CREDIT ACCOUNTS**

As of June 30, 2021 and 2020, the Organization had drawn down \$119,272 and \$55,039 on various open unsecured credit accounts.

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**NOTE 19 - LIQUIDITY AND AVAILABILITY OF RESOURCES**

The Organization's financial assets available within one year of the consolidated statements of financial position date for general expenditure for the years ending June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 1,520,878	\$ 959,532
Marketable Securities	267,884	176,079
Receivables	<u>3,543,538</u>	<u>3,814,683</u>
Total Financial Assets Available	<u>5,332,300</u>	<u>4,950,294</u>
Less:		
Amounts Unavailable for General Expenditures Within One Year, at Net Present Value, Due To:		
Restricted by Donors with Purpose Restrictions	1,939,041	1,720,610
Restricted by Donors with Timing Restrictions	<u>          --</u>	<u>          --</u>
Total Amounts Unavailable for General Expenditures Within One Year	<u>1,939,041</u>	<u>1,720,610</u>
Total Financial Assets Available to Management for General Expenditure Within One Year	<u>\$ 3,393,259</u>	<u>\$ 3,229,684</u>

The Organization's goal is generally to maintain financial assets to meet four to six months of supporting service expenses (approximately \$1.5 million) and one to two months of total expenses (approximately \$4 million). As part of its liquidity plan, the Organization has a line of credit for \$3,000,000 and has the ability to scale-back and reduce non-essential support services.

**NOTE 20 - NET ASSETS ADJUSTMENT**

The Organization has restated its previously issued financial statements for June 30, 2020. Based on information developed as a result of the current period's inquiry into the accounting for certain accounts, management has determined that a restatement of the June 30, 2020 financial statements is appropriate to correct accounting errors in the prior years. The changes were a result of (1) incorrect recognition of contributions revenue from donors and (2) incorrect recognition of investments and related activity.

<u>June 30, 2020</u>	<u>As Previously Stated</u>	<u>As Restated</u>	<u>Effect on Without Donor Restrictions Net Assets</u>	<u>Effect on With Donor Restrictions Net Assets</u>
Cash	\$ 953,627	\$ 959,532	\$ 5,905	--
Marketable Securities	--	176,079	<u>176,079</u>	<u>          --</u>
Net Adjustment from Restatement			181,984	--
Net Assets, as Previously Stated			<u>3,094,268</u>	<u>1,720,610</u>
<b>Net Assets, as Restated</b>			<u><b>\$ 3,276,252</b></u>	<u><b>\$ 1,720,610</b></u>

The opening balance net asset adjustment prior to June 30, 2020 totaled \$142,757.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**NOTE 21 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through April 18, 2022, which is the date the consolidated financial statements were available to be issued and determined no adjustments to the financial statements or additional disclosures are necessary.

**ANIMAL CARE AND CONTROL  
OF NEW YORK CITY, INC.  
DBA ANIMAL CARE CENTERS OF NYC  
AND AFFILIATE  
SUPPLEMENTARY SCHEDULES  
YEARS ENDED JUNE 30, 2021 AND 2020**

**INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION**

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

We have audited the consolidated financial statements of Animal Care and Control of New York City, Inc., DBA Animal Care Centers of NYC and Affiliate, (the "Organization") as of and for the year ended June 30, 2021, and have issued our report thereon dated April 18, 2022 which expressed an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities are presented for the purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Rosenberg + Manente PLLC*

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

April 18, 2022



**ANIMAL CARE AND CONTROL OF NEW YORK CITY, INC.**  
**DBA ANIMAL CARE CENTERS OF NYC**  
**SCHEDULE I: CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**AT JUNE 30, 2021**

