

STUDENT ADVOCACY, INC.

FINANCIAL STATEMENTS

December 31, 2020

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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, 2020, 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, 2020, 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, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 11, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

Mount Kisco, New York
September 28, 2021

STUDENT ADVOCACY, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2020

(With Summarized Comparative Information as of December 31, 2019)

	<u>ASSETS</u>	
	<u>2020</u>	<u>2019</u>
Current Assets:		
Cash	\$ 457,704	\$ 374,745
Investments (Note 3)	106,950	108,475
Contracts and grants receivable (Note 5)	138,728	110,077
Pledges receivable	53,530	24,754
Prepaid expenses	<u>23,680</u>	<u>7,623</u>
Total Current Assets	<u>780,592</u>	<u>625,674</u>
Furniture, equipment and leasehold improvements	191,791	191,791
Accumulated depreciation	<u>(182,735)</u>	<u>(175,107)</u>
Net Fixed Assets	<u>9,056</u>	<u>16,684</u>
Other Assets:		
Deposits	<u>3,708</u>	<u>3,708</u>
Total Assets	\$ <u>793,356</u>	\$ <u>646,066</u>
	<u>LIABILITIES AND NET ASSETS</u>	
Current Liabilities:		
Accounts and accrued expenses payable	\$ 12,075	\$ 13,338
Accrued wages and vacation payable	33,453	27,522
Scholarships payable (Note 10)	<u>30,100</u>	<u>33,100</u>
Total Current Liabilities	<u>75,628</u>	<u>73,960</u>
Commitments and contingencies (Note 7)		
Net Assets:		
Without donor restrictions	717,728	572,106
With donor restrictions	<u>-</u>	<u>-</u>
Total Net Assets	<u>717,728</u>	<u>572,106</u>
Total Liabilities & Net Assets	\$ <u>793,356</u>	\$ <u>646,066</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, 2020

(With Summarized Comparative Information for the Year Ended December 31, 2019)

	<u>2020</u>			<u>2019</u> <u>Total</u>
	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>	
Support:				
Westchester County Youth Bureau	\$	\$ 206,500	\$ 206,500	\$ 135,935
OPWDD		45,876	45,876	37,998
Small Business Administration grants		160,566	160,566	-
Contributions & fundraisers	731,942	18,225	750,167	839,245
Insurance settlement	47,500		47,500	-
Donated services (Note 9)	33,125		33,125	41,175
Program revenue	19,520		19,520	30,649
Investment return, net	2,972		2,972	3,551
Net Assets released from restrictions:				
Satisfaction of program restrictions	<u>431,167</u>	<u>(431,167)</u>	<u>-</u>	<u>-</u>
Total Support	<u>1,266,226</u>	<u> </u>	<u>1,266,226</u>	<u>1,088,553</u>
Expenditures:				
Program expenses	743,043		743,043	751,451
Administrative expenses	122,735		122,735	87,586
Fundraising expenses	<u>254,826</u>	<u> </u>	<u>254,826</u>	<u>254,121</u>
Total Expenditures	<u>1,120,604</u>	<u> </u>	<u>1,120,604</u>	<u>1,093,158</u>
Increase (decrease) in Net Assets	145,622		145,622	(4,605)
Net Assets, beginning of year	<u>572,106</u>	<u> </u>	<u>572,106</u>	<u>576,711</u>
Net Assets, end of year	\$ <u>717,728</u>	\$ <u> </u>	\$ <u>717,728</u>	\$ <u>572,106</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, 2020

(With Summarized Comparative Information for the Year Ended December 31, 2019)

	2020			Total	2019 Total
	Program Expenses	Administrative Expenses	Fundraising Expenses		
Salaries	\$ 484,871	\$ 74,220	\$ 164,089	\$ 723,180	\$ 682,832
Payroll taxes & employee benefits	77,101	11,802	26,092	114,995	93,688
Rent & utilities	52,739	4,800	4,800	62,339	63,836
Consultants-other	19,061	6,754	15,840	41,655	32,749
Donated services (Note 9)	33,125			33,125	41,175
Fundraising events			28,433	28,433	44,749
Office expenses	19,690	993	993	21,676	25,586
Dues & subscriptions	9,615		5,042	14,657	16,288
Insurance	10,362	943	943	12,248	9,969
Bookkeeping fees		12,000		12,000	13,075
Repairs & maintenance	9,225	840	840	10,905	5,339
Equipment rental	8,257	752	752	9,761	8,217
Auditing		8,198		8,198	8,161
Bank charges			6,352	6,352	5,430
Telephone	4,454	405	405	5,264	4,686
Conference & workshop	2,892			2,892	3,030
Postage	2,001	182	182	2,365	3,054
Scholarship awards	1,200			1,200	9,000
Travel	910			910	5,774
Printing	673	61	61	795	7,070
Miscellaneous	22	2	2	26	1,366
Depreciation	<u>6,845</u>	<u>783</u>		<u>7,628</u>	<u>8,084</u>
Total Expenditures	\$ <u>743,043</u>	\$ <u>122,735</u>	\$ <u>254,826</u>	\$ <u>1,120,604</u>	\$ <u>1,093,158</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, 2020

