

**STUDENT ADVOCACY, INC.**

**FINANCIAL STATEMENTS**

**December 31, 2017**

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**Independent Auditor's Report**

**The Board of Directors  
Student Advocacy, Inc.**

**Report on Financial Statements**

We have audited the accompanying financial statements of Student Advocacy, Inc. (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Student Advocacy, Inc. as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited Student Advocacy, Inc.'s December 31, 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 15, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in dark ink, appearing to read "Aud. J. [unclear], CPA PC".

Mount Kisco, New York  
March 13, 2018

STUDENT ADVOCACY, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2017

(With Summarized Comparative Information as of December 31, 2016)

|  | <u>2017</u>              | <u>2016</u>              |
|--|--------------------------|--------------------------|
| <b><u>ASSETS</u></b>                                   |                          |                          |
| <b>Current Assets:</b>                                 |                          |                          |
| Cash   | \$ 281,035               | \$ 356,228               |
| Investments (Note 3)                                   | 152,238                  | 150,800                  |
| Contracts and grants receivable (Note 4)               | 63,568                   | 55,283                   |
| Pledges receivable                                     | 28,249                   | 35,344                   |
| Prepaid expenses                                       | <u>4,106</u>             | <u>7,845</u>             |
| <b>Total Current Assets</b>                            | <b><u>529,196</u></b>    | <b><u>605,500</u></b>    |
| <b>Furniture, equipment and leasehold improvements</b> | <b>191,791</b>           | <b>156,491</b>           |
| <b>Accumulated depreciation</b>                        | <b><u>(157,303)</u></b>  | <b><u>(146,751)</u></b>  |
| <b>Net Fixed Assets</b>                                | <b><u>34,488</u></b>     | <b><u>9,740</u></b>      |
| <b>Other Assets:</b>                                   |                          |                          |
| Deposits   | <u>3,708</u>             | <u>3,708</u>             |
| <b>Total Assets</b>                                    | <b>\$ <u>567,392</u></b> | <b>\$ <u>618,948</u></b> |
| <b><u>LIABILITIES AND NET ASSETS</u></b>               |                          |                          |
| <b>Current Liabilities:</b>                            |                          |                          |
| Accounts and accrued expenses payable                  | \$ 14,170                | \$ 11,015                |
| Accrued wages and vacation payable                     | 30,762                   | 20,138                   |
| Scholarships payable (Note 8)                          | <u>18,300</u>            | <u>19,050</u>            |
| <b>Total Current Liabilities</b>                       | <b><u>63,232</u></b>     | <b><u>50,203</u></b>     |
| <b>Commitments and contingencies (Note 6)</b>          |                          |                          |
| <b>Net Assets:</b>                                     |                          |                          |
| Unrestricted   | 485,860                  | 549,695                  |
| Unrestricted – board designated                        | <u>18,300</u>            | <u>19,050</u>            |
| <b>Total Net Assets</b>                                | <b><u>504,160</u></b>    | <b><u>568,745</u></b>    |
| <b>Total Liabilities &amp; Net Assets</b>              | <b>\$ <u>567,392</u></b> | <b>\$ <u>618,948</u></b> |

The accompanying notes are an integral part of the financial statements.

