

**STUDENT ADVOCACY, INC.**

**FINANCIAL STATEMENTS**

**December 31, 2018**

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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, 2018, 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, 2018, 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, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 13, 2018. As discussed in Note 12, Student Advocacy, Inc.'s has adopted Financial Accounting Standards Update No. 2016-14 and has adjusted the presentation of these statements accordingly. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink, appearing to read "CPA PC", is written over a horizontal line.

Mount Kisco, New York  
April 10, 2019

**STUDENT ADVOCACY, INC.**

**STATEMENT OF FINANCIAL POSITION**

**December 31, 2018**

**(With Summarized Comparative Information as of December 31, 2017)**

	<u><b>ASSETS</b></u>	
	<u><b>2018</b></u>	<u><b>2017</b></u>
<b>Current Assets:</b>		
Cash	\$ 427,519	\$ 281,035
Investments (Note 3)	103,172	152,238
Contracts and grants receivable (Note 5)	51,694	63,568
Pledges receivable	25,550	28,249
Prepaid expenses	<u>10,112</u>	<u>4,106</u>
<b>Total Current Assets</b>	<u><b>618,047</b></u>	<u><b>529,196</b></u>
<b>Furniture, equipment and leasehold improvements</b>	<b>191,791</b>	<b>191,791</b>
<b>Accumulated depreciation</b>	<u><b>(167,023)</b></u>	<u><b>(157,303)</b></u>
<b>Net Fixed Assets</b>	<u><b>24,768</b></u>	<u><b>34,488</b></u>
<b>Other Assets:</b>		
Deposits	<u>3,708</u>	<u>3,708</u>
<b>Total Assets</b>	<u><b>\$ 646,523</b></u>	<u><b>\$ 567,392</b></u>
 <u><b>LIABILITIES AND NET ASSETS</b></u>		
<b>Current Liabilities:</b>		
Accounts and accrued expenses payable	\$ 15,771	\$ 14,170
Accrued wages and vacation payable	25,741	30,762
Scholarships payable (Note 9)	<u>28,300</u>	<u>18,300</u>
<b>Total Current Liabilities</b>	<u><b>69,812</b></u>	<u><b>63,232</b></u>
<b>Commitments and contingencies (Note 7)</b>		
<b>Net Assets:</b>		
Without donor restrictions	576,711	504,160
With donor restrictions	<u>-</u>	<u>-</u>
<b>Total Net Assets</b>	<u><b>576,711</b></u>	<u><b>504,160</b></u>
<b>Total Liabilities &amp; Net Assets</b>	<u><b>\$ 646,523</b></u>	<u><b>\$ 567,392</b></u>

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, 2018**

**(With Summarized Comparative Information For the Year Ended December 31, 2017)**

	<b>2018</b>			<b>2017</b>
	<b><u>Without Donor</u></b>	<b><u>With Donor</u></b>	<b><u>Total</u></b>	<b><u>Total</u></b>
	<b><u>Restrictions</u></b>	<b><u>Restrictions</u></b>		
<b>Support:</b>				
Westchester County Youth Bureau	\$	\$ 136,000	\$ 136,000	\$ 89,858
OPWDD		38,963	38,963	37,033
Westchester County DCMH			-	10,000
Westchester County DSS		6,580	6,580	-
Program revenue	44,293		44,293	28,495
Contributions & fundraisers	745,092		745,092	474,767
Foundation contributions	115,000		115,000	266,000
Donated services (Note 8)	25,077		25,077	451
Investment return, net	2,807		2,807	2,245
<b>Net Assets released from restrictions:</b>				
Satisfaction of program restrictions	<u>181,543</u>	<u>(181,543)</u>	<u>-</u>	<u>-</u>
<b>Total Support</b>	<b><u>1,113,812</u></b>	<b><u>        </u></b>	<b><u>1,113,812</u></b>	<b><u>908,849</u></b>
<b>Expenditures:</b>				
Program expenses	748,515		748,515	688,877
Administrative expenses	81,836		81,836	84,874
Fundraising expenses	<u>210,910</u>	<u>        </u>	<u>210,910</u>	<u>199,683</u>
<b>Total Expenditures</b>	<b><u>1,041,261</u></b>	<b><u>        </u></b>	<b><u>1,041,261</u></b>	<b><u>973,434</u></b>
<b>Increase (decrease) in Net Assets</b>	<b>72,551</b>		<b>72,551</b>	<b>(64,585)</b>
<b>Net Assets, beginning 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>
<b>Net Assets, end of year</b>	<b>\$ <u>576,711</u></b>	<b>\$ <u>        </u></b>	<b>\$ <u>576,711</u></b>	<b>\$ <u>504,160</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, 2018

(With Summarized Comparative Information For the Year Ended December 31, 2017)

	2018				2017
	<u>Program Expenses</u>	<u>Administrative Expenses</u>	<u>Fundraising Expenses</u>	<u>Total</u>	<u>Total</u>
Salaries	\$ 478,639	\$ 42,100	\$ 130,106	\$ 650,845	\$ 629,812
Payroll taxes & employee benefits	61,559	5,415	16,733	83,707	68,961
Rent & utilities	56,105	5,107	5,107	66,319	65,146
Fundraising events			41,766	41,766	40,345
Office expenses	26,832	1,081	1,081	28,994	25,782
Donated services (Note 8)	25,077			25,077	451
Consultants-other	10,587	3,166	5,506	19,259	21,137
Dues & subscriptions	10,604		5,326	15,930	11,663
Scholarship awards	15,100			15,100	16,200
Bookkeeping fees		13,000		13,000	13,046
Insurance	8,645	787	787	10,219	10,933
Conference & workshop	9,178			9,178	11,637
Equipment rental	7,219	657	657	8,533	7,788
Auditing		7,800		7,800	10,096
Travel	7,781			7,781	6,031
Printing	6,103	555	555	7,213	10,203
Repairs & maintenance	5,534	503	504	6,541	4,109
Telephone	5,403	492	491	6,386	4,348
Postage	3,437	313	313	4,063	3,589
Miscellaneous	1,621	231	1,978	3,830	1,605
Depreciation	<u>9,091</u>	<u>629</u>		<u>9,720</u>	<u>10,552</u>
Total Expenditures	\$ <u>748,515</u>	\$ <u>81,836</u>	\$ <u>210,910</u>	\$ <u>1,041,261</u>	\$ <u>973,434</u>

