

STUDENT ADVOCACY, INC.

FINANCIAL STATEMENTS

December 31, 2021

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Independent Auditor's Report

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

Opinion

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, 2021, 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.

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, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Student Advocacy and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Student Advocacy Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.**
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.**
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.**
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.**
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.**

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Student Advocacy Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 28, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Mount Kisco, New York
October 26, 2022

STUDENT ADVOCACY, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2021

(With Summarized Comparative Information as of December 31, 2020)

	<u>ASSETS</u>	
	<u>2021</u>	<u>2020</u>
Current Assets:		
Cash	\$ 929,762	\$ 457,704
Investments (Note 3)	108,805	106,950
Contracts and accounts receivable (Note 5)	115,398	138,728
Pledges receivable	42,762	53,530
Prepaid expenses	<u>23,708</u>	<u>23,680</u>
Total Current Assets	<u>1,220,435</u>	<u>780,592</u>
Furniture, equipment and leasehold improvements	191,791	191,791
Accumulated depreciation	<u>(190,282)</u>	<u>(182,735)</u>
Net Fixed Assets	<u>1,509</u>	<u>9,056</u>
Other Assets:		
Deposits	<u>3,708</u>	<u>3,708</u>
Total Assets	<u>\$ 1,225,652</u>	<u>\$ 793,356</u>
	<u>LIABILITIES AND NET ASSETS</u>	
Current Liabilities:		
Accounts and accrued expenses payable	\$ 20,794	\$ 12,075
Accrued wages and vacation payable	46,918	33,453
Scholarships payable (Note 10)	<u>23,300</u>	<u>30,100</u>
Total Current Liabilities	<u>91,012</u>	<u>75,628</u>
Commitments and contingencies (Note 7)		
Net Assets:		
Without donor restrictions	1,034,640	717,728
With donor restrictions	<u>100,000</u>	<u>-</u>
Total Net Assets	<u>1,134,640</u>	<u>717,728</u>
Total Liabilities & Net Assets	<u>\$ 1,225,652</u>	<u>\$ 793,356</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, 2021

(With Summarized Comparative Information For the Year Ended December 31, 2020)

	<u>2021</u>			<u>2020</u>
	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>		
Support:				
Westchester County Youth Bureau	\$	\$ 202,027	\$ 202,027	\$ 206,500
OPWDD		30,692	30,692	45,876
Small Business Administration grants		153,977	153,977	160,566
Contributions & fundraisers	875,737	108,000	983,737	750,167
Insurance settlement			-	47,500
Donated services and rent (Note 9)	25,706		25,706	33,125
Program revenue	24,296		24,296	19,520
Investment return, net	2,471		2,471	2,972
Net Assets released from restrictions:				
Satisfaction of program restrictions	<u>394,696</u>	<u>(394,696)</u>	<u>-</u>	<u>-</u>
Total Support	<u>1,322,906</u>	<u>100,000</u>	<u>1,422,906</u>	<u>1,266,226</u>
Expenditures:				
Program expenses	601,439		601,439	743,043
Administrative expenses	167,136		167,136	122,735
Fundraising expenses	<u>237,419</u>		<u>237,419</u>	<u>254,826</u>
Total Expenditures	<u>1,005,994</u>		<u>1,005,994</u>	<u>1,120,604</u>
Increase (decrease) in Net Assets	316,912	100,000	416,912	145,622
Net Assets, beginning of year	<u>717,728</u>		<u>717,728</u>	<u>572,106</u>
Net Assets, end of year	<u>\$ 1,034,640</u>	<u>\$ 100,000</u>	<u>\$ 1,134,640</u>	<u>\$ 717,728</u>

The accompanying notes and independent auditor's report are an integral part of the financial statements.

STUDENT ADVOCACY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2021

(With Summarized Comparative Information for the Year Ended December 31, 2020)

	2021				2020 Total
	Program Expenses	Administrative Expenses	Fundraising Expenses	Total	
Salaries	\$ 404,352	\$ 92,378	\$ 131,116	\$ 627,846	\$ 723,180
Payroll taxes & employee benefits	63,694	14,552	20,654	98,900	114,995
Rent & utilities (Note 9)	50,576	4,603	4,603	59,782	62,339
Fundraising events			54,607	54,607	28,433
Bookkeeping fees		26,285		26,285	12,000
Dues & subscriptions	15,494		5,326	20,820	14,657
Consultants-other	4,319	148	12,315	16,782	41,655
Donated services (Note 9)		12,800		12,800	33,125
Insurance	13,124	1,195	1,195	15,514	12,248
Office expenses	12,732	703	703	14,138	21,676
Equipment rental	10,489	955	955	12,399	9,761
Auditing		10,814		10,814	8,198
Repairs & maintenance	7,760	706	706	9,172	10,905
Bank charges			4,352	4,352	6,352
Printing	3,498	318	318	4,134	795
Telephone	2,284	208	208	2,700	5,264
Postage	1,945	177	177	2,299	2,365
Miscellaneous	1,910	184	184	2,278	936
Scholarship awards	1,800			1,800	1,200
Conference & workshop	1,025			1,025	2,892
Depreciation	<u>6,437</u>	<u>1,110</u>		<u>7,547</u>	<u>7,628</u>
Total Expenditures	\$ <u>601,439</u>	\$ <u>167,136</u>	\$ <u>237,419</u>	\$ <u>1,005,994</u>	\$ <u>1,120,604</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, 2021