**STUDENT ADVOCACY, INC.**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

**For the Year Ended December 31, 2017**

**(With Summarized Comparative Information For the Year Ended December 31, 2016)**

|  | <u>2017</u>              |                                   |                          | <u>2016</u>              |
|--|--------------------------|-----------------------------------|--------------------------|--------------------------|
|  | <u>Unrestricted</u>      | <u>Temporarily<br/>Restricted</u> | <u>Total</u>             | <u>Total</u>             |
| <b>Support:</b>  |                          |                                   |                          |                          |
| Westchester County Youth Bureau                                | \$                       | \$ 89,858                         | \$ 89,858                | \$ 90,000                |
| OPWDD  |                          | 37,033                            | 37,033                   | 35,740                   |
| Westchester County DCMH  |                          | 10,000                            | 10,000                   | 10,000                   |
| Program revenue  | 28,495                   |                                   | 28,495                   | 25,790                   |
| Contributions & fundraisers                                    | 474,767                  |                                   | 474,767                  | 536,464                  |
| Foundation contributions                                       | 266,000                  |                                   | 266,000                  | 179,250                  |
| Donated services (Note 7)                                      | 451                      |                                   | 451                      | 12,089                   |
| Interest income  | 2,245                    |                                   | 2,245                    | 2,059                    |
| <b>Net Assets released from restrictions:</b>                  |                          |                                   |                          |                          |
| Satisfaction of program restrictions                           | <u>136,891</u>           | <u>(136,891)</u>                  | <u>-</u>                 | <u>-</u>                 |
| <b>Total Support</b>   | <u>908,849</u>           | <u>          </u>                 | <u>908,849</u>           | <u>891,392</u>           |
| <b>Expenditures:</b>   |                          |                                   |                          |                          |
| Program expenses   | 688,877                  |                                   | 688,877                  | 639,716                  |
| Administrative expenses  | 84,874                   |                                   | 84,874                   | 66,426                   |
| Fundraising expenses   | <u>199,683</u>           | <u>          </u>                 | <u>199,683</u>           | <u>181,852</u>           |
| <b>Total Expenditures</b>                                      | <u>973,434</u>           | <u>          </u>                 | <u>973,434</u>           | <u>887,994</u>           |
| <b>Increase (decrease) in Net Assets</b>                       | <b>(64,585)</b>          |                                   | <b>(64,585)</b>          | <b>3,398</b>             |
| <b>Net Assets, beginning of year,<br/>as previously stated</b> | <b>549,695</b>           | <b>19,050</b>                     | <b>568,745</b>           | <b>565,347</b>           |
| <b>Reclassification of Net Assets (Note 12)</b>                | <u><b>19,050</b></u>     | <u><b>(19,050)</b></u>            | <u><b>-</b></u>          | <u><b>-</b></u>          |
| <b>Net Assets, end of year, restated</b>                       | <u><b>568,745</b></u>    | <u>          </u>                 | <u><b>568,745</b></u>    | <u><b>565,347</b></u>    |
| <b>Net Assets, end of year</b>                                 | <b>\$ <u>504,160</u></b> | <b>\$ <u>          </u></b>       | <b>\$ <u>504,160</u></b> | <b>\$ <u>568,745</u></b> |

The accompanying notes are an integral part of the financial statements.

**STUDENT ADVOCACY, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**For the Year Ended December 31, 2017**

**(With Summarized Comparative Information For the Year Ended December 31, 2016)**

|                                   | <b>2017</b>              |                              |                           |                          |                          |
|-----------------------------------|--------------------------|------------------------------|---------------------------|--------------------------|--------------------------|
|                                   | <b><u>Program</u></b>    | <b><u>Administrative</u></b> | <b><u>Fundraising</u></b> | <b><u>Total</u></b>      | <b>2016</b>              |
|                                   | <b><u>Expenses</u></b>   | <b><u>Expenses</u></b>       | <b><u>Expenses</u></b>    |                          | <b><u>Total</u></b>      |
| <b>Expenditures:</b>              |                          |                              |                           |                          |                          |
| Salaries                          | \$ 456,423               | \$ 42,559                    | \$ 130,830                | \$ 629,812               | \$ 553,694               |
| Payroll taxes & employee benefits | 49,976                   | 4,660                        | 14,325                    | 68,961                   | 64,507                   |
| Rent & utilities                  | 55,114                   | 5,016                        | 5,016                     | 65,146                   | 64,102                   |
| Fundraising events                |                          |                              | 40,345                    | 40,345                   | 37,576                   |
| Office expenses                   | 24,010                   | 886                          | 886                       | 25,782                   | 35,057                   |
| Consultants-other                 | 11,577                   | 4,558                        | 5,002                     | 21,137                   | 40,651                   |
| Scholarship awards                | 16,200                   |                              |                           | 16,200                   | 8,500                    |
| Bookkeeping fees                  |                          | 13,046                       |                           | 13,046                   | 11,858                   |
| Dues & subscriptions              | 11,663                   |                              |                           | 11,663                   | 1,538                    |
| Conference & workshop             | 11,637                   |                              |                           | 11,637                   | 5,300                    |
| Insurance                         | 9,249                    | 842                          | 842                       | 10,933                   | 8,268                    |
| Printing                          | 8,631                    | 786                          | 786                       | 10,203                   | 6,245                    |
| Auditing                          |                          | 10,096                       |                           | 10,096                   | 5,669                    |
| Equipment rental                  | 6,588                    | 600                          | 600                       | 7,788                    | 6,060                    |
| Travel                            | 6,031                    |                              |                           | 6,031                    | 7,378                    |
| Telephone                         | 3,678                    | 335                          | 335                       | 4,348                    | 4,908                    |
| Repairs & maintenance             | 3,477                    | 316                          | 316                       | 4,109                    | 5,493                    |
| Postage                           | 3,037                    | 276                          | 276                       | 3,589                    | 4,042                    |
| Miscellaneous                     | 1,296                    | 185                          | 124                       | 1,605                    | 2,632                    |
| Donated services (Note 7)         | 451                      |                              |                           | 451                      | 12,089                   |
| Depreciation                      | <u>9,839</u>             | <u>713</u>                   |                           | <u>10,552</u>            | <u>2,427</u>             |
| <b>Total Expenditures</b>         | <b>\$ <u>688,877</u></b> | <b>\$ <u>84,874</u></b>      | <b>\$ <u>199,683</u></b>  | <b>\$ <u>973,434</u></b> | <b>\$ <u>887,994</u></b> |

