

**ENVIRONMENTAL ADVOCATES  
OF NEW YORK, INC.**

Financial Statements

December 31, 2007 and 2006

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Environmental Advocates of New York, Inc.  
Albany, New York

We have audited the accompanying statement of financial position of Environmental Advocates of New York, Inc. (a nonprofit organization) as of December 31, 2007 and 2006, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Environmental Advocates of New York, Inc. as of December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Romanzo & Company CPAs LLC*

Albany, New York  
May 7, 2008

# ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

## Statement of Financial Position

December 31,

### ASSETS

	2007	2006
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 407,343	\$ 292,495
Cash-building reserve	46,427	35,696
Cash-board designated	30,273	--
Investments	62,380	2,215
Grants receivable	60,000	25,000
Unconditional promises to give	30,779	24,308
Prepaid expenses	1,071	5,666
Total Current Assets	<u>638,273</u>	<u>385,380</u>
<b>PROPERTY, PLANT AND EQUIPMENT:</b>		
Land and building	359,077	359,077
Furniture, fixtures and equipment	<u>159,752</u>	<u>145,742</u>
Total	518,829	504,819
Less: accumulated depreciation	<u>314,007</u>	<u>297,802</u>
Net Property, Plant and Equipment	<u>204,822</u>	<u>207,017</u>
<b>OTHER ASSETS:</b>		
Cash restricted for permanent endowment	--	3,129
Due from related organization	<u>25,301</u>	<u>44,804</u>
Total Other Assets	<u>25,301</u>	<u>47,933</u>
	<u>\$ 868,396</u>	<u>\$ 640,330</u>

### LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 17,783	\$ 20,478
Accrued expenses and payroll taxes	46,018	44,088
Deferred revenue	<u>2,000</u>	<u>3,282</u>
Total Current Liabilities	<u>65,801</u>	<u>67,848</u>
<b>NET ASSETS:</b>		
Unrestricted:		
Operating	605,864	472,148
Board designated	30,273	--
Building reserve	<u>46,286</u>	<u>35,396</u>
Total Unrestricted Net Assets	682,423	507,544
Temporarily restricted	120,172	61,809
Permanently restricted	--	3,129
Total Net Assets	<u>802,595</u>	<u>572,482</u>
	<u>\$ 868,396</u>	<u>\$ 640,330</u>

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

# ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

## Statement of Activities

For the Year Ended December 31, 2007

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES AND OTHER SUPPORT:</b>				
Contributions	\$ 354,770	\$ --	\$ --	\$ 354,770
Grants - foundations	--	480,580	--	480,580
Special event	170,240	--	--	170,240
Rental income	15,600	--	--	15,600
Other revenue	3,071	--	--	3,071
Investment income	17,089	--	--	17,089
Net assets released from restrictions	<u>425,346</u>	<u>(422,217)</u>	<u>(3,129)</u>	<u>--</u>
<b>Total Revenues and Other Support</b>	<u><b>986,116</b></u>	<u><b>58,363</b></u>	<u><b>(3,129)</b></u>	<u><b>1,041,350</b></u>
 <b>EXPENSES:</b>				
<b>Programs</b>				
Water and Natural Resources Program	163,570	--	--	163,570
Regulatory Watch Program	201,994	--	--	201,994
Air and Energy Program	218,212	--	--	218,212
Lobbying	<u>44,256</u>	<u>--</u>	<u>--</u>	<u>44,256</u>
<b>Total Program Expense</b>	<u><b>628,032</b></u>	<u><b>--</b></u>	<u><b>--</b></u>	<u><b>628,032</b></u>
<b>Support Services</b>				
Special events	65,511	--	--	65,511
Fundraising	57,401	--	--	57,401
Administration	<u>60,293</u>	<u>--</u>	<u>--</u>	<u>60,293</u>
<b>Total Support Service Expense</b>	<u><b>183,205</b></u>	<u><b>--</b></u>	<u><b>--</b></u>	<u><b>183,205</b></u>
<b>Total Expenses</b>	<u><b>811,237</b></u>	<u><b>--</b></u>	<u><b>--</b></u>	<u><b>811,237</b></u>
 <b>CHANGE IN NET ASSETS</b>	 174,879	 58,363	 (3,129)	 230,113
 <b>NET ASSETS, beginning of year</b>	 <u>507,544</u>	 <u>61,809</u>	 <u>3,129</u>	 <u>572,482</u>
 <b>NET ASSETS, end of year</b>	 <u><b>\$ 682,423</b></u>	 <u><b>\$ 120,172</b></u>	 <u><b>\$ --</b></u>	 <u><b>\$ 802,595</b></u>

