ANIMAL CARE AND CONTROL
OF NEW YORK CITY, INC.

DBA ANIMAL CARE CENTERS OF NYC
AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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 (a limited liability company), which comprise the statement of consolidated financial position as of June 30, 2024, 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.

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, 2024, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Animal Care and Control of New York City, Inc. DBA Animal Care Centers of NYC and Affiliate and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Animal Care and Control of New York City, Inc. DBA Animal Care Centers of NYC and Affiliate's ability to continue as a going concern within one year after the date that consolidated financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

7600 Jericho Turnpike, Suite 400
Woodbury, NY 11797
P: 516-802-0100 • F: 516-364-9600

462 Seventh Ave,16th Fl
New York, NY 10018
P: 212-279-8430 • F: 212-279-8462

399 Knollwood Rd Suite 311
White Plains, NY 10603
P: 914-997-5180 • F: 914-997-5183

12 West 32nd Street, 10th Fl
New York, NY 10001
P: 212-563-2525 • F: 212-563-2885

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Animal Care and Control of New York City, Inc. DBA Animal Care Centers of NYC and Affiliate's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Animal Care and Control of New York City, Inc. DBA Animal Care Centers of NYC and Affiliate's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

The previously audited 2023 consolidated financial statements for Animal Care and Control of New York City, Inc. DBA Animal Care Centers of NYC and Affiliate were audited by Rosenberg & Manente, PLLC, who merged with Reid CPAs, LLP as of January 1, 2025, and whose report dated April 2, 2024 expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Reid CPAs, LLP

NSAMMCHew York, New York
April 3, 2025

ANIMAL CARE AND CONTROL OF NEW YORK CITY, INC.
DBA ANIMAL CARE CENTERS OF NYC AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
ASSETS		
Cash and Cash Equivalents	$ 2,886,786	$ 3,126,247
Restricted - Cash and Cash Equivalents	5,919,844	18,859,843
Marketable Securities	558,475	354,624
Accounts Receivable - The City of New York	3,799,730	1,774,531
Contributions Receivable	628,514	515,237
Other Accounts Receivable	106,748	46,172
Prepaid Expenses	496,390	682,989
Property and Equipment, Net	14,526,679	13,287,806
Construction in Progress	61,930,886	50,440,152
Loan Acquisition Costs, Net	2,909,407	2,909,407
Deposits on Leased and Other Property	78,758	78,758
Operating Lease Right of Use Assets	276,886	389,519
TOTAL ASSETS	**$ 94,119,103**	**$ 92,465,285**
LIABILITIES, NET ASSETS AND MEMBER'S EQUITY		
LIABILITIES		
Accounts Payable	$ 592,885	$ 58,584
Accrued Expenses	2,023,663	3,902,105
Credit Cards Payable	169,155	3,948
Accounts Payable - The City of New York	46,177	45,718
Salaries, Payroll Taxes and Benefits Payable	418,151	366,127
Vacation and Sick Time Accrual	491,827	379,661
Mortgage Interest Payable	131,980	163,112
Customer Deposits Payable	21,328	9,532
Mortgage Payable	72,494,647	73,775,015
Operating Lease Liability	276,886	390,319
TOTAL LIABILITIES	**76,666,699**	**79,094,121**
NET ASSETS AND MEMBER'S EQUITY		
Without Donor Restrictions	15,872,648	11,341,841
With Donor Restrictions	1,579,756	2,029,323
TOTAL NET ASSETS AND MEMBER'S EQUITY	**17,452,404**	**13,371,164**
TOTAL LIABILITIES, NET ASSETS AND MEMBER'S EQUITY	**$ 94,119,103**	**$ 92,465,285**

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
YEAR ENDED JUNE 30, 2024
(With Comparative Summarized Totals for the Year Ended June 30, 2023)

	JUNE 30, 2024			JUNE 30, 2023
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	TOTAL
REVENUES, GAINS, AND OTHER SUPPORT				
Support from Operations:				
Revenue - The City of New York	$ 25,625,923	$ -	$ 25,625,923	$ 23,239,718
Shelter Revenue	562,637	-	562,637	662,562
Contributions	1,274,223	1,670,549	2,944,772	3,512,225
In-Kind Contributions	603,491	-	603,491	259,330
Benefit Plan Contributions	1,445,593	-	1,445,593	1,303,227
Donated Use of Facilities and Utilities	1,383,130	-	1,383,130	1,306,891
Benefits and Special Events	329,283	-	329,283	230,538
Other Miscellaneous Income	88	-	88	446
Interest Income	173,452	-	173,452	328,239
Investment Income/(Loss)	8,476	-	8,476	5,639
Unrealized Gain/(Loss)	128,561	-	128,561	48,777
Total Revenues, Gains and Other Support Before the Release of Restricted Net Assets	**31,534,857**	**1,670,549**	**33,205,406**	**30,897,592**
Net Assets Released From Restrictions:				
Satisfaction of Time and Program Restrictions	2,120,116	(2,120,116)	-	-
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	**33,654,973**	**(449,567)**	**33,205,406**	**30,897,592**
EXPENSES				
Program Services:				
Health and Welfare of Animals	24,617,559	-	24,617,559	21,605,430
Total Program Service Expenses	**24,617,559**	**-**	**24,617,559**	**21,605,430**
Supporting Services:				
Management and General	3,948,024	-	3,948,024	3,260,410
Fundraising	558,583	-	558,583	630,078
Total Supporting Services	**4,506,607**	**-**	**4,506,607**	**3,890,488**
TOTAL EXPENSES	**29,124,166**	**-**	**29,124,166**	**25,495,918**
CHANGE IN NET ASSETS	**4,530,807**	**(449,567)**	**4,081,240**	**5,401,674**
NET ASSETS AND MEMBER'S EQUITY, BEGINNING OF YEAR	**11,341,841**	**2,029,323**	**13,371,164**	**7,969,490**
NET ASSETS AND MEMBER'S EQUITY, END OF YEAR	**$ 15,872,648**	**$ 1,579,756**	**$ 17,452,404**	**$ 13,371,164**

