

STUDENT ADVOCACY, INC.

FINANCIAL STATEMENTS

December 31, 2019

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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, 2019, 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, 2019, 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, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 10, 2019.



Mount Kisco, New York
September 11, 2020

STUDENT ADVOCACY, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2019

(With Summarized Comparative Information as of December 31, 2018)

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 374,745	\$ 427,519
Investments (Note 3)	108,475	103,172
Contracts and grants receivable (Note 5)	110,077	51,694
Pledges receivable	24,754	25,550
Prepaid expenses	<u>7,623</u>	<u>10,112</u>
Total Current Assets	<u>625,674</u>	<u>618,047</u>
Furniture, equipment and leasehold improvements	191,791	191,791
Accumulated depreciation	<u>(175,107)</u>	<u>(167,023)</u>
Net Fixed Assets	<u>16,684</u>	<u>24,768</u>
Other Assets:		
Deposits	<u>3,708</u>	<u>3,708</u>
Total Assets	\$ <u>646,066</u>	\$ <u>646,523</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts and accrued expenses payable	\$ 13,338	\$ 15,771
Accrued wages and vacation payable	27,522	25,741
Scholarships payable (Note 9)	<u>33,100</u>	<u>28,300</u>
Total Current Liabilities	<u>73,960</u>	<u>69,812</u>
Commitments and contingencies (Note 7)		
Net Assets:		
Without donor restrictions	572,106	576,711
With donor restrictions	<u>-</u>	<u>-</u>
Total Net Assets	<u>572,106</u>	<u>576,711</u>
Total Liabilities & Net Assets	\$ <u>646,066</u>	\$ <u>646,523</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, 2019

(With Summarized Comparative Information For the Year Ended December 31, 2018)

	2019			2018 <u>Total</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
Support:				
Westchester County Youth Bureau	\$	\$ 135,935	\$ 135,935	\$ 136,000
OPWDD		37,998	37,998	38,963
Westchester County DSS			-	6,580
Program revenue	30,649		30,649	44,293
Contributions & fundraisers	839,245		839,245	860,092
Donated services (Note 8)	41,175		41,175	25,077
Investment return, net	3,551		3,551	2,807
Net Assets released from restrictions:				
Satisfaction of program restrictions	<u>173,933</u>	<u>(173,933)</u>	<u>-</u>	<u>-</u>
Total Support	<u>1,088,553</u>	<u> </u>	<u>1,088,553</u>	<u>1,113,812</u>
Expenditures:				
Program expenses	751,451		751,451	748,515
Administrative expenses	87,586		87,586	81,836
Fundraising expenses	<u>254,121</u>	<u> </u>	<u>254,121</u>	<u>210,910</u>
Total Expenditures	<u>1,093,158</u>	<u> </u>	<u>1,093,158</u>	<u>1,041,261</u>
Increase (decrease) in Net Assets	(4,605)		(4,605)	72,551
Net Assets, beginning of year	<u>576,711</u>	<u> </u>	<u>576,711</u>	<u>504,160</u>
Net Assets, end of year	\$ <u>572,106</u>	\$ <u> </u>	\$ <u>572,106</u>	\$ <u>576,711</u>

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

STUDENT ADVOCACY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2019

(With Summarized Comparative Information For the Year Ended December 31, 2018)