	<b>ANIMAL CARE &amp; CONTROL OF NEW YORK CITY, INC.</b>	<b>1906 FLUSHING AVE LLC</b>	<b>ELIMINATIONS</b>	<b>TOTAL</b>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 1,520,025	\$ 853	\$ -	\$ 1,520,878
Restricted - Cash and Cash Equivalents	-	41,588,194	-	41,588,194
Marketable Securities	267,884	-	-	267,884
Accounts Receivable - The City of New York	3,467,642	-	-	3,467,642
Unconditional Promises to Give	5,378	-	-	5,378
Prepaid Expenses	231,714	-	-	231,714
Other Accounts Receivable	76,904	1,476	(7,862)	70,518
<b>TOTAL CURRENT ASSETS</b>	<b>5,569,547</b>	<b>41,590,523</b>	<b>(7,862)</b>	<b>47,152,208</b>
<b>FIXED ASSETS</b>				
Property and Equipment, Net	406,586	13,026,750	-	13,433,336
<b>TOTAL FIXED ASSETS</b>	<b>406,586</b>	<b>13,026,750</b>	<b>-</b>	<b>13,433,336</b>
<b>OTHER ASSETS</b>				
Construction in Progress	-	23,172,758	-	23,172,758
Loan Acquisition Costs, Net	-	2,927,045	-	2,927,045
Investment in Subsidiary	805,251	-	(805,251)	-
Deposits on Leased and Other Property	78,758	-	-	78,758
<b>TOTAL OTHER ASSETS</b>	<b>884,009</b>	<b>26,099,803</b>	<b>(805,251)</b>	<b>26,178,561</b>
<b>TOTAL ASSETS</b>	<b>\$ 6,860,142</b>	<b>\$ 80,717,076</b>	<b>\$ (813,113)</b>	<b>\$ 86,764,105</b>
<b>LIABILITIES, NET ASSETS AND MEMBER'S EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable	\$ 111,100	\$ -	\$ -	\$ 111,100
Accrued Expenses	53,220	3,385,411	(7,862)	3,430,769
Credit Cards	119,272	-	-	119,272
Accounts Payable - The City of New York	44,832	-	-	44,832
Salaries, Payroll Taxes and Benefits Payable	840,271	-	-	840,271
Vacation and Sick Time Accrual	362,411	-	-	362,411
Interest Payable	-	138,438	-	138,438
Deferred Rent Payable	126,181	-	-	126,181
Customer Deposits Payable	5,680	-	-	5,680
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,662,967</b>	<b>3,523,849</b>	<b>(7,862)</b>	<b>5,178,954</b>
<b>LONG-TERM LIABILITIES</b>				
Mortgage Payable	-	75,000,000	-	75,000,000
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>-</b>	<b>75,000,000</b>	<b>-</b>	<b>75,000,000</b>
<b>TOTAL LIABILITIES</b>	<b>1,662,967</b>	<b>78,523,849</b>	<b>(7,862)</b>	<b>80,178,954</b>
<b>NET ASSETS AND MEMBER'S EQUITY</b>				
Without Donor Restrictions	3,258,134	-	-	3,258,134
With Donor Restrictions	1,939,041	-	-	1,939,041
Member's Equity	-	2,193,227	(805,251)	1,387,976
<b>TOTAL NET ASSETS AND MEMBER'S EQUITY</b>	<b>5,197,175</b>	<b>2,193,227</b>	<b>(805,251)</b>	<b>6,585,151</b>
<b>TOTAL LIABILITIES, NET ASSETS AND MEMBER'S EQUITY</b>	<b>\$ 6,860,142</b>	<b>\$ 80,717,076</b>	<b>\$ (813,113)</b>	<b>\$ 86,764,105</b>

See Accompanying Notes to Consolidated Financial Statements

**ANIMAL CARE AND CONTROL OF NEW YORK CITY, INC.  
DBA ANIMAL CARE CENTERS OF NYC  
SCHEDULE II: CONSOLIDATING STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