ANIMAL CARE AND CONTROL OF NEW YORK CITY, INC.
DBA ANIMAL CARE CENTERS OF NYC AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024
(With Comparative Summarized Totals for the Year Ended June 30, 2023)

	JUNE 30, 2024				JUNE 30, 2023
	Health and Welfare of Animals	**Management and General**	**Fundraising**	**Total**	**Total**
Salaries	$ 12,545,851	$ 1,795,622	$ 203,300	$ 14,544,773	$ 12,512,327
Payroll Taxes and Fringe Benefits	4,166,413	596,317	67,515	4,830,245	4,173,501
Total Personnel Service Expenses	**16,712,264**	**2,391,939**	**270,815**	**19,375,018**	**16,685,828**
Vehicle Expenses	449,697	32,590	-	482,287	834,213
Communications	3,709	56,768	38,152	98,629	75,521
Depreciation	97,738	13,989	1,584	113,311	151,553
Facility Expenses	531,351	76,050	8,610	616,011	689,700
Human Resource	12,173	56,150	-	68,323	85,903
Insurance	867,524	124,164	14,058	1,005,746	741,623
Interest and Bank Charges	-	75,090	-	75,090	47,106
Supplies and Services, Medical	2,360,609	-	-	2,360,609	2,021,754
Occupancy	1,548,741	55,583	6,293	1,610,617	1,568,832
Other Expenses	24,046	44,543	250	68,839	42,218
Professional Fees	-	823,001	77,337	900,338	572,958
Special Events	-	-	130,382	130,382	147,972
Supplies and Services, Operations	1,103,029	107,770	100	1,210,899	1,009,315
Telecommunications	224,818	15,825	2,560	243,203	170,253
Technology and Equipment	520,955	74,562	8,442	603,959	424,043
First Alert Stipends	160,905	-	-	160,905	225,650
Bad Debt	-	-	-	-	1,476
Total Expenses	**$ 24,617,559**	**$ 3,948,024**	**$ 558,583**	**$ 29,124,166**	**$ 25,495,918**

ANIMAL CARE AND CONTROL OF NEW YORK CITY, INC.
DBA ANIMAL CARE CENTERS OF NYC AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	$ 4,081,240	$ 5,401,674
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities		
Depreciation and Amortization	113,311	151,553
Amortization of Operating Lease Right of Use Assets	(800)	800
Decrease (Increase) in:		
Accounts Receivable - The City of New York	(2,025,199)	1,496,532
Contributions Receivable	(113,277)	(421,330)
Other Accounts Receivables	(60,576)	(30,690)
Prepaid Expenses	186,599	(453,093)
Increase (Decrease) in:		
Accounts Payable	534,302	(190,172)
Accrued Expenses	(1,878,443)	800,509
Credit Cards Payable	165,207	(224,566)
Accounts Payable - The City of New York	459	518
Salaries, Payroll Taxes and Benefits Payable	52,024	97,891
Vacation and Sick Time Accrual	112,166	530
Mortgage Interest Payable	(31,132)	24,674
Deferred Rent Payable	-	(95,863)
Customer Deposits Payable	11,796	(6,063)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**1,147,677**	**6,552,904**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,352,184)	(193,832)
Construction in Progress	(11,490,734)	(12,999,830)
(Gain)/Loss on Investments	(203,851)	(99,400)
NET CASH USED IN INVESTING ACTIVITIES	**(13,046,769)**	**(13,293,062)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Reduction in Mortgage Principal	(1,280,368)	(1,224,985)
NET CASH USED IN FINANCING ACTIVITIES	**(1,280,368)**	**(1,224,985)**
NET DECREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	**(13,179,460)**	**(7,965,143)**
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR	**21,986,090**	**29,951,233**
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	**$ 8,806,630**	**$ 21,986,090**
SUPPLEMENTAL DISCLOSURE:		
Interest Paid	$ 3,297,826	$ 3,267,125
Taxes Paid	$ -	$ -

See Accompanying Notes to Consolidated Financial Statements

NOTE 1 - NATURE AND PURPOSE OF ORGANIZATION

Established 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 City of New York and the NYC Department of Health and Mental Hygiene. Under this contract, ACC provides animal related services to over nine 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 2024 in Brooklyn, Manhattan and Staten Island, and a resource center in the Bronx and Queens, ACC provides shelter and care for over 20,000 animals every year, and thousands of additional animals throughout the city as part of our community outreach programs. In July 2024, ACC completed construction of a 50,000 square foot state of the art animal care center in the borough of Queens and is planning to operate a similar new facility in the Bronx by 2026. ACC's mission is premised on community engagement and collaboration as key tools in ending 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 is regarded as a national leader in animal welfare. ACC is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

The contract for services with the city of New York is ACC's primary source of funding for staff salaries and 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" or "Affiliate") is a limited liability company that owns property situated at 1906 Flushing Avenue in Ridgewood Queens, New York. In 2019, property development for a full-service animal care center began at the site and construction of a state-of-the-art animal care center was completed in July 2024. ACC leases the entire facility from 1906 Flushing LLC in accordance with the terms of the lease agreement.