(With Summarized Comparative Information for the Year Ended December 31, 2019)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Increase (decrease) in Net Assets	\$ 145,622	\$ (4,605)
Adjustments to reconcile increase (decrease) in Net Assets to net cash provided (used) by operating activities:		
Depreciation	7,628	8,084
Donated stock	(3,498)	(3,522)
Realized and unrealized (gain) loss on investments	(1,997)	(1,781)
(Increase) decrease in contracts and grants receivable	(28,651)	(58,383)
(Increase) decrease in pledges receivable	(28,776)	796
(Increase) decrease in prepaid expenses	(16,057)	2,489
Increase (decrease) in accounts and accrued expenses payable	(1,263)	(2,433)
Increase (decrease) in accrued wages and vacation payable	5,931	1,781
Increase (decrease) in scholarships payable	<u>(3,000)</u>	<u>4,800</u>
Net cash provided (used) by operating activities	<u>75,939</u>	<u>(52,774)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	<u>7,020</u>	<u>-</u>
Net increase (decrease) in cash	82,959	(52,774)
Cash-beginning of year	<u>374,745</u>	<u>427,519</u>
Cash-end of year	\$ <u>457,704</u>	\$ <u>374,745</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, 2020

Note 1 – Description of Organization:

Student Advocacy, Inc. (the “Agency”) is a not-for-profit corporation that 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.
- b. The Agency considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.
- c. Investments are classified as held for investment and are stated at fair market value. Realized and unrealized gains or losses and investment income are reflected within investment return, net, in the statement of activities. Securities received as donations are recorded at fair market value and are generally sold immediately.
- d. 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.
- e. 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.
- 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, 2020

Note 2 – Significant Accounting Policies (continued):

- g. Income from unconditional contributions is recognized when received or pledged. Contract and grant revenue is recognized when the conditions are fulfilled and when the contract and grant expenses are incurred. The Agency accounted for its Paycheck Protection Program loan in accordance with FASB ASC 958-605, Not-for-Profit Entities: Revenue Recognition as a conditional contribution, see Note 8. Contracts and grants receivable and pledges receivable are stated at the amount that management expects to collect, therefore no allowance for doubtful accounts has been deemed necessary.

Program service revenue is reported at the amount that reflects the consideration to which the Agency expects to be entitled in exchange for providing services.

- h. 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.
- i. 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.
- j. 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 2018.

- k. Subsequent events have been evaluated through September 28, 2021 which is the date the financial statements were available to be issued.

STUDENT ADVOCACY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

Note 3 – Fair Value Measurements:

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, 2020:

<u>Financial Assets</u>	<u>Level 2</u>
Certificates of Deposit	\$ 106,950

Certificates of deposit are valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit worthiness of the issuer.

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 \$756,912 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.

STUDENT ADVOCACY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

Note 4 – Liquidity and Availability (continued):

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. In addition, the Agency has subsequently received \$153,977 from a second Paycheck Protection Program loan, see Note 15.

Note 5 – Contracts and Grants Receivable:

As of December 31, 2020, receivables from contracts and grants include:

Westchester County Youth Bureau	\$ 106,516
OPWDD	24,212
Children’s Village	<u>8,000</u>
Total	\$ <u>138,728</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.

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.

STUDENT ADVOCACY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

Note 7 – Commitments and Contingencies(continued):

- c. The Agency is obligated under lease agreements for its administrative office and for office equipment. The minimum future lease payments for office space and equipment are as follows:

2021	\$ 59,236
2022	58,715
2023	59,054
2024	60,078
2025	61,122
Thereafter	<u>56,283</u>
Total	\$ <u>354,488</u>

Note 8 – Government Support:

During 2020, Westchester County Youth Bureau contributed \$206,500 to the Agency for its youth development programs. The Agency’s management represents that the funds were spent in compliance with the agreement and did not replace funds previously provided from another source nor contributed to any surplus.

On April 21, 2020, the Agency received a Paycheck Protection Program loan (“loan”) from TD Bank in the amount of \$150,566, which was guaranteed by the Small Business Administration under the CARES Act. The loan funds were used for payroll, employee benefits, and other qualified expenses during the covered period in 2020. In as much as the Agency met all the requirements of the loan agreement, the Agency recorded the forgiveness of the loan as grant income as of December 31, 2020. The Agency received full forgiveness of the loan from the Small Business Administration on August 27, 2021.

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 was recorded as a grant.

Note 9 – In-Kind Contribution of Donated Services:

The Agency acknowledges the fair market value of donated professional services of \$33,125 in 2020 and \$41,175 in 2019 as unrestricted support with a corresponding amount reported as program expenses.

STUDENT ADVOCACY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

Note 10 – Scholarship Award Program:

The Agency has recorded a liability for college scholarships promised in the amount of \$30,100 as of December 31, 2020. This amount is net of scholarship forfeitures by students who did not meet enrollment and other requirements.

Note 11 – 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 12 – Net Assets:

Restricted support is recorded as an increase in net assets with donor restrictions. When the restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are classified to net assets without donor restrictions and reported on the *statement of activities* as net assets released from restrictions. The Agency does not have net assets with donor restrictions as of December 31, 2020.

Note 13 – 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, 2019, from which the summarized information was derived.

Note 14 – COVID-19 Pandemic:

The accompanying December 31, 2020 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.

STUDENT ADVOCACY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

Note 15 – Subsequent Event:

On February 28, 2021, the Agency received a second Paycheck Protection Program loan in the amount of \$153,977, which was guaranteed by the Small Business Administration under the CARES Act. The intent of the loan is to be used for payroll, employee benefits and other qualified expenses. The Agency intends to submit an application for forgiveness of the debt to the lender in 2021. The Agency is obligated to repay any amount not forgiven. The loan has a 5-year repayment requirement, carries a fixed interest rate of 1% and requires no collateral.