

ACCT Philly Board of Directors Response to recent public concerns

January 31, 2018

Hello Friends, Partners and Stakeholders,

Recently, there have been some concerns brought to the attention of the ACCT Board of Directors regarding ACCT Philly's fiscal and operational standing. We would like to take a moment to address those concerns and share with you our response to those concerns. Vincent Medley was hired by the Board of Directors after an exhaustive interview process of many qualified candidates. Vincent was chosen specifically for his commitment to best practices and modern shelter science, and the Board of Directors supports Vincent and his team as we work together towards striving to make ACCT the best that it can possibly be. Thankfully, large organizations that can provide financial assistance, best-practices advice, and other shelter programs are recognizing ACCT's recent progress and goal of success and have shown their support for our shelter. For example, ACCT has received the University of Wisconsin's veterinary fellowship for three years in a row. Likewise, the University of Pennsylvania continues to partner with ACCT to provide the equivalent of five veterinary positions - positions that the shelter cannot otherwise afford on its own. ACCT has also been recognized by PetSmart Charities and Best Friends Animal Society, who have both made the City of Philadelphia a priority for funding at a national level. This year, Vincent was fortunate enough to be invited to the annual PetSmart Charities Thought Leaders' Summit, where 31 industry executives across the U.S. were invited to share insight and input on the newest issues affecting animal shelters country-wide. These are just small steps towards a much greater goal of making ACCT and the City of Philadelphia a stand-out in the sheltering community, but nothing is possible without the support of our volunteers, rescue partners, and the greater community as a whole.

Lastly, the number one community concern is saving the maximum number of animals possible, as it should be. This is precisely why ACCT Philly, partnered with the PSPCA and PAWS to

create the Philadelphia No Kill Coalition. This collaboration is possible because ACCT Philly leadership made growing and cultivating these partnerships a priority.

The following is a response to questions raised from various sources regarding ACCT operations:

ACCT is over paying employees

ACCT Philly employees receive a salary, health insurance, vacation and sick leave. None of them receive any retirement funds, matching contributions or any other benefits. For our union employees, ACCT through the collective bargain process has negotiated a three-year contract which provides an annual 2% cost of living adjustment (COLA) for three years ending in 2019. Employees' salaries are on the lower end of the normal range for similar organizations if not lower. New employees' salaries since the current Executive Director was hired tend to be lower than what ACCT was previously paying due to not having seniority. Finally, ACCT is the employer of record, hence, no employees are under the employ of the City of Philadelphia.

990 Forms

The ACCT Philly 990 Form is prepared annually, in accordance with the rules and regulations governing 501(c)3 organizations by a certified accounting firm. Upon review of our website we have become aware that the manner we display our 990 Forms is challenging to follow. The documents occurs on two separate web pages on our site. Tax year 2011- 2013 on the Annual Report page and 2015 under Board and Staff page. Tax year 2014 (FY 2014-2015) has not been posted on either page. We will correct the necessary links and consolidate all reports to one page on the website shortly. The 2015 990 posted on the website is the most current and represents the 2015 – 2016 fiscal year. There is some confusion around the 2016 990; the fiscal year of ACCT is July-June. Historically, we seek a filing extension since we normally don't enter into an audit engagement until late fall. Subsequently, the 990 for FY 2016 – 2017 will be prepared by our accounting firm and will be filed sometime in March. Lastly regarding the Executive Director's salary. The amount listed on p.7 reflects W-2 wages, which for the calendar year 2015 and reflects

the period of Mr. Medley's employment. In Part VII, column (D) – W-2 wages are used for the year of the form, which in this case was 2015.

Financial Statement is not posted

ACCT Philly, historically, has never posted the annual financial statement as it is not an industry standard. The board of directors has been made aware of this request and will discuss on whether to post the audited financial statements going forward at the next meeting.

There is a difference on the form 990 because in this part, calendar year/W-2 wages are reported and the organization is on a fiscal year. There will always be a difference between the fiscal year salary and the W-2 wages if there is a change in salary.

ACCT Adoption Center

The ACCT Adoption Center is in the schematic design stage moving toward design development and then final design. We hope to go out to bid sometime this summer. The ACCT Adoption Center is in the design stage. The original \$1,000,000 was allocated as \$900,000 for building and approximately \$100,000 for offsite adoption support the intent of the grant is to leverage additional dollars. A number of stakeholders to include ACCT leadership the Managing Director's Office and City Council are working together to complete the funding. In order to meet the cost estimates. The City will reprogram capital improvement dollars from the 2017 kennel replacement project to leverage funding. New dollars for kennel replacement will be appropriated in the 2019-2025 Capital Plan with funds becoming available in January of 2019. A preliminary estimated cost, derived from the schematic design has the projected listed 1.3M. The design will be made public at the upcoming public event hosted by the Board on February 22nd.

ACCT Philly's budget for FY18 is just over \$5M \$4.2 million of which reflects the contract with the City of Philadelphia, which allows us to collect fees for services provided to ACCT Philly

customers, grant funding and monetary donations. The contract covers animal control activities like response to animal emergencies, bite cases, spaying and neutering programs and general enforcement of animal codes. ACCT Philly has employed a professional accounting firm for the past 5 years that specializes in accounting and financial management services for non-profit organizations. The firm manages the books for ACCT Philly's, in partnership with an ACCT Philly staff. A review of each month's financials and a forecasting of the budget for the remainder of the year is done by the contracted controller and the Executive Director monthly and the budget is presented to the board at the bi-monthly board meetings. The cost of medical supplies have decreased; however, the animal care staff represents 30% of all ACCT Philly employees, which is our largest group. Due to the generosity of the public and the support of our faithful donors, we receive blankets, toys, treats and other supplies that has contributed to lower costs. In addition to that we work with partners like UPenn, who provide students, veterinarians and medical supplies.

Public Meetings

In 2017, the ACCT Philly Board decided it wanted to engage the public better by closing the bi-monthly ACCT Board meetings starting at the end of that year and instead have bi-monthly public sessions, where members of the public could speak directly to board members and receive our full, undivided attention. The stakeholders that came raised great questions and noted areas for improvement needed, like fundraising. Almost all issues & questions presented fell under the realm of staff authority and not board authority. Because of this, the board decided in 2018 we would try something different- to instead hold four public sessions and change the venues so that while being open and available to our stakeholders, we are also raising money for the animals. Two of the sessions will be hosted by the board in different venues throughout the city where we can also raise funds for the mission. The first event is scheduled on February 22nd from 5-8PM at For Pete's Sake Pub, 900 South Front Street. This will be followed by a more formal annual meeting in March, and two more public meetings- locations and dates will be posted

on the website. Our goal is to share progress being made on strategic plan goals, lifesaving programs & operational performance. And as always, to obtain constructive feedback from the key stakeholders of ACCT Philly.

We are asking you to trust the process and the leadership that the Board of Directors has put into place to make ACCT the best it possibly can be. We all have one common goal: to save the lives of the animals of our city; to change the public perception of homeless animals; and to make Philadelphia a humane city for its animal population. We want to work together towards that goal, and we hope that you will join us in doing so.