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 consolidated 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 entities are referred to as the "Organization" hereafter. All significant intercompany transactions and balances have been eliminated in consolidation.

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 determines the fair values of its financial instruments valued on a recurring basis, which include municipal bonds and stock, based on inputs or assumptions that market participants would use in pricing an asset or a liability. The Organization categorizes its instruments using a valuation hierarchy for disclosure of the inputs used to measure fair value.

The Organization's financial instruments valued on a non-recurring basis are cash and cash equivalents, contributions receivable, and accounts receivable. The recorded values of cash and cash equivalents, contributions receivable, and accounts receivable approximate fair values based on their short-term and long-term nature.

Cash and Cash Equivalents

For purposes of the consolidated 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, 2024 and 2023, there was $5,919,844 and $18,859,843, respectively, in restricted cash for the property development of the new Queens Full Service Shelter.

Marketable Securities

Marketable securities are reported at fair value. Unrealized and realized gains and losses are included in the statement of activities. Investment expenses are netted against investment income (loss) in the state of activities.

Contributions Receivable and Allowance for Doubtful Accounts

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.

The Organization determines whether an allowance for doubtful accounts should be provided for contributions receivable. Such estimates are based on management's assessment of the aged basis of its sources, current economic conditions, subsequent receipts, historical information, and future forecast projected. Contributions receivable are written off against the allowance for doubtful accounts when all reasonable efforts have been exhausted. Based on management's assessment, they have concluded that realization losses on contribution balances outstanding at year-end will be immaterial. Management believes that no allowance for doubtful accounts was deemed necessary as of June 30, 2024 and 2023.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable and Allowance for Credit Losses

Accounts receivable consist of various shelter service fees. Accounts receivable are stated at the amount for services provided to customers for which the Organization has an unconditional right to payment. The Organization records accounts receivable net of an allowance for credit losses. This allowance for credit losses is estimated based on management's evaluation of the contracts/agreements involved and the financial condition of its clients. The factors management considers in their evaluation include, but are not limited to, client type, historical contract performance, historical collection and delinquency trends, client credit worthiness, general economic conditions and future forecasts expected. As of June 30, 2024 and 2023, management determined an allowance for credit losses was not necessary.

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.

Property and Equipment

It is the Organization's policy to capitalize property and equipment over $3,000; 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 releases net assets with donor restrictions to net assets without donor restrictions 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Construction in Progress

The costs incurred in association with constructing the new Queens Full Service Shelter are included in the consolidated statements of the financial position, 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 and depreciated according to the asset's useful life.

Leases

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which requires lease assets and liabilities to be recorded on the consolidated balance sheet. The Organization adopted this ASU and related amendments as of July 1, 2022 under the modified retrospective approach and elected certain practical expedients permitted under the transition guidance, including to retain the historical lease classification as well as relief from reviewing expired or existing contracts to determine if they contain leases. For leases subject to index or rate adjustments, the most current index or rate adjustments were included in the measurement of operating lease obligations at adoption.

For the years ended June 30, 2024 and 2023, the Organization recognized operating lease right-of–use assets of $276,886 and $389,519, respectively, operating lease liability, current of $120,000 and $80,000, respectively, and operating lease liability, noncurrent of $156,886 and $310,319, respectively. The Organization's accounting policies as a result of the adoption of this ASU are described below.

For any new or modified lease, the Organization, at the inception of the contract, determines whether a contract is or contains a lease. The Organization records right-of-use ("ROU") assets and lease obligations for its finance and operating leases, which are initially recognized based on the discounted future lease payments over the term of the lease. As the rate implicit in the Organization's leases is not easily determinable, the Organization's applicable incremental borrowing rate is used in calculating the present value of the sum of the lease payments.

Lease term is defined as the non-cancelable period of the lease plus any options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option. The Organization has elected not to recognize ROU asset and lease obligations for its short-term leases, which are defined as leases with an initial term of twelve months or less.

For a majority of all classes of underlying assets, the Organization has elected to not separate lease from non-lease components. For leases in which the lease and non-lease components have been combined, the variable lease expense includes expenses such as common area maintenance, utilities, and repairs and maintenance.

Net Assets

Net assets of the Organization, and changes therein, are classified and reported 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

(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 consolidated statements of activities as net assets released from restrictions. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. As of June 30, 2024 and 2023, the Organization did not have any donor-restricted contributions that were perpetual in nature.

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 the same year. Promises to give that stipulate conditions to be met before the contributions are made are not recorded until the conditions are met. For the years ended June 30, 2024 and 2023, there were no conditional contributions.

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 contributed 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 35,449 and 30,890 volunteer hours for the fiscal year ending June 30, 2024 and 2023, respectively.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

Advertising Costs

Advertising costs, including donated advertising, are generally charged to operations in the year incurred. For the years ended June 30, 2024 and 2023, total advertising costs were $41,598 and $12,590, 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.

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.

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 2021.

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 consolidated statement of activities. Management does not believe its consolidated financial statements include any uncertain tax positions.

Measure of Operations

The consolidated statements of activities report 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. For the years ending June 30, 2024 and 2023, the Organization’s nonoperating activities included interest, investment income/(losses) and unrealized gains/(losses). During the years ending June 30, 2024 and 2023, nonoperating activities totaled $310,489 and $382,655, respectively.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

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

Comparative Information

The consolidated financial statements include certain 2023 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, 2023 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 2023 financial statements from which the summarized information was derived.