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

**STUDENT ADVOCACY, INC.**

**STATEMENT OF CASH FLOWS**

**For the Year Ended December 31, 2018**  
**(With Summarized Comparative Information For the Year Ended December 31, 2017)**  
**(Increase (Decrease) in Cash)**

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	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities:</b>		
Increase (decrease) in Net Assets	\$ 72,551	\$ (64,585)
Adjustments to reconcile increase (decrease) in Net Assets to net cash provided (used) by operating activities:		
Depreciation	9,720	10,552
(Increase) decrease in contracts and grants receivable	11,874	(8,285)
(Increase) decrease in pledges receivable	2,699	7,095
(Increase) decrease in prepaid expenses	(6,006)	3,739
Increase (decrease) in accounts and accrued expenses payable	1,601	3,155
Increase (decrease) in accrued wages and vacation payable	(5,021)	10,624
Increase (decrease) in scholarships payable	<u>10,000</u>	<u>(750)</u>
Net cash provided (used) by operating activities	<u>97,418</u>	<u>(38,455)</u>
<b>Cash flows from investing activities:</b>		
(Increase) decrease in investments	49,066	(1,438)
Purchase of fixed assets	<u>-</u>	<u>(35,300)</u>
Net cash provided (used) by investing activities	<u>49,066</u>	<u>(36,738)</u>
Net increase (decrease) in cash	146,484	(75,193)
Cash-beginning of year	<u>281,035</u>	<u>356,228</u>
Cash-end of year	\$ <u>427,519</u>	\$ <u>281,035</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, 2018**

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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 in accordance with U.S. generally accepted accounting principles 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 two classes of net assets: without donor restrictions and with donor restrictions. Net assets without donor restrictions may be expended for any purpose in performing the primary objectives of the Agency and may be used at the discretion of management and the board of directors. Net assets with donor restrictions are subject to stipulations imposed by donors or grantors. Some restrictions are temporary in nature; those restrictions that will be met by the passage of time or accomplishing the purpose restriction. Other restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.**
- d. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, which are allocated on the basis of time and effort studies; and office and occupancy which are allocated on a square-footage basis.**
- 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.**

STUDENT ADVOCACY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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

- 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.
- 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 2016.

- i. Subsequent events have been evaluated through April 10, 2019 which is the date the financial statements were available to be issued.

**Note 3 – Investments:**

Investments are stated at fair market value. Realized and unrealized gains or losses are reflected within investment income (loss), net, 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.

STUDENT ADVOCACY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

**Note 3 – Investments (continued):**

The following table provides the fair value hierarchy of the Agency's financial assets as of December 31, 2018:

<u>Financial Assets</u>	<u>Level 1</u>
Certificates of Deposit	\$ <u>103,172</u>

**Note 4 – Liquidity and Availability:**

The Agency is substantially supported by contributions and grants and must maintain sufficient resources to meet those responsibilities to its donors. As part of the liquidity plan, the Agency has a policy to structure its financial assets to be available for its general expenditures, liabilities, and other obligations that come due and invests excess cash in investments and money market accounts.

The Organization has \$607,935 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure consisting of cash, investments and receivables. None of the financial assets are subject to donor restrictions that make them unavailable for general expenditures within one year of the statement of financial position.

**Note 5 – Contracts and Grants Receivable:**

As of December 31, 2018, receivables from contracts and grants include:

Westchester County Youth Bureau	\$ 37,668
Children's Village	8,000
OPWDD	3,798
Family Services of Westchester	<u>2,228</u>
Total	\$ <u>51,694</u>

**Note 6 – 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.

**STUDENT ADVOCACY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2018**

**Note 7 – 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 September 2018, the Agency extended the original lease for an additional three years expiring on August 31, 2021. The Agency is also obligated under a lease for office equipment.

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

2019	\$ 56,646
2020	57,428
2021	<u>40,741</u>
Total	\$ <u>154,815</u>

**Note 8 – In-Kind Contribution of Donated Services:**

The Agency acknowledges the fair market value of donated professional services of \$25,077 in 2018 and \$451 in 2017 as unrestricted support with a corresponding amount reported as program expenses.

**Note 9 – Scholarship Award Program:**

The Agency has recorded a liability for college scholarships promised in the amount of \$28,300 as of December 31, 2018. This amount is net of scholarship forfeitures by students who did not meet enrollment and other requirements.

**STUDENT ADVOCACY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2018**

**Note 10 – 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 11 – Net Assets:**

The Agency does not have net assets with donor restrictions or board designated net assets as of December 31, 2018.

**Note 12 – 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, 2017, from which the summarized information was derived.

As of December 31, 2018, the Agency has adopted Financial Accounting Standards Update No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. The Organization has adjusted the presentation of prior year summarized comparative information accordingly.