(With Summarized Comparative Information for the Year Ended December 31, 2020)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Increase (decrease) in Net Assets	\$ 416,912	\$ 145,622
Adjustments to reconcile increase (decrease) in Net Assets to net cash provided (used) by operating activities:		
Depreciation	7,547	7,628
Donated stock	-	(3,498)
Realized and unrealized (gain) loss on investments	-	(1,997)
(Increase) decrease in contracts and grants receivable	23,330	(28,651)
(Increase) decrease in pledges receivable	10,768	(28,776)
(Increase) decrease in prepaid expenses	(28)	(16,057)
Increase (decrease) in accounts and accrued expenses payable	8,719	(1,263)
Increase (decrease) in accrued wages and vacation payable	13,465	5,931
Increase (decrease) in scholarships payable	<u>(6,800)</u>	<u>(3,000)</u>
Net cash provided (used) by operating activities	<u>473,913</u>	<u>75,939</u>
Cash flows from investing activities:		
Purchase of investments	(1,855)	-
Proceeds from sale of investments	<u>-</u>	<u>7,020</u>
Net cash provided (used) by investing activities	<u>(1,855)</u>	<u>7,020</u>
Net increase (decrease) in cash	472,058	82,959
Cash-beginning of year	<u>457,704</u>	<u>374,745</u>
Cash-end of year	\$ <u>929,762</u>	\$ <u>457,704</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, 2021

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 have 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, 2021

Note 2 – Significant Accounting Policies (continued):

- g. Board members and volunteers made significant contributions of their time to the Agency. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation.**
- h. Income from unconditional contributions is recognized when received or pledged. Contract and grant revenue is recognized in accordance with FASB ASC 958-605, Not-for-Profit Entities: Revenue Recognition when the conditions are fulfilled and when the contract and grant expenses are incurred.**
- i. Program revenue is recognized in accordance with Accounting Standards Update (“ASU”) 2014-09 *Revenue from Contracts with Customers* (Topic 606) at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services. Contracts and accounts receivable are stated at the amount that management expects to collect, therefore no allowance for doubtful accounts has been deemed necessary.**
- j. 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.**
- k. 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 2019.

- l. Subsequent events have been evaluated through October 26, 2022 which is the date the financial statements were available to be issued.**

STUDENT ADVOCACY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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, 2021:

<u>Financial Assets</u>	<u>Level 2</u>
Certificates of Deposit	\$ <u>108,805</u>

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 \$1,196,727 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. Financial assets of \$100,000 are subject to donor restrictions that make them unavailable for general expenditures within one year of the statement of financial position.

STUDENT ADVOCACY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Note 5 – Contracts and Accounts Receivable:

As of December 31, 2021, receivables from contracts and grants include:

Westchester County Youth Bureau	\$ 101,405
OPWDD	5,993
Children’s Village	<u>8,000</u>
Total	\$ <u>115,398</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.
- 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:

2023	\$ 58,715
2024	59,054
2025	60,078
2026	61,122
Thereafter	<u>56,283</u>
Total	\$ <u>295,252</u>

STUDENT ADVOCACY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Note 8 – Government Support:

During 2021, Westchester County Youth Bureau contributed \$ 202,027 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 February 28, 2021, the Agency received a second Paycheck Protection Program loan ("loan") from TD Bank in the amount of \$153,977, 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 2021. The Agency received full forgiveness of the loan from the Small Business Administration on November 15, 2021 and recorded the forgiveness of the loan as grant income.

Note 9 – In-Kind Contribution of Donated Services and Rent:

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased. The Agency acknowledges the fair market value of donated legal services of \$12,800 in 2021 and \$33,125 in 2020 as unrestricted support with a corresponding amount reported as program expenses.

The Agency received two months donated space for its offices and acknowledges the fair market value of donated rent of \$12,906 in 2021 and \$0 in 2020 as unrestricted support with a corresponding amount reported as rent expenses.

Note 10 – Scholarship Award Program:

The Agency has recorded a liability for college scholarships promised in the amount of \$23,300 as of December 31, 2021. 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.

STUDENT ADVOCACY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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 has net assets with donor restrictions of \$100,000 for certain salaries as of December 31, 2021.

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, 2020, from which the summarized information was derived.

Note 14 – COVID-19 Pandemic:

The accompanying December 31, 2021 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.