Change in Accounting Principle – Credit Losses

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("ASU 2016-13" or "ASC 326"). ASU 2016-13 revises the accounting requirements related to the measurement of credit losses and requires measuring all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected. Since its original issuance in 2016, the FASB issued several additional ASUs, amending certain aspects of ASU 2016-13.

The Organization adopted the new accounting standard and all related amendments effective July 1, 2023. Adoption of ASU 2016-13 did not have a material effect on the Organization’s financial position or results of operations.

NOTE 3 - 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, 2024 and 2023, cash and cash equivalents exceeding federally insured limits totaled approximately $8,347,000 and $21,559,000, respectively.

The Organization maintains investment accounts with licensed brokers valued at $558,475, plus $31,519 in cash, as of June 30, 2024 and $354,624, plus $23,044 in cash, as of June 30, 2023. 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, 2024 and 2023, the contract with the City of New York accounted for more than 82% and 83% of the Organization’s revenues, respectively.

NOTE 4 - COMMITMENTS AND CONTINGENCIES

The contract with the City of New York is subject to audit by the City (See Note 12).

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 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 5 - FAIR VALUE MEASUREMENT

The following methods and assumptions were used by the Organization in estimating the fair value of other financial instruments, which consist of pooled investments and certificates of deposit. As defined in the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, Fair Value Measurements, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The Organization utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. The Organization primarily applies the market approach for recurring fair value measurements and endeavors to utilize the best available information.

FASB ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value and maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

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, 2024 and 2023. 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, 2024.

<u>Municipal Bonds</u>: Fair value estimates are based on observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

<u>Common Stock and Exchange-Traded Funds</u>: Valued at the closing price reported on the active market on which the individual securities are traded.

NOTE 5 - FAIR VALUE MEASUREMENT (CONTINUED)

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 Organization 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. All marketable securities are short-term in nature.

The following table sets forth by level, within the fair value hierarchy, the Organization's securities at fair value as of June 30, 2024:

	Level 1	Level 2	Level 3	Total Investment
Municipal Bonds	$ --	$ 112,831	$ --	$ 112,831
Exchange Traded	72,235	--	--	72,235
Mutual Funds	1,181	--	--	1,181
Common Stocks	372,228	--	--	372,228
Total	$ 445,644	$ 112,831	$ --	$ 558,475

The total cost of the securities listed in the above fair value hierarchy is $303,509. For the year ended June 30, 2024, the Organization reported $128,561 in unrealized gains.

The following table sets forth by level, within the fair value hierarchy, the Organization's securities at fair value as of June 30, 2023:

	Level 1	Level 2	Level 3	Total Investment
Municipal Bonds	$ --	$ 71,536	$ --	$ 71,536
Exchange Traded	4,647	--	--	4,647
Common Stocks	278,441	--	--	278,441
Total	$ 283,088	$ 71,536	$ --	$ 354,624

The total cost of the securities listed in the above fair value hierarchy is $228,219. For the year ended June 30, 2023, the Organization reported $48,777 in unrealized gains.

NOTE 6 - CONTRIBUTIONS AND ACCOUNTS RECEIVABLE

Receivables consist of shelter service fees, grants and contributions from the government, foundations, institutions, corporations, and individuals, including multi-year commitments that were discounted to net present value using a discount rate of approximately 4%. For the years ended June 30, 2024 and 2023, receivables consisted of the following:

	2024	2023
Amount Due In:		
Less Than One Year	$ 4,274,267	$ 2,147,330
One to Five Years	275,000	200,000
Total	4,549,267	2,347,330
Less: Discount to Present Value	14,275	11,390
Total Receivables, Net	$ 4,534,992	$ 2,335,940

NOTE 7 - PROPERTY AND EQUIPMENT, NET

At June 30, 2024 and 2023, property and equipment by major classification is summarized as follows:

	2024	2023
Land	$ 13,026,750	$ 13,026,750
Leasehold Improvements	407,055	382,554
Furniture and Fixtures	974,469	112,034
Machinery and Equipment	1,281,034	815,785
Vehicles	482,361	482,361
Software	78,327	78,327
	16,249,996	14,897,811
Accumulated Depreciation and Amortization	1,723,317	1,610,005
Property and Equipment, Net	$ 14,526,679	$ 13,287,806

Depreciation and amortization expense for the years ended June 30, 2024 and 2023 was $113,311 and $151,553, 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. Costs associated with the building of the Queens Full Service Shelter are recorded in construction in progress on the consolidated statement of financial position. Once the building is completed and operational, these costs will be reclassified to the appropriate asset class and depreciated according to the asset's useful life. As of June 30, 2024 and 2023, construction in progress totaled $61,930,886 and $50,440,152, respectively.

NOTE 8 - ACCRUED EXPENSES AND CREDIT CARDS PAYABLE

Accrued expenses include audit fees and construction expenses. At June 30, 2024 and 2023, accrued expenses aggregated $2,023,663 and $3,902,106, respectively.

At June 30, 2024 and 2023, the Organization had drawn down $169,155 and $3,948, respectively, on various open unsecured credit accounts.

NOTE 9 - 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 Secured Overnight Financing Rate (SOFR) rate plus 3.00%. The line is secured by substantially all of the Organization's assets. As of June 30, 2024 and 2023, the Organization had not drawn down on its available line of credit. This credit facility is due to mature in October 2024.

Subsequent to the date of the financial statements, the Organization renewed the line of credit. This credit facility is scheduled to mature in January 2026.