	2019				2018 Total
	Program Expenses	Administrative Expenses	Fundraising Expenses	Total	
Salaries	\$ 484,437	\$ 47,102	\$ 151,293	\$ 682,832	\$ 650,845
Payroll taxes & employee benefits	66,467	6,463	20,758	93,688	83,707
Rent & utilities	54,005	4,915	4,916	63,836	66,319
Fundraising events			44,749	44,749	41,766
Donated services (Note 8)	41,175			41,175	25,077
Consultants-other	12,072	2,876	17,801	32,749	19,259
Office expenses	22,929	1,328	1,329	25,586	28,994
Dues & subscriptions	11,500		4,788	16,288	15,930
Bookkeeping fees		13,075		13,075	13,000
Insurance	8,434	767	768	9,969	10,219
Scholarship awards	9,000			9,000	15,100
Equipment rental	6,951	633	633	8,217	8,533
Auditing		8,161		8,161	7,800
Printing	5,982	544	544	7,070	7,213
Travel	5,774			5,774	7,781
Bank charges			5,430	5,430	1,823
Repairs & maintenance	4,517	411	411	5,339	6,541
Telephone	3,964	361	361	4,686	6,386
Postage	2,584	235	235	3,054	4,063
Conference & workshop	3,030			3,030	9,178
Miscellaneous	1,104	157	105	1,366	2,007
Depreciation	<u>7,526</u>	<u>558</u>		<u>8,084</u>	<u>9,720</u>
Total Expenditures	\$ <u>751,451</u>	\$ <u>87,586</u>	\$ <u>254,121</u>	\$ <u>1,093,158</u>	\$ <u>1,041,261</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, 2019

(With Summarized Comparative Information for the Year Ended December 31, 2018)

(Increase (Decrease) in Cash)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Increase (decrease) in Net Assets	\$ (4,605)	\$ 72,551
Adjustments to reconcile increase (decrease) in Net Assets to net cash provided (used) by operating activities:		
Depreciation	8,084	9,720
(Increase) decrease in contracts and grants receivable	(58,383)	11,874
(Increase) decrease in pledges receivable	796	2,699
(Increase) decrease in prepaid expenses	2,489	(6,006)
Increase (decrease) in accounts and accrued expenses payable	(2,433)	1,601
Increase (decrease) in accrued wages and vacation payable	1,781	(5,021)
Increase (decrease) in scholarships payable	<u>4,800</u>	<u>10,000</u>
Net cash provided (used) by operating activities	<u>(47,471)</u>	<u>97,418</u>
Cash flows from investing activities:		
(Increase) decrease in investments	<u>(5,303)</u>	<u>49,066</u>
Net increase (decrease) in cash	(52,774)	146,484
Cash-beginning of year	<u>427,519</u>	<u>281,035</u>
Cash-end of year	\$ <u>374,745</u>	\$ <u>427,519</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, 2019

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, 2019

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 2017.

- i. Subsequent events have been evaluated through September 11, 2020 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 return, 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, 2019

Note 3 – Investments (continued):

The following table provides the fair value hierarchy of the Agency's financial assets as of December 31, 2019:

<u>Financial Assets</u>	<u>Level 1</u>
Certificates of Deposit	\$ 104,953
Stock	<u>3,522</u>
	\$ <u>108,475</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 Agency has \$618,052 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, 2019, receivables from contracts and grants include:

Westchester County Youth Bureau	\$ 71,281
OPWDD	22,796
Children's Village	<u>16,000</u>
Total	\$ <u>110,077</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, 2019

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:

2020	\$	57,428
2021		<u>40,741</u>
Total	\$	<u>98,169</u>

Note 8 – In-Kind Contribution of Donated Services:

The Agency acknowledges the fair market value of donated professional services of \$41,175 in 2019 and \$25,077 in 2018 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 \$33,100 as of December 31, 2019. 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, 2019

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, 2019.

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, 2018, from which the summarized information was derived.

Note 13 – Subsequent Event-COVID-19 Pandemic:

Management has evaluated subsequent events through September 11, 2020, the date the financial statements were available to be issued. The accompanying December 31, 2019 financial statements of the Agency do not include any adjustments related to the COVID-19 pandemic. The extent of the impact of COVID-19 on the Agency's operational and financial performance will depend on future developments, all of which are highly uncertain and cannot be predicted at this time.

On April 22, 2020, the Agency received a Paycheck Protection Program loan from the Small Business Administration in the amount of \$150,566. Repayment begins 6 months after funding and the loan may be eligible for forgiveness if certain conditions are met. The loan has a 2-year repayment requirement, carries a fixed interest rate of 1% and requires no collateral. On May 1, 2020, the Agency received an Economic Injury Disaster Loan advance from the Small Business Administration, in the amount of \$10,000, which may be eligible for forgiveness.