

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

**Financial Statements**

**December 31, 2013 and 2012**

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ROMANZO  COMPANY LLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Environmental Advocates of New York, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013 and 2012, and the related statements of activities and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 Environmental Advocates of New York, Inc. as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Romanzo & Company CPAs LLC*

Albany, New York  
June 2, 2014

# ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

## Statement of Financial Position

December 31,

### ASSETS

	2013	2012
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 82,865	\$ 266,731
Cash – building reserve	53,694	41,222
Cash – Board designated	462,405	246,968
Investments	--	70,484
Investments – Board designated	44,776	54,983
Grants receivable	30,000	60,000
Unconditional promises to give	72,014	16,067
Due from related organization	10,887	--
Prepaid expenses	<u>73,082</u>	<u>5,523</u>
Total Current Assets	<u>829,723</u>	<u>761,978</u>
<b>PROPERTY, PLANT AND EQUIPMENT:</b>		
Land and building	498,775	491,851
Furniture, fixtures and equipment	<u>63,140</u>	<u>176,844</u>
Total	561,915	668,695
Less: accumulated depreciation	<u>307,731</u>	<u>400,643</u>
Net Property, Plant and Equipment	<u>254,184</u>	<u>268,052</u>
	<u>\$ 1,083,907</u>	<u>\$ 1,030,030</u>

### LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 27,412	\$ 36,989
Accrued expenses and payroll taxes	60,960	78,261
Due to related organization	--	608
Deferred revenue	<u>85,000</u>	<u>20,000</u>
Total Current Liabilities	<u>173,372</u>	<u>135,858</u>
<b>NET ASSETS:</b>		
Unrestricted:		
Operating	250,283	452,698
Board designated	507,181	301,951
Building reserve	<u>53,694</u>	<u>41,222</u>
Total Unrestricted Net Assets	811,158	795,871
Temporarily restricted	<u>99,377</u>	<u>98,301</u>
Total Net Assets	<u>910,535</u>	<u>894,172</u>
	<u>\$ 1,083,907</u>	<u>\$ 1,030,030</u>

# ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

## Statement of Activities

For the Year Ended December 31, 2013

	Unrestricted	Temporarily Restricted	Total
<b>REVENUES AND OTHER SUPPORT:</b>			
Contributions	\$ 732,448	\$ 3,906	\$ 736,354
Grants - foundations	--	227,500	227,500
Special event	240,585	--	240,585
Rental income	9,570	--	9,570
Other revenue	3,726	--	3,726
Dividend and interest income	2,305	--	2,305
Net assets released from restrictions	<u>230,330</u>	<u>(230,330)</u>	<u>--</u>
Total Revenues and Other Support	<u>1,218,964</u>	<u>1,076</u>	<u>1,220,040</u>
<b>EXPENSES:</b>			
Programs			
Air and Energy Program	325,210	--	325,210
Water and Natural Resources Program	272,910	--	272,910
Fiscal Policy Program	258,230	--	258,230
Lobbying	<u>49,692</u>	<u>--</u>	<u>49,692</u>
Total Program Expenses	<u>906,042</u>	<u>--</u>	<u>906,042</u>
Support Services			
Administration	163,433	--	163,433
Special events	92,531	--	92,531
Fundraising	<u>45,676</u>	<u>--</u>	<u>45,676</u>
Total Support Service Expenses	<u>301,640</u>	<u>--</u>	<u>301,640</u>
Total Program and Support Expenses	<u>1,207,682</u>	<u>--</u>	<u>1,207,682</u>
Unrealized investment gains	<u>4,005</u>	<u>--</u>	<u>4,005</u>
<b>CHANGE IN NET ASSETS</b>	15,287	1,076	16,363
<b>NET ASSETS, <i>beginning of year</i></b>	<u>795,871</u>	<u>98,301</u>	<u>894,172</u>
<b>NET ASSETS, <i>end of year</i></b>	<u>\$ 811,158</u>	<u>\$ 99,377</u>	<u>\$ 910,535</u>

# ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

## Statement of Activities

For the Year Ended December 31, 2012

	Unrestricted	Temporarily Restricted	Total
<b>REVENUES AND OTHER SUPPORT:</b>			
Contributions	\$ 505,415	\$ 8,124	\$ 513,539
Grants - foundations	--	365,500	365,500
Special event	288,876	--	288,876
Rental income	9,570	--	9,570
Other revenue	6,021	--	6,021
Dividend and interest income	4,168	--	4,168
Net assets released from restrictions	<u>330,916</u>	<u>(330,916)</u>	<u>--</u>
Total Revenues and Other Support	<u>1,144,966</u>	<u>42,708</u>	<u>1,187,674</u>
<b>EXPENSES:</b>			
Programs			
Air and Energy Program	273,724	--	273,724
Water and Natural Resources Program	395,720	--	395,720
Fiscal Policy Program	180,742	--	180,742
Lobbying	<u>106,915</u>	<u>--</u>	<u>106,915</u>
Total Program Expenses	<u>957,101</u>	<u>--</u>	<u>957,101</u>
Support Services			
Administration	84,973	--	84,973
Special events	122,144	--	122,144
Fundraising	<u>51,915</u>	<u>--</u>	<u>51,915</u>
Total Support Service Expenses	<u>259,032</u>	<u>--</u>	<u>259,032</u>
Total Program and Support Expenses	<u>1,216,133</u>	<u>--</u>	<u>1,216,133</u>
Unrealized investment gains	<u>7,180</u>	<u>--</u>	<u>7,180</u>
<b>CHANGE IN NET ASSETS</b>	(63,987)	42,708	(21,279)
<b>NET ASSETS, beginning of year</b>	<u>859,858</u>	<u>55,593</u>	<u>915,451</u>
<b>NET ASSETS, end of year</b>	<u>\$ 795,871</u>	<u>\$ 98,301</u>	<u>\$ 894,172</u>

# ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

## Statement of Cash Flows

For the Year Ended December 31,

	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 16,363	\$ (21,279)
Adjustments to reconcile change in net assets to net cash provided by operations		
Depreciation	19,693	18,836
Net unrealized gains on investments	(4,005)	(7,180)
Changes in:		
Grants receivable	30,000	(40,000)
Unconditional promises to give	(55,947)	50,262
Prepaid expenses	(67,559)	5,162
Due from/to related organization	(11,495)	168
Accounts payable	(9,577)	85
Accrued expenses and payroll taxes	(17,301)	30,864
Deferred revenue	65,000	--
<b>NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES</b>	<u>(34,828)</u>	<u>36,918</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of equipment and building improvements	(5,825)	(7,748)
Investment in securities	(12,031)	(4,043)
Sale of securities	96,727	--
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>78,871</u>	<u>(11,791)</u>
<b>INCREASE IN CASH</b>	44,043	25,127
<b>CASH AND CASH EQUIVALENTS, <i>beginning of year</i></b>	<u>554,921</u>	<u>529,794</u>
<b>CASH AND CASH EQUIVALENTS, <i>end of year</i></b>	<u>\$ 598,964</u>	<u>\$ 554,921</u>

# 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. (the Organization) is a corporation organized under the New York State Not-For-Profit Corporation Law. The Organization'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 helps 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, except for \$70,000 of donated advertising directly benefiting next year which was recorded as prepaid at December 31, 2013. Advertising costs for the years ended December 31, 2013 and 2012 were \$58,366 and \$38,928, 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 expense for the years ended December 31, 2013, and 2012, was \$19,693 and \$18,836, respectively.

#### *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.



# ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

## Notes to Financial Statements

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

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*

Contributions of services are recognized when they are received if the services (a) create or enhance non-financial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. During 2013 the value of contributed services recognized as revenue in the accompanying Statement of Activities was \$52,735. This includes \$500 for photos taken by Lucas Cometto for our various publications, \$120 for a Terrarium donated by Botanical Studios for a member giveaway, \$180 in legal services donated by Tooher & Barone, \$1,250 for advertising donated by City & State, \$286 for an overnight stay at Adirondack Loj donated by Adirondack Mountain Club as a member giveaway, and \$399 for Google Earth Pro and \$50,000 Google Ad Word grant donated by Google. The total Google Ad Word grant was worth \$120,000 and benefits the period from August 13, 2013 to July 14, 2014; therefore, consistent with the periods benefited \$50,000 was recognized as donated services and advertising expense in 2013 and the remaining \$70,000 is accounted for as prepaid expense and deferred revenue in 2013.