NOTE 10 - 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:

	Loan Amount	Monthly Interest	Interest Rate
Acquisition Loan	$ 12,233,503	$ 45,162	4.43%
Building Loan	33,882,687	125,084	4.43%
Project Loan	28,883,810	106,629	4.43%
Total Loans	$ 75,000,000	$ 276,875	

Interest on all three loans are due monthly at a rate of 4.43% until the completion of the project. The amortization, principal and interest, of $376,901 is payable monthly. The interest rate of 4.43% is in effect throughout the life of the loan, and all three property loans matured 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, 2025	$ 1,338,253
June 30, 2026	1,398,757
June 30, 2027	1,461,995
June 30, 2028	1,528,093
June 30, 2029	1,597,179
June 30, 2030 and Thereafter	65,170,370
Total Long-Term Debt	$ 72,494,647

As of June 30, 2024 and 2023, total interest of $16,584,377 and $13,511,502 had been capitalized to construction in progress.

NOTE 11 - 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, 2024 and 2023, management estimated the value of these items received to be $603,491 and $259,330, respectively.

NOTE 12 - 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 fulfilling 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 resource centers in Queens and the Bronx, respectively.

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 10). 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 in July 2024, the Organization ceased to utilize the Queens Resource Center that is currently provided by the City of New York. During the fiscal years ending June 30, 2024 and 2023, rental contributions for the Queens Animal Center provided by the City, which is included in the accompanying consolidated financial statements in revenue from the City of New York, totaled approximately $4,529,000 each year.

For the years ended June 30, 2024 and 2023, 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 and utilities in the amounts of approximately $1,136,000 and $972,000, 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, 2024 and 2023, the value of the utilities paid by the City on behalf of the Organization has been included in the consolidated statement of activities in donated use of facilities and utilities in the amounts of approximately $247,000 and $335,000, respectively.

For the years ended June 30, 2024 and 2023, benefit plan contributions and expenses made on behalf of the Organization totaled approximately $1,446,000 and $1,303,000, respectively. In addition to the above, for the years ended June 30, 2024 and 2023, revenue recognized under the City contract was approximately $21,097,000 and $18,711,000, respectively.

At June 30, 2024 and 2023, the Organization was due from the City approximately $3,800,000 and $1,775,000, respectively. At June 30, 2024 and 2023, the Organization owes the City under the current contract approximately $46,000 and $46,000, respectively, in interest.

NOTE 13 - LEASE COMMITMENTS AND RENTAL EXPENSE

The Organization leases office space and equipment. The Organization's lease costs recognized in the consolidated statement of functional expense consist of the following operating lease costs totaling $283,600 and $424,866, respectively. For the years ended June 30, 2024 and 2023 rentals (including amounts applicable to taxes, insurance, maintenance, other operating expenses and contingent rentals) under operating leases and other short-term rental arrangements were approximately $1,700,000 and $1,817,000, respectively.

NOTE 13 - LEASE COMMITMENTS AND RENTAL EXPENSE (CONTINUED)

The aggregate minimum annual lease rentals as of June 30, 2024 for the remaining contractual term of non-cancelable leases were as follows:

2025	$ 120,000
2026	122,400
2027	41,200
Total Undiscounted Lease Obligations	283,600
Less: Imputed Interest	6,714
Net Operating Lease Obligation	$ 276,886

The above represents minimum contractual obligation for non-cancelable leases with initial or remaining terms greater than twelve months.

Other lease information is as follows:

Operating Cash Flows from Operating Leases	$ 283,600
Assets Obtained in Exchange for Operating Lease Obligations	$ -
Weighted-Average Remaining Lease Term – Operating Leases	2.33
Weighted-Average Discount Rate – Operating Leases	3.30%

NOTE 14 - BAD DEBT

At June 30, 2024 and 2023, there was $- and $1,476 bad debt expense, respectively.

NOTE 15 - EMPLOYEE BENEFIT PLANS

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

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

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

The Organization’s participation in this plan for the fiscal year ended June 30, 2024 and 2023 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 Organization 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,

NOTE 15 - EMPLOYEE BENEFIT PLANS (CONTINUED)

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 2024 and 2023 is for the plan's year-end at June 30, 2023 and 2022, 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 Organization was not identified in its plan's 2023 Forms 5500 as providing more than 5% of total plan contributions.

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

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status 2024	Pension Protection Act Zone Status 2023	FIP/RP Status	Contributions of Organization 2024	Contributions of Organization 2023	Contributions of Organization 2022	Surcharge Imposed	Expiration Date of Collective-Bargaining Agreement
(1) CIRS	11-2001170	Green	Green	NA	$1.26m	$1.14m	$962k	No	NA*

(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, 2024 and 2023 were as follows:

	2024	2023
Group Life and Welfare Benefits	$ 24,963	$ 22,593
Administration Fees	161,126	140,695
	$ 186,089	$ 163,288

For the years ending June 30, 2024 and 2023, the Organization made no contributions to the 401(k) Savings Plan.

NOTE 16 - 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, 2024 and 2023.

	2024	2023
Undesignated	$ 15,872,648	$ 11,341,841

For the years ending June 30, 2024 and 2023, the undesignated amounts above include $9,918,513 and $6,751,080 in member equity from 1906 Flushing Avenue LLC, respectively.