	<b>ANIMAL CARE AND CONTROL OF NEW YORK CITY, INC.</b>	<b>1906 FLUSHING AVE LLC</b>	<b>ELIMINATIONS</b>	<b>TOTAL</b>
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>				
<b>Support from Operations:</b>				
Revenue - The City of New York	\$ 15,921,423	\$ -	\$ -	\$ 15,921,423
Shelter Revenue	429,155	-	-	429,155
Contributions	2,638,354	-	-	2,638,354
In-Kind Contributions	85,025	-	-	85,025
Benefit Plan Contributions	1,433,160	-	-	1,433,160
Donated Use of Facilities	1,177,834	-	-	1,177,834
Benefits and Special Events	239,790	-	-	239,790
Other Miscellaneous Income	143,498	29,993	-	173,491
Interest Income	-	681,849	-	681,849
Investment Income/(Loss)	6,326	-	-	6,326
Unrealized Gain/(Loss)	90,424	-	-	90,424
<b>TOTAL REVENUES, GAINS, AND OTHER SUPPORT</b>	<b>22,164,989</b>	<b>711,842</b>	<b>-</b>	<b>22,876,831</b>
<b>EXPENSES</b>				
Salaries	11,298,110	-	-	11,298,110
Payroll Taxes and Fringe Benefits	4,040,482	-	-	4,040,482
Vehicle Expenses	145,562	-	-	145,562
Communications	65,395	-	-	65,395
Depreciation	191,512	-	-	191,512
Facility Expenses	197,909	-	-	197,909
Human Resource	44,486	-	-	44,486
Insurance	553,997	-	-	553,997
Interest and Bank Charges	41,923	6,783	-	48,706
Supplies and Services, Medical	1,407,161	-	-	1,407,161
Occupancy	1,718,844	-	-	1,718,844
Other Expenses	17,783	79	-	17,862
Professional Fees	609,844	35,000	-	644,844
Special Events	23,350	-	-	23,350
Supplies and Services, Operations	328,629	-	-	328,629
Telecommunications	146,511	-	-	146,511
Technology and Equipment	240,079	-	-	240,079
First Alert Stipends	175,103	-	-	175,103
<b>TOTAL EXPENSES</b>	<b>21,246,680</b>	<b>41,862</b>	<b>-</b>	<b>21,288,542</b>
<b>CHANGE IN NET ASSETS</b>	<b>918,309</b>	<b>669,980</b>	<b>-</b>	<b>1,588,289</b>
<b>NET ASSETS AND MEMBER'S EQUITY,</b>				
<b>BEGINNING OF YEAR</b>	<b>4,096,882</b>	<b>1,523,247</b>	<b>(805,251)</b>	<b>4,814,878</b>
<b>Prior Year Net Asset Adjustment</b>	<b>181,984</b>	<b>-</b>	<b>-</b>	<b>181,984</b>
<b>ADJUSTED NET ASSETS AND MEMBER'S EQUITY,</b>				
<b>BEGINNING OF YEAR</b>	<b>4,278,866</b>	<b>1,523,247</b>	<b>(805,251)</b>	<b>4,996,862</b>
<b>NET ASSETS AND MEMBER'S EQUITY, END OF YEAR</b>	<b>\$ 5,197,175</b>	<b>\$ 2,193,227</b>	<b>\$ (805,251)</b>	<b>\$ 6,585,151</b>

See Accompanying Notes to Consolidated Financial Statements

**ANIMAL CARE AND CONTROL OF NEW YORK CITY, INC.**  
**DBA ANIMAL CARE CENTERS OF NYC**  
**SCHEDULE III: CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**AT JUNE 30, 2020**

	ANIMAL CARE & CONTROL OF NEW YORK CITY, INC.	1906 FLUSHING AVE LLC	ELIMINATIONS	TOTAL
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 959,287	\$ 245	\$ -	\$ 959,532
Restricted - Cash and Cash Equivalents	-	50,593,401	-	50,593,401
Marketable Securities	176,079	-	-	176,079
Accounts Receivable - The City of New York	3,672,147	-	-	3,672,147
Unconditional Promises to Give	1,245	-	-	1,245
Grants Receivable	108,639	-	-	108,639
Prepaid Expenses	168,919	-	-	168,919
Other Accounts Receivable	32,652	-	-	32,652
<b>TOTAL CURRENT ASSETS</b>	<b>5,118,968</b>	<b>50,593,646</b>	<b>-</b>	<b>55,712,614</b>
<b>FIXED ASSETS</b>				
Property and Equipment, Net	569,652	13,026,750	-	13,596,402
<b>TOTAL FIXED ASSETS</b>	<b>569,652</b>	<b>13,026,750</b>	<b>-</b>	<b>13,596,402</b>
<b>OTHER ASSETS</b>				
Construction in Progress	-	11,565,673	-	11,565,673
Loan Acquisition Costs, Net	-	2,927,045	-	2,927,045
Investment in Subsidiary	805,251	-	(805,251)	-
Deposits on Leased and Other Property	79,775	-	-	79,775
<b>TOTAL OTHER ASSETS</b>	<b>885,026</b>	<b>14,492,718</b>	<b>(805,251)</b>	<b>14,572,493</b>
<b>TOTAL ASSETS</b>	<b>\$ 6,573,646</b>	<b>\$ 78,113,114</b>	<b>\$ (805,251)</b>	<b>\$ 83,881,509</b>
<b>LIABILITIES, NET ASSETS AND MEMBER'S EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable	\$ 164,203	\$ -	\$ -	\$ 164,203
Accrued Expenses	123,328	1,451,429	-	1,574,757
Credit Cards Payable	55,039	-	-	55,039
Accounts Payable - The City of New York	44,622	-	-	44,622
Salaries, Payroll Taxes and Benefits Payable	625,523	-	-	625,523
Vacation and Sick Time Accrual	206,331	-	-	206,331
Interest Payable	-	138,438	-	138,438
Deferred Rent Payable	56,301	-	-	56,301
Line of Credit	976,014	-	-	976,014
Customer Deposits Payable	43,174	-	-	43,174
Other Liabilities	245	-	-	245
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,294,780</b>	<b>1,589,867</b>	<b>-</b>	<b>3,884,647</b>
<b>LONG-TERM LIABILITIES</b>				
Mortgage Payable	-	75,000,000	-	75,000,000
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>-</b>	<b>75,000,000</b>	<b>-</b>	<b>75,000,000</b>
<b>TOTAL LIABILITIES</b>	<b>2,294,780</b>	<b>76,589,867</b>	<b>-</b>	<b>78,884,647</b>
<b>NET ASSETS AND MEMBER'S EQUITY</b>				
Without Donor Restrictions	2,558,256	-	-	2,558,256
With Donor Restrictions	1,720,610	-	-	1,720,610
Member's Equity	-	1,523,247	(805,251)	717,996
<b>TOTAL NET ASSETS AND MEMBER'S EQUITY</b>	<b>4,278,866</b>	<b>1,523,247</b>	<b>(805,251)</b>	<b>4,996,862</b>
<b>TOTAL LIABILITIES, NET ASSETS AND MEMBER'S EQUITY</b>	<b>\$ 6,573,646</b>	<b>\$ 78,113,114</b>	<b>\$ (805,251)</b>	<b>\$ 83,881,509</b>