During 2012, the value of contributed services recognized as revenues in the accompanying Statement of Activities was \$12,723 and included \$250 for photos taken by Lucas Cometto for our various publications and web publications, as well as \$12,473 for donated software purchased through Tech Soup.

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 quarter position. The value of such services is not reported in the financial statements as the services do not meet the specialized skills requirement of accounting principles generally accepted in the United States of America. Nevertheless, the services are vital to the mission of the Organization.

#### *Investments*

Investments in publicly traded 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.

### NOTE 2. INVESTMENTS

*Investments as of December 31, 2013, are summarized as follows:*

	Cost	Fair Value	Carrying Value
Unrestricted Board designated:			
Blended Funds	\$ 28,537	\$ 34,535	\$ 34,535
Stock Funds	<u>10,300</u>	<u>10,241</u>	<u>10,241</u>
	<u>\$ 38,837</u>	<u>\$ 44,776</u>	<u>\$ 44,776</u>

# ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

## Notes to Financial Statements

### NOTE 2. INVESTMENTS (continued)

*Investments as of December 31, 2012, are summarized as follows:*

	Cost	Fair Value	Carrying Value
Unrestricted:			
Bond Fund-Loomis Sayles Bond Retail Shares	\$ 33,873	\$ 35,822	\$ 35,822
Blended Fund-Permanent Portfolio	<u>27,637</u>	<u>34,662</u>	<u>34,662</u>
	<u>\$ 61,510</u>	<u>\$ 70,484</u>	<u>\$ 70,484</u>
Unrestricted Board designated:			
Blended Funds	<u>\$ 47,265</u>	<u>\$ 54,983</u>	<u>\$ 54,983</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31:

	2013 Unrestricted	2012 Unrestricted
Dividend and interest income	\$ 2,305	\$ 4,168
Unrealized gains (losses)	<u>4,005</u>	<u>7,180</u>
Total Investment Return	<u>\$ 6,310</u>	<u>\$ 11,348</u>

### NOTE 3. SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

At December 31, 2013, \$223,455 of the Organization's cash and money market funds were uninsured by the Federal Deposit Insurance Corporation. The Organization has not experienced any loss and believes it is not exposed to any significant credit risk on its cash and money market funds.

### NOTE 4. LINE OF CREDIT

The Organization has a \$100,000 line of credit with a bank with an interest rate of 4.25% at December 31, 2013. The bank requires the line be paid down to at least 50% of its high balance for 30 consecutive days within a 12-month cycle. There were no borrowings on the line as of December 31, 2013, and 2012. The line is due on demand.

### NOTE 5. OPERATING LEASES

The Organization leases a copier with monthly lease payments of \$108. The lease expires in 2014.

The Organization leases office space to another non-profit organization. Rental income under the lease was \$9,570 in 2013 and 2012. The lease expires December 31, 2014, and provides for annual rent of \$9,953 in 2014.

# ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

## Notes to Financial Statements

### NOTE 6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	2013	2012
Fiscal Policy Program	\$ --	\$ 51,324
Air and Energy Program	27,650	28,049
Water and Natural Resources Program	51,727	18,928
General support	20,000	--
Temporarily Restricted Net Assets	<u>\$ 99,377</u>	<u>\$ 98,301</u>

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

Purpose restriction accomplished:	2013	2012
Water and Natural Resources Program	\$ 61,012	\$ 172,896
Air and Energy Program	50,494	77,376
General support	52,500	50,000
Fiscal Policy Program	66,324	30,644
Net Assets Released from Restrictions	<u>\$ 230,330</u>	<u>\$ 330,916</u>

### NOTE 7. 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.

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

Environmental Advocates of New York, Inc., services to EPL:

	2013	2012
Salaries and benefits	\$ 29,831	\$ 24,289
Communications/media	122	811
Professional fees	1,010	334
Credit card charges	560	544
Postage	568	146
Office expenses	131	30
Fees and tuition	100	250
Temporary Help	--	292
Printing	216	110
Travel	532	2
List rental	111	--
Total	<u>\$ 33,181</u>	<u>\$ 26,808</u>

The amount due from EPL/Environmental Advocates, Inc. at December 31, 2013 was \$10,887.

The amount due to EPL/Environmental Advocates, Inc., at December 31, 2012, was \$608.

# ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

## Notes to Financial Statements

### NOTE 8. RETIREMENT PLAN

The Organization maintains a 403(b) tax-deferred retirement plan for all eligible employees. In addition to salary deferrals, the Organization may make discretionary contributions. The Organization contributed 3% and 4% of gross salary for years ending December 31, 2013, and 2012, respectively, and the pension expense was \$19,486 and \$18,877 for the years ended December 31, 2013, and 2012 respectively.

### NOTE 9. EXECUTIVE DIRECTOR SEARCH

In 2013, the former Executive Director of the Organization resigned to accept a position in another organization. The Organization hired a search firm to identify potential candidates to succeed him, for a fee of \$54,192, which is reported as a component of administrative expense for the year ended December 31, 2013. The cost was fully funded by special contributions from the Organization's Board of Directors.

### NOTE 10. INCOME TAXES

As a nonprofit organization under Section 501(c)(3), the Organization is generally exempt from paying income taxes unless it receives unrelated business income which could be subject to income tax. Management believes that all revenue and support relates exclusively to the Organization's tax exempt purpose and is not subject to federal or state income tax. The Organization's tax returns are subject to examination by the applicable taxing authorities. As of December 31, 2013, the Organization's federal and state tax returns generally remain open for examination for the last three years.

### NOTE 11. SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through June 22, 2014, the date the financial statements were available to be issued. Based on such evaluation, there were no subsequent events that require adjustment to or disclosure in the financial statements.

### NOTE 12. EXPENSES

Expenses for year ended December 31, 2013, are as follows:

	<u>Program</u>	<u>Administration</u>	<u>Fundraising and Special Events</u>	<u>Total</u>
Salaries and benefits	\$ 700,136	\$ 77,231	\$ 49,827	\$ 827,194
Professional fees	21,946	69,737	18,950	110,633
Advertising	50,715	5,555	2,096	58,366
Supplies	9,103	1,486	44,171	54,760
Communication/media	40,319	--	1,024	41,343
Occupancy	28,231	2,214	1,026	31,471
Depreciation	17,019	1,951	723	19,693
Printing	8,984	165	7,344	16,493
Travel	7,829	1,713	1,869	11,411
Equipment	3,376	--	3,195	6,571
Postage and mailing	3,103	78	3,365	6,546
Bank service charges	18	1,306	4,141	5,465
Publications	5,431	--	--	5,431
Telephone	4,391	59	476	4,926
Fees and tuition	3,164	275	--	3,439
Insurance	--	1,663	--	1,663
Miscellaneous	1,552	--	--	1,552
Organizational outreach	725	--	--	725
<b>TOTAL</b>	<b>\$ <u>906,042</u></b>	<b>\$ <u>163,433</u></b>	<b>\$ <u>138,207</u></b>	<b>\$ <u>1,207,682</u></b>

# ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

## Notes to Financial Statements

### NOTE 13. EXPENSES (continued)

Expenses for year ended December 31, 2012, are as follows:

	<u>Program</u>	<u>Administration</u>	<u>Fundraising and Special Events</u>	<u>Total</u>
Salaries and benefits	\$ 696,620	\$ 57,577	\$ 62,455	\$ 816,652
Professional fees	66,922	13,819	19,809	100,550
Supplies	29,741	1,391	58,953	90,085
Advertising	36,889	2,019	20	38,928
Occupancy	31,202	2,319	2,056	35,577
Communication/media	32,387	--	3,010	35,397
Printing	13,475	156	11,607	25,238
Depreciation	16,686	1,474	676	18,836
Travel	8,585	2,254	1,938	12,777
Postage and mailing	3,258	208	4,121	7,587
Equipment	3,751	--	3,545	7,296
Publications	5,864	--	--	5,864
Fees and tuition	5,552	275	--	5,827
Telephone	4,543	109	510	5,162
Bank service charges	35	1,709	3,229	4,973
Bad Debt Expense	--	--	2,000	2,000
Insurance	--	1,663	--	1,663
Miscellaneous	1,291	--	130	1,421
Organizational outreach	<u>300</u>	<u>--</u>	<u>--</u>	<u>300</u>
<b>TOTAL</b>	<b>\$ <u>957,101</u></b>	<b>\$ <u>84,973</u></b>	<b>\$ <u>174,059</u></b>	<b>\$ <u>1,216,133</u></b>