NOTE 17 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following as of June 30, 2024:

Restriction Type	Beginning of Fiscal Year	Contributions	Released	End of Fiscal Year
Time and Purpose Restricted	$ 153,799	$ 379,300	($ 208,608)	$ 324,491
Time Restricted	484,636	50,833	(133,708)	401,761
Purpose Restricted	1,402,278	1,243,301	(1,777,800)	867,779
Less: Net Present Value Discount	(11,390)	(2,885)	--	(14,275)
Total	**$ 2,029,323**	**$ 1,670,549**	**($ 2,120,116)**	**$ 1,579,756**

Net assets with donor restrictions are restricted for the following as of June 30, 2023:

Restriction Type	Beginning of Fiscal Year	Contributions	Released	End of Fiscal Year
Time and Purpose Restricted	$ --	$ 159,600	($ 5,801)	$ 153,799
Time Restricted	--	484,636	--	484,636
Purpose Restricted	1,748,901	1,221,624	(1,568,247)	1,402,278
Less: Net Present Value Discount	--	(11,390)	--	(11,390)
Total	**$ 1,748,901**	**$ 1,854,470**	**($ 1,574,048)**	**$ 2,029,323**

Net assets with donor restrictions are available as follows:

	2024	2023
June 30, 2024	$ --	$ 1,840,713
June 30, 2025	1,319,030	96,154
June 30, 2026	168,270	92,456
June 30, 2027	92,456	--
	$ 1,579,756	$ 2,029,323

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

NOTE 18 - RELATED PARTIES

During the years ended June 30, 2024 and 2023, various members of the board of directors pledged donations totaling approximately $41,000 and $110,000, respectively.

On July 21, 2019, a lease agreement between ACC and 1906 Flushing was executed for the new Queens Full Service Shelter. Construction on the Queens Shelter was substantially completed and operational in July 2024. 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 10). 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 12).

For the years ended June 30, 2024 and 2023, ACC held an investment of approximately $805,000 in 1906 Flushing, a payable due to 1906 Flushing of approximately $269,000 and $17,000, respectively. During the years ended June 30, 2024 and 2023, ACC was reimbursed approximately $1,424,000 and $278,000, respectively, from 1906 Flushing for work performed in conjunction with the New Queens Service Shelter and ACC paid rent to 1906 Flushing of approximately $4,529,000 each year. Upon consolidation, these balances were eliminated.

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, 2024 and 2023 are as follows:

	2024	2023
Cash and Cash Equivalents	$ 8,806,630	$ 21,986,090
Marketable Securities	558,475	354,624
Receivables	4,534,992	2,335,940
Total Financial Assets Available	13,900,097	24,676,654
Less:		
Amounts Unavailable for General Expenditures Within One Year, at Net Present Value, Due To:		
Restricted Cash	5,919,844	18,859,843
Purpose Restricted by Donors	867,778	1,402,278
Time Restricted by Donor	260,725	288,610
Time and Purpose Restricted by Donors	324,491	153,799
Total Amounts Unavailable for General Expenditures Within One Year	7,372,838	20,704,530
Total Financial Assets Available to Management for General Expenditure Within One Year	$ 6,527,259	$ 3,972,124

The Organization’s goal is generally to maintain financial assets to meet four to six months of supporting service expenses (approximately $2.2 million) and one to two months of total expenses (approximately $2.4 million to $4.8 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 - SUBSEQUENT EVENTS

On January 20, 2025, President Donald Trump signed several executive orders pausing several federal funding streams while the Trump Administration evaluates whether covered government financial assistance aligns with the administration’s policy goals. The following week, the Office of Management and Budget (“OMB”) issued Memo M-25-13, which paused the obligation or disbursement of all federal financial assistance and other activities that may be implicated by the President’s executive orders. The issuance of Memo M-25-13 caused uncertainty with respect to what federal financial assistance is subject to a pause. Although the Organization does not receive funds directly from the federal government, their donors, including the City of New York, do receive federal financial assistance. Therefore, the Organization is concerned that their future funding by various donors may be affected by the pause in federal funding assistance. The Organization is closely monitoring the progress and determination of this pause and is working to minimize the potential impact on its operations. The extent of the impact of this federal funding pause on the Organization’s operational and financial performance will depend on certain developments, including the duration and final determination of the funding pause, and its impacts on the Organization’s donors and vendors, all of which at present, cannot be determined. Accordingly, the extent to which the federal funding pause may 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 federal funding pause.

NOTE 20 - SUBSEQUENT EVENTS (CONTINUED)

Management has evaluated subsequent events through April 3, 2025, which is the date the consolidated financial statements were available to be issued and determined no adjustments to the consolidated financial statements or additional disclosures are necessary.

ANIMAL CARE AND CONTROL
OF NEW YORK CITY, INC.

DBA ANIMAL CARE CENTERS OF NYC
AND AFFILIATE

SUPPLEMENARTY SCHEDULES
JUNE 30, 2024 AND 2023

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, 2024, and have issued our report thereon dated April 3, 2025, 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.

The previously audited 2023 consolidated financial statements for Animal Care and Control of New York City, Inc. OBA Animal Care Centers of NYC and Affiliate were audited by Rosenberg & Manente, PLLC, who merged with Reid CPAs, LLP as of January 1, 2025, and whose report dated April 2, 2024 expressed an unmodified opinion on those statements. In our opinion, the 2023 consolidating statement of financial position and consolidating statement of activities, which are presented for the purposes of additional analysis and are not a required part of the consolidated financial statements, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Reid CPAs, LLP