The accompanying notes are an integral part of the financial statements.

# STUDENT ADVOCACY, INC.

## STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2017  
(With Summarized Comparative Information For the Year Ended December 31, 2016)  
(Increase (Decrease) in Cash)

|   | <u>2017</u>       | <u>2016</u>       |
|---|-------------------|-------------------|
| <b>Cash flows from operating activities:</b>  |                   |                   |
| Increase (decrease) in Net Assets   | \$ (64,585)       | \$ 3,398          |
| Adjustments to reconcile increase (decrease) in Net Assets to net cash provided (used) by operating activities: |                   |                   |
| Depreciation  | 10,552            | 2,427             |
| (Increase) decrease in contracts and grants receivable  | (1,190)           | (2,967)           |
| (Increase) decrease in prepaid expenses   | 3,739             | 1,801             |
| (Increase) decrease in deposits   | -                 | (490)             |
| Increase (decrease) in accounts and accrued expenses payable  | 3,155             | 1,186             |
| Increase (decrease) in accrued wages and vacation payable   | 10,624            | 636               |
| Increase (decrease) in scholarships payable   | <u>(750)</u>      | <u>(18,000)</u>   |
| Net cash provided (used) by operating activities  | <u>(38,455)</u>   | <u>(12,009)</u>   |
| <b>Cash Flows from Investing Activities:</b>  |                   |                   |
| (Increase) decrease in investments  | (1,438)           | (150,800)         |
| Purchase of fixed assets  | <u>(35,300)</u>   | <u>(6,096)</u>    |
| Net cash provided (used) by investing activities  | <u>(36,738)</u>   | <u>(156,896)</u>  |
| Net increase (decrease) in cash   | (75,193)          | (168,905)         |
| Cash-beginning of year  | <u>356,228</u>    | <u>525,133</u>    |
| Cash-end of year  | \$ <u>281,035</u> | \$ <u>356,228</u> |

### Supplemental disclosure of cash flow information:

#### Cash paid during the year for:

|            |        |        |
|------------|--------|--------|
| Interest   | \$ -0- | \$ -0- |
| Income tax | \$ -0- | \$ -0- |

The accompanying notes are an integral part of the financial statements.



# **STUDENT ADVOCACY, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

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### **Note 1 – Description of Organization:**

**Student Advocacy, Inc. (the “Agency”) provides support services and technical information to the public at large and to parents, individuals and agencies who wish to assure children and youth access to appropriate education.**

### **Note 2 – Significant Accounting Policies:**

- a. The accompanying financial statements are prepared on the accrual basis of accounting. Support revenue is recognized when earned and expenses are recognized when incurred. Income from contributions is recognized when received.**
- b. The Agency considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.**
- c. The accompanying financial statements present information regarding the financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. Unrestricted net assets are not subject to donor stipulation restricting their use but may be designate for specific purposes by management. Temporarily restricted net assets are subject to donor stipulations that expire by the passage of time or can be fulfilled or removed by actions pursuant to the stipulations. Permanently restricted net assets are subject to donor stipulations requiring they be maintained permanently.**
- d. The breakdown of functional expenses into program, administrative and fundraising is as provided by management using their best estimates as to the appropriate allocation.**
- e. A substantial number of volunteers made significant contributions of their time to the Agency’s programs. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation.**
- f. Certain reclassifications may have been made to some prior year account balances in order to conform to current year presentation.**
- g. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.**

STUDENT ADVOCACY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

**Note 2 – Significant Accounting Policies (continued):**

- h. The Agency was formed under Section 402 of the Not-For-Profit Corporation Law of the State of New York and is exempt from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Agency adopted the provision pertaining to uncertain tax positions and has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. The Agency is generally no longer subject to income tax examinations by the applicable taxing jurisdictions for periods prior to 2015.