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

# ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

## Statement of Activities

For the Year Ended December 31, 2006

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES AND OTHER SUPPORT:</b>				
Contributions	\$ 275,448	\$ --	\$ --	\$ 275,448
Grants - foundations	--	181,000	--	181,000
Special event	147,660	--	--	147,660
Rental income	15,600	--	--	15,600
Conference	3,195	--	--	3,195
Other revenue	2,396	--	--	2,396
Interest income	12,818	--	19	12,837
Net assets released from restrictions	<u>301,834</u>	<u>(301,834)</u>	<u>--</u>	<u>--</u>
<b>Total Revenues and Other Support</b>	<u><b>758,951</b></u>	<u><b>(120,834)</b></u>	<u><b>19</b></u>	<u><b>638,136</b></u>
 <b>EXPENSES:</b>				
<b>Programs</b>				
Water and Natural Resources Program	85,498	--	--	85,498
Regulatory Watch Program	163,920	--	--	163,920
Air and Energy Program	217,225	--	--	217,225
Lobbying	<u>25,636</u>	<u>--</u>	<u>--</u>	<u>25,636</u>
<b>Total Program Expense</b>	<u><b>492,279</b></u>	<u><b>--</b></u>	<u><b>--</b></u>	<u><b>492,279</b></u>
<b>Support Services</b>				
Special events	65,199	--	--	65,199
Fundraising	78,300	--	--	78,300
Administration	<u>62,379</u>	<u>--</u>	<u>--</u>	<u>62,379</u>
<b>Total Support Service Expense</b>	<u><b>205,878</b></u>	<u><b>--</b></u>	<u><b>--</b></u>	<u><b>205,878</b></u>
Loss on Disposition of Equipment	<u>1,115</u>	<u>--</u>	<u>--</u>	<u>1,115</u>
<b>Total Expenses</b>	<u><b>699,272</b></u>	<u><b>--</b></u>	<u><b>--</b></u>	<u><b>699,272</b></u>
 <b>CHANGE IN NET ASSETS</b>	 59,679	 (120,834)	 19	 (61,136)
 <b>NET ASSETS, beginning of year</b>	 <u>447,865</u>	 <u>182,643</u>	 <u>3,110</u>	 <u>633,618</u>
 <b>NET ASSETS, end of year</b>	 <u><b>\$ 507,544</b></u>	 <u><b>\$ 61,809</b></u>	 <u><b>\$ 3,129</b></u>	 <u><b>\$ 572,482</b></u>

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

# ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

## Statement of Cash Flows

For the Year Ended December 31,

	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 230,113	\$ (61,136)
Adjustments to reconcile change in net assets to net cash provided by operations		
Depreciation	16,205	14,037
Loss on disposition of equipment	--	1,115
Changes in:		
Investments	(10,165)	154
Grants receivable	(35,000)	38,021
Unconditional promises to give	(6,471)	21,571
Prepaid expenses	4,595	(4,019)
Due from related organization	19,503	(11,362)
Accounts payable	(2,695)	(56)
Accrued expenses and payroll taxes	1,930	(1,152)
Deferred revenue	(1,282)	3,282
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>216,733</u>	<u>455</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of equipment	(14,010)	(6,522)
Purchase of investments	(50,000)	--
Change in permanently restricted cash	3,129	(19)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(60,881)</u>	<u>(6,541)</u>
<b>INCREASE (DECREASE) IN CASH</b>	155,852	(6,086)
<b>CASH AND CASH EQUIVALENTS, <i>beginning of year</i></b>	<u>328,191</u>	<u>334,277</u>
<b>CASH AND CASH EQUIVALENTS, <i>end of year</i></b>	<u>\$ 484,043</u>	<u>\$ 328,191</u>

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

# ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

## Notes to Financial Statements

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Activities of the Organization*

Environmental Advocates of New York, Inc. (Organization) is a corporation organized under the New York State Not-For-Profit Corporation Law. Environmental Advocates of New York, Inc.'s principal activities include researching, analyzing, and raising the public's awareness of environmental issues and New York State's role in addressing those issues. The Organization monitors the development and enforcement of New York's environmental laws and help ensure that New York enacts and enforces policies that protect our natural resources and safeguard public health. The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

#### *Financial Statement Presentation*

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

#### *Use of Estimates*

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

#### *Cash and Cash Equivalents*

For the purpose of the statement of cash flows, the Organization considers all cash and highly liquid investments with original maturities of three months or less to be cash equivalents.