New York, NY
April 3, 2025

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, 2024

	ANIMAL CARE & CONTROL OF NEW YORK CITY, INC.	1906 FLUSHING AVE LLC	ELIMINATIONS	TOTAL
ASSETS				
ASSETS				
Cash and Cash Equivalents	$ 2,614,968	$ 271,818	$ -	$ 2,886,786
Restricted - Cash and Cash Equivalents	-	5,919,844	-	5,919,844
Marketable Securities	558,475	-	-	558,475
Accounts Receivable - The City of New York	3,799,730	-	-	3,799,730
Contributions Receivable	628,514	-	-	628,514
Other Accounts Receivable	106,748	269,052	(269,052)	106,748
Prepaid Expenses	496,390	-	-	496,390
Property and Equipment, Net	110,266	14,416,413	-	14,526,679
Construction in Progress	-	61,930,886	-	61,930,886
Loan Acquisition Costs, Net	-	2,909,407	-	2,909,407
Investment in Subsidiary	805,251	-	(805,251)	-
Deposits on Leased and Other Property	78,758	-	-	78,758
Operating Lease Right of Use Assets	276,886	-	-	276,886
TOTAL ASSETS	**$ 9,475,986**	**$ 85,717,420**	**$ (1,074,303)**	**$ 94,119,103**
LIABILITIES, NET ASSETS AND MEMBER'S EQUITY				
LIABILITIES				
Accounts Payable	$ 258,426	$ 334,459	$ -	$ 592,885
Accrued Expenses	328,270	1,964,445	(269,052)	2,023,663
Credit Cards Payable	101,030	68,125	-	169,155
Accounts Payable - The City of New York	46,177	-	-	46,177
Salaries, Payroll Taxes and Benefits Payable	418,151	-	-	418,151
Vacation and Sick Time Accrual	491,827	-	-	491,827
Mortgage Interest Payable	-	131,980	-	131,980
Customer Deposits Payable	21,328	-	-	21,328
Mortgage Payable	-	72,494,647	-	72,494,647
Operating Lease Liability	276,886	-	-	276,886
TOTAL LIABILITIES	**1,942,095**	**74,993,656**	**(269,052)**	**76,666,699**
NET ASSETS AND MEMBER'S EQUITY				
Without Donor Restrictions - Other	5,954,135	-	-	5,954,135
Without Donor Restrictions - Member's Equity	-	10,723,764	(805,251)	9,918,513
With Donor Restrictions	1,579,756	-	-	1,579,756
TOTAL NET ASSETS AND MEMBER'S EQUITY	**7,533,891**	**10,723,764**	**(805,251)**	**17,452,404**
TOTAL LIABILITIES, NET ASSETS AND MEMBER'S EQUITY	**$ 9,475,986**	**$ 85,717,420**	**(1,074,303)**	**$ 94,119,103**

ANIMAL CARE AND CONTROL OF NEW YORK CITY, INC.
DBA ANIMAL CARE CENTERS OF NYC
SCHEDULE II: CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

	ANIMAL CARE AND CONTROL OF NEW YORK CITY, INC.	1906 FLUSHING AVE LLC	ELIMINATIONS	TOTAL
REVENUES, GAINS, AND OTHER SUPPORT				
Support from Operations:				
Revenue - The City of New York	$ 25,625,923	$ -	$ -	$ 25,625,923
Shelter Revenue	562,637	-	-	562,637
Contributions	2,944,772	-	-	2,944,772
In-Kind Contributions	603,491	-	-	603,491
Benefit Plan Contributions	1,445,593	-	-	1,445,593
Donated Use of Facilities and Utilities	1,383,130	-	-	1,383,130
Benefits and Special Events	329,283	-	-	329,283
Rental Income	-	4,528,810	(4,528,810)	-
Other Miscellaneous Income	88	-	-	88
Developer Fee Income	1,423,515	-	(1,423,515)	-
Interest Income	98	173,354	-	173,452
Investment Income/(Loss)	8,476	-	-	8,476
Unrealized Gain/(Loss)	128,561	-	-	128,561
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	**34,455,567**	**4,702,164**	**(5,952,325)**	**33,205,406**
EXPENSES				
Salaries	14,544,773	-	-	14,544,773
Payroll Taxes and Fringe Benefits	4,830,245	-	-	4,830,245
Vehicle Expenses	482,287	-	-	482,287
Communications	98,629	-	-	98,629
Depreciation	113,311	-	-	113,311
Facility Expenses	616,011	-	-	616,011
Human Resource	68,323	-	-	68,323
Insurance	1,005,746	-	-	1,005,746
Interest and Bank Charges	63,160	11,930	-	75,090
Supplies and Services, Medical	2,360,609	-	-	2,360,609
Occupancy	6,139,427	-	(4,528,810)	1,610,617
Other Expenses	38,347	30,492	-	68,839
Professional Fees	845,338	55,000	-	900,338
Special Events	130,382	-	-	130,382
Supplies and Services, Operations	1,202,869	8,030	-	1,210,899
Telecommunications	237,439	5,764	-	243,203
Technology and Equipment	603,959	-	-	603,959
First Alert Stipends	160,905	-	-	160,905
Developer Fee Expense	-	1,423,515	(1,423,515)	-
TOTAL EXPENSES	**33,541,760**	**1,534,731**	**(5,952,325)**	**29,124,166**
CHANGE IN NET ASSETS	**913,807**	**3,167,433**	**-**	**4,081,240**
NET ASSETS AND MEMBER'S EQUITY, BEGINNING OF YEAR	**6,620,084**	**6,751,080**	**-**	**13,371,164**
NET ASSETS AND MEMBER'S EQUITY, END OF YEAR	**$ 7,533,891**	**$ 9,918,513**	**$ -**	**$ 17,452,404**