- i. Subsequent events have been evaluated through March 13, 2018 which is the date the financial statements were available to be issued.

**Note 3 – Investments:**

Investments are stated at fair market value. Unrealized gains or losses are reflected in the statement of activities.

The Agency adopted the provisions pertaining to fair value measurements and disclosures which offers framework consisting of a three tier hierarchy of inputs to be used in determining the fair market value of assets and liabilities. The following is a summary of the fair value hierarchy of inputs:

*Fair value measurements based on Level 1 inputs:* Includes quoted prices in active markets for identical assets or liabilities to which the company has access at the measurement date. *Fair value measurement based on Level 2 inputs:* Includes inputs other than quoted market prices that are directly or indirectly observable for the assets or liability, including quoted prices in an active market for similar assets or liabilities; quoted prices in a market that is not active for the same or similar assets or liabilities; inputs other than quoted market prices that are observable for the asset or liability. *Fair value measurements based on Level 3 inputs:* Includes unobservable inputs reflecting the assumptions that a market participant would use to price the asset or liability.

The following table provides the fair value hierarchy of the Agency's financial assets as of December 31, 2017:

| <u>Financial Assets</u> | <u>Level 1</u>    |
|-------------------------|-------------------|
| Certificates of Deposit | \$ <u>152,238</u> |

**STUDENT ADVOCACY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

**Note 4 – Contracts and Grants Receivable:**

As of December 31, 2017, receivables from contracts and grants include:

|                                 |                  |
|---------------------------------|------------------|
| Westchester County Youth Bureau | \$ 25,346        |
| OPWDD                           | 26,136           |
| Children's Village              | 8,000            |
| Family Services of Westchester  | 1,938            |
| Other receivables               | <u>2,148</u>     |
| Total                           | \$ <u>63,568</u> |

**Note 5 – Fixed Assets:**

Fixed assets are carried at cost, net of accumulated depreciation. These amounts do not purport to represent replacement or realized values. Depreciation is recorded using the straight-line method based on the useful lives of the assets, which is estimated to be 3-5 years. Leasehold improvements are amortized over the term of the applicable lease.

**Note 6 – Commitments and Contingencies:**

- a. Financial instruments that potentially subject the Agency to concentrations of credit risk consist principally of cash accounts in financial institutions, which from time to time exceed the federal depository insurance coverage limits.
- b. Pursuant to the Agency's contractual relationships with certain funding sources, outside agencies have the right to examine the books and records of the Agency involving transactions relating to these contracts. The accompanying financial statements made no provisions for possible disallowances. Although such possible disallowances could be substantial in amount, in the opinion of Management, any actual disallowances would be immaterial.
- c. The Agency leases office space at 3 West Main Street, Elmsford, New York. In July 2013, the Agency extended the original lease for an additional five years expiring on August 31, 2018. The Agency is also obligated under a lease for office equipment.

**STUDENT ADVOCACY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

**Note 6 – Commitments and Contingencies (continued):**

The minimum future lease payments for office space and equipment are as follows:

|       |                  |
|-------|------------------|
| 2018  | \$ 35,967        |
| 2019  | 6,324            |
| 2020  | 6,324            |
| 2021  | <u>6,324</u>     |
| Total | \$ <u>54,939</u> |

**Note 7 – In-Kind Contribution of Donated Services:**

The Agency acknowledges the fair market value of donated professional services of \$451 in 2017 and \$12,098 in 2016 as unrestricted support with a corresponding amount reported as program expenses.

**Note 8 – Scholarship Award Program:**

The Agency has recorded a liability for college scholarships promised in the amount of \$18,300 as of December 31, 2017. This amount is net of scholarship forfeitures by students who did not meet enrollment and other requirements.

**Note 9 – Tax Deferred Annuity Plan:**

The Agency maintains a section 403(b) retirement plan in which all contributions are made by employees. The Agency does not contribute to the plan.

**Note 10 – Restricted Funds:**

The Agency reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets released from restrictions. As of December 31, 2017, unrestricted funds of \$18,300 are designated by the board for college scholarships.

**STUDENT ADVOCACY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

**Note 11 – Summarized Comparative Totals:**

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with general accepted accounting principles. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

**Note 12 – Reclassification of Net Assets:**

A reclassification of net assets in the amount of \$18,300 has been made to reclassify temporarily restricted net assets to unrestricted net assets as these funds were deemed to be board restricted, not donor restricted.