The management of Environmental Advocates of New York, Inc. has set up a cash reserve to accumulate funding for future building repairs and improvements. Each month \$1,477 is added to the cash reserve account.

#### *Advertising*

The Organization expenses advertising costs as they are incurred. Advertising expenses for the years ended December 31, 2007 and 2006 were \$1,047 and \$1,070, respectively.

#### *Property, Plant, Equipment and Depreciation*

Property, plant and equipment are stated at cost when purchased or fair market value at the date of donation. Expenditures for additions, renewals and betterments are capitalized; expenditures for maintenance and repairs are charged to expenses as incurred. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is included in income. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets. Depreciation expenses for the years ended December 31, 2007 and 2006 were \$16,205 and \$14,037, respectively.

# ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

## Notes to Financial Statements

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Grants, Contributions and Promises to Give*

Grants and contributions are recognized when the grantor or donor makes a promise to give that is, in substance, unconditional. Grantor or donor restricted grants and contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to account for uncollectible grants receivable and unconditional promises to give. The allowance for doubtful accounts is based on management's identification and evaluation of past due receivables, which includes an assessment of the individual factors that have contributed to the delinquency. Based on such evaluation, the Organization considers grants receivable and unconditional promises to give to be fully collectible. Accordingly, no allowance for doubtful accounts is considered necessary.

#### *Donated Services*

In 2007, the Organization received donated legal services for human resource consulting valued at \$8,684. The Organization received donated services for the revision of its personnel manual in 2006, valued at \$12,368, and for the production of its brochure valued at \$750 in 2006. These services required specialized skills, which have been recognized as contributed services in the Statement of Activities.

The Organization relies on donated personal services from graduate and undergraduate-level students, many of whom are fulfilling course requirements. The donated services equate to approximately one full-time position. The value of such services is not reported in the financial statements as the services do not meet the specialized skills requirement of FAS 116; *Accounting for Contributions Received and Contributions Made*. Nevertheless, the services are vital to the mission of the Organization.

#### *Investments*

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

#### *Significant Concentrations of Credit Risk*

At December 31, 2007 and 2006, \$257,155 and \$164,010, respectively, of the Organization's money market funds were uninsured by the Securities Investor Protection Corporation. The Organization has not experienced any loss and believes it is not exposed to any significant credit risk on its money market funds.

### NOTE 2. LINE OF CREDIT

The Organization has a line of credit with a bank for \$100,000 with interest at prime (as provided by the *Wall Street Journal*) plus 1%. The line of credit expires August 13, 2008. There were no borrowings on the line as of December 31, 2007 and 2006. The line is due on demand.

# ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

## Notes to Financial Statements

### NOTE 3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	2007	2006
Water and Natural Resources Program	\$ 92,855	\$ 37,763
Air and Energy Program	4,817	24,046
General Support	<u>22,500</u>	<u>--</u>
Total Temporarily Restricted Net Assets	<u>\$ 120,172</u>	<u>\$ 61,809</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors as follows:

Purpose restriction accomplished:	2007	2006
Water and Natural Resources Program	\$ 164,908	\$ 40,882
Regulatory Watch Program	110,000	84,174
Air and Energy Program	118,729	149,278
General Support	<u>28,580</u>	<u>27,500</u>
Total Restrictions Released	<u>\$ 422,217</u>	<u>\$ 301,834</u>

### NOTE 4. PERMANENTLY RESTRICTED NET ASSETS

Net assets were permanently restricted for the following purpose at December 31,

	2007	2006
Environmental Advocates General Endowment Fund	\$ <u>--</u>	\$ <u>3,129</u>

During 2007 the donor-imposed restrictions were released by the donor and the funds were agreed to be controlled by the Board of Directors of Environmental Advocates; accordingly, the permanently restricted net assets were released. As part of the agreement, the Board established a restricted endowment account that requires a supermajority of the Board to approve any use of income or principal from this endowment account to support Environmental Advocate's operating or capital expenses.

### NOTE 5. RELATED PARTY TRANSACTIONS

The Organization shares management personnel with EPL/Environmental Advocates, Inc. (EPL), a nonprofit corporation which is a non-partisan environmental advocacy coalition providing dependable and reliable information to citizens, lawmakers, legislative staff and state agencies regarding the environment. Several Board Members of the Organization are also on the Board of EPL. Environmental Advocates of New York, Inc. charges EPL for salaries, supplies and services throughout the year.

# ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

## Notes to Financial Statements

### NOTE 5. RELATED PARTY TRANSACTIONS (continued)

The following is a summary of transactions and outstanding balances for December 31:

Environmental Advocates of New York, Inc. services to EPL:	2007	2006
Salaries and benefits	\$ 24,057	\$ 27,420
Postage	1,362	1,606
Communications/media	239	516
Office expenses	713	371
Printing	324	316
Travel	<u>30</u>	<u>84</u>
Total	\$ <u>26,725</u>	\$ <u>30,313</u>

Environmental Advocates of New York, Inc. owes EPL \$9,427 and \$4,050 for collection of revenue for the years ended December 31, 2007 and 2006, respectively.

The amount due from EPL/Environmental Advocates, Inc. is reported in the statement of financial position net of the Organization's obligation to EPL as follows:

	2007	2006
Due from EPL/Environmental Advocates, Inc.	\$ 34,728	\$ 48,854
Due to EPL/Environmental Advocates, Inc.	<u>(9,427)</u>	<u>(4,050)</u>
Net Due From EPL/Environmental Advocates, Inc. (non current)	\$ <u>25,301</u>	\$ <u>44,804</u>

### NOTE 6. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at December 31, 2007 and 2006 are as follows:

	2007	2006
Receivable In Less Than One Year	\$ <u>30,779</u>	\$ <u>24,308</u>

### NOTE 7. PENSION PLAN

The Organization maintains a simplified employee pension plan for all eligible employees who have reached the age of 21 and have at least one year of service. Contributions are 2% of gross salary and amounted to \$8,779 and \$7,014 for the years ended December 31, 2007 and 2006, respectively.

# ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

## Notes to Financial Statements

### NOTE 8. EXPENSES

Expenses for year ended December 31, 2007 are as follows:

	<u>Program</u>	<u>Administration</u>	<u>Fundraising and Special events</u>	<u>Total</u>
Salaries and benefits	\$ 484,711	\$ 32,029	\$ 57,115	\$ 573,855
Supplies	9,013	184	37,507	46,704
Professional fees	23,596	17,292	350	41,238
Occupancy	23,815	4,898	6,656	35,369
Printing	21,528	750	6,718	28,996
Communication/media	20,105	--	143	20,248
Depreciation	16,205	--	--	16,205
Postage and mailing	6,068	617	5,200	11,885
Travel	7,563	477	1,674	9,714
Miscellaneous	5,488	314	2,680	8,482
Equipment rental and maintenance	6,468	--	--	6,468
Bank service charges	--	1,333	1,829	3,162
Insurance	862	2,279	--	3,141
Organizational outreach	--	--	2,975	2,975
Telephone	1,563	120	65	1,748
Advertising	<u>1,047</u>	<u>--</u>	<u>--</u>	<u>1,047</u>
<b>Total</b>	<b><u>\$ 628,032</u></b>	<b><u>\$ 60,293</u></b>	<b><u>\$ 122,912</u></b>	<b><u>\$ 811,237</u></b>

Expenses for year ended December 31, 2006 are as follows:

	<u>Program</u>	<u>Administration</u>	<u>Fundraising and Special events</u>	<u>Total</u>
Salaries and benefits	\$ 389,695	\$ 30,071	\$ 63,485	\$ 483,251
Supplies	5,601	404	33,786	39,791
Professional fees	7,467	21,598	5,070	34,135
Printing	14,585	546	10,009	25,140
Occupancy	19,394	5,194	6,259	30,847
Communication/media	19,572	--	--	19,572
Depreciation	11,989	--	2,048	14,037
Travel	5,541	835	1,672	8,048
Postage and mailing	5,080	646	16,553	22,279
Miscellaneous	3,382	125	2,436	5,943
Equipment rental and maintenance	6,504	--	--	6,504
Insurance	862	2,234	--	3,096
Advertising	1,020	50	--	1,070
Bank service charges	--	594	2,125	2,719
Telephone	<u>1,587</u>	<u>82</u>	<u>56</u>	<u>1,725</u>
<b>Total</b>	<b><u>\$ 492,279</u></b>	<b><u>\$ 62,379</u></b>	<b><u>\$ 143,499</u></b>	<b><u>\$ 698,157</u></b>