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, 2023

	ANIMAL CARE & CONTROL OF NEW YORK CITY, INC.	1906 FLUSHING AVE LLC	ELIMINATIONS	TOTAL
ASSETS				
ASSETS				
Cash and Cash Equivalents	$ 3,124,987	$ 1,260	$ -	$ 3,126,247
Restricted - Cash and Cash Equivalents	-	18,859,843	-	18,859,843
Marketable Securities	354,624	-	-	354,624
Accounts Receivable - The City of New York	1,774,531	-	-	1,774,531
Contributions Receivable	515,237	-	-	515,237
Other Accounts Receivable	46,172	17,116	(17,116)	46,172
Prepaid Expenses	682,989	-	-	682,989
Property and Equipment, Net	223,578	13,064,228	-	13,287,806
Construction in Progress	-	50,440,152	-	50,440,152
Loan Acquisition Costs, Net	-	2,909,407	-	2,909,407
Investment in Subsidiary	805,251	-	(805,251)	-
Deposits on Leased and Other Property	78,758	-	-	78,758
Operating Lease Right of Use Assets	389,519	-	-	389,519
TOTAL ASSETS	**$ 7,995,646**	**$ 85,292,006**	**$ (822,367)**	**$ 92,465,285**
LIABILITIES, NET ASSETS AND MEMBER'S EQUITY				
LIABILITIES				
Accounts Payable	$ 58,583	$ -	$ 1	$ 58,584
Accrued Expenses	121,674	3,797,548	(17,117)	3,902,105
Credit Cards Payable	3,948	-	-	3,948
Accounts Payable - The City of New York	45,718	-	-	45,718
Salaries, Payroll Taxes and Benefits Payable	366,127	-	-	366,127
Vacation and Sick Time Accrual	379,661	-	-	379,661
Mortgage Interest Payable	-	163,112	-	163,112
Customer Deposits Payable	9,532	-	-	9,532
Mortgage Payable	-	73,775,015	-	73,775,015
Operating Lease Liability	390,319	-	-	390,319
TOTAL LIABILITIES	**1,375,562**	**77,735,675**	**(17,116)**	**79,094,121**
NET ASSETS AND MEMBER'S EQUITY				
Without Donor Restrictions - Other	4,590,761	-	-	4,590,761
Without Donor Restrictions - Member's Equity	-	7,556,331	(805,251)	6,751,080
With Donor Restrictions	2,029,323	-	-	2,029,323
TOTAL NET ASSETS AND MEMBER'S EQUITY	**6,620,084**	**7,556,331**	**(805,251)**	**13,371,164**
TOTAL LIABILITIES, NET ASSETS AND MEMBER'S EQUITY	**$ 7,995,646**	**$ 85,292,006**	**(822,367)**	**$ 92,465,285**

ANIMAL CARE AND CONTROL OF NEW YORK CITY, INC.
DBA ANIMAL CARE CENTERS OF NYC
SCHEDULE IV: CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	ANIMAL CARE AND CONTROL OF NEW YORK CITY, INC.	1906 FLUSHING AVE LLC	ELIMINATIONS	TOTAL
REVENUES, GAINS, AND OTHER SUPPORT				
Support from Operations:				
Revenue - The City of New York	$ 23,239,718	$ -	$ -	$ 23,239,718
Shelter Revenue	662,562	-	-	662,562
Contributions	3,512,225	-	-	3,512,225
In-Kind Contributions	259,330	-	-	259,330
Benefit Plan Contributions	1,303,227	-	-	1,303,227
Donated Use of Facilities and Utilities	1,306,891	-	-	1,306,891
Benefits and Special Events	230,538	-	-	230,538
Rental Income	-	4,528,811	(4,528,811)	-
Other Miscellaneous Income	122,075	156,701	(278,330)	446
Interest Income	104	328,135	-	328,239
Investment Income/(Loss)	5,639	-	-	5,639
Unrealized Gain/(Loss)	48,777	-	-	48,777
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	**30,691,086**	**5,013,647**	**(4,807,141)**	**30,897,592**
EXPENSES				
Salaries	12,685,878	-	(173,551)	12,512,327
Payroll Taxes and Fringe Benefits	4,173,501	-	-	4,173,501
Vehicle Expenses	834,213	-	-	834,213
Communications	75,521	1,573	(1,573)	75,521
Depreciation	151,553	-	-	151,553
Facility Expenses	689,700	-	-	689,700
Human Resource	85,903	-	-	85,903
Insurance	741,623	-	-	741,623
Interest and Bank Charges	36,129	12,305	(1,328)	47,106
Supplies and Services, Medical	2,021,754	-	-	2,021,754
Occupancy	6,097,611	8,220	(4,536,999)	1,568,832
Other Expenses	32,903	10,526	(1,211)	42,218
Professional Fees	572,958	55,000	(55,000)	572,958
Special Events	147,972	-	-	147,972
Supplies and Services, Operations	1,009,315	37,479	(37,479)	1,009,315
Telecommunications	170,253	-	-	170,253
Technology and Equipment	424,043	-	-	424,043
First Alert Stipends	225,650	-	-	225,650
Bad Debt	-	1,476	-	1,476
TOTAL EXPENSES	**30,176,480**	**126,579**	**(4,807,141)**	**25,495,918**
CHANGE IN NET ASSETS	**514,606**	**4,887,068**	**-**	**5,401,674**
NET ASSETS AND MEMBER'S EQUITY, BEGINNING OF YEAR	**6,105,478**	**2,669,263**	**(805,251)**	**7,969,490**
NET ASSETS AND MEMBER'S EQUITY, END OF YEAR	**$ 6,620,084**	**$ 7,556,331**	**$ (805,251)**	**$ 13,371,164**