See Accompanying Notes to Consolidated Financial Statements

**ANIMAL CARE AND CONTROL OF NEW YORK CITY, INC.  
DBA ANIMAL CARE CENTERS OF NYC  
SCHEDULE IV: CONSOLIDATING STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

	ANIMAL CARE AND CONTROL OF NEW YORK CITY, INC.	1906 FLUSHING AVE LLC	ELIMINATIONS	TOTAL
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>				
<b>Support from Operations:</b>				
Revenue - The City of New York	\$ 18,400,953	\$ -	\$ -	\$ 18,400,953
Shelter Revenue	725,865	-	-	725,865
Contributions	3,140,786	-	-	3,140,786
In-Kind Contributions	115,341	-	-	115,341
Benefit Plan Contributions	1,316,080	-	-	1,316,080
Donated Use of Facilities	1,139,105	-	-	1,139,105
Benefits and Special Events	450,679	-	-	450,679
Other Miscellaneous Income	77,950	-	-	77,950
Investment Income	259	806,123	-	806,382
Investment Income/(Loss)	4,536	-	-	4,536
Unrealized Gain/(Loss)	(6,646)	-	-	(6,646)
<b>TOTAL REVENUES, GAINS, AND OTHER SUPPORT</b>	<b>25,364,908</b>	<b>806,123</b>	<b>-</b>	<b>26,171,031</b>
<b>EXPENSES</b>				
Salaries	12,749,444	-	-	12,749,444
Payroll Taxes and Fringe Benefits	4,118,291	-	-	4,118,291
Vehicle Expenses	299,311	-	-	299,311
Communications	158,503	-	-	158,503
Depreciation	167,528	-	-	167,528
Facility Expenses	317,355	-	-	317,355
Human Resource	54,058	-	-	54,058
Insurance	516,256	-	-	516,256
Interest and Bank Charges	70,994	23,605	-	94,599
Supplies and Services, Medical	1,725,969	-	-	1,725,969
Occupancy	1,700,212	72,549	-	1,772,761
Other Expenses	66,339	-	-	66,339
Professional Fees	514,720	-	-	514,720
Special Events	115,129	-	-	115,129
Supplies and Services, Operations	636,594	-	-	636,594
Telecommunications	157,783	-	-	157,783
Technology and Equipment	348,518	-	-	348,518
First Alert Stipends	184,838	-	-	184,838
Discount and Subsidized	69,269	-	-	69,269
Bad Debt	2,998	-	-	2,998
<b>TOTAL EXPENSES</b>	<b>23,974,109</b>	<b>96,154</b>	<b>-</b>	<b>24,070,263</b>
<b>CHANGE IN NET ASSETS</b>	<b>1,390,799</b>	<b>709,969</b>	<b>-</b>	<b>2,100,768</b>
<b>NET ASSETS AND MEMBER'S EQUITY, BEGINNING OF YEAR</b>	<b>2,888,067</b>	<b>813,278</b>	<b>(805,251)</b>	<b>2,896,094</b>
<b>NET ASSETS AND MEMBER'S EQUITY, END OF YEAR</b>	<b>\$ 4,278,866</b>	<b>\$ 1,523,247</b>	<b>\$ (805,251)</b>	<b>\$ 4,996,862</b>

See Accompanying Notes to Consolidated Financial Statements