

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

Financial Statements

December 31, 2014 and 2013

CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of financial position	2
Statement of activities	3-4
Statement of cash flows	5
Notes to financial statements	6-11

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, 2014 and 2013, 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, 2014 and 2013, 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
May 28, 2015

ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

Statement of Financial Position

December 31,

ASSETS

	2014	2013
CURRENT ASSETS:		
Cash and cash equivalents	\$ 298,386	\$ 82,865
Cash – building reserve	71,438	53,694
Cash – Board designated	129,207	462,405
Investments – Board designated	498,791	44,776
Grants receivable	--	30,000
Unconditional promises to give	18,894	72,014
Due from related organization	8,193	10,887
Prepaid expenses	1,385	73,082
Total Current Assets	<u>1,026,294</u>	<u>829,723</u>
PROPERTY, PLANT AND EQUIPMENT:		
Land and building	498,775	498,775
Furniture, fixtures and equipment	75,527	63,140
Total	<u>574,302</u>	<u>561,915</u>
Less: accumulated depreciation	327,264	307,731
Net Property, Plant and Equipment	<u>247,038</u>	<u>254,184</u>
	<u>\$ 1,273,332</u>	<u>\$ 1,083,907</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 37,570	\$ 27,412
Accrued expenses and payroll taxes	68,492	60,960
Deferred revenue	15,025	85,000
Total Current Liabilities	<u>121,087</u>	<u>173,372</u>
NET ASSETS:		
Unrestricted:		
Operating	232,481	250,283
Board designated	627,998	507,181
Building reserve	71,438	53,694
Total Unrestricted Net Assets	<u>931,917</u>	<u>811,158</u>
Temporarily restricted	220,328	99,377
Total Net Assets	<u>1,152,245</u>	<u>910,535</u>
	<u>\$ 1,273,332</u>	<u>\$ 1,083,907</u>

ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

Statement of Activities

For the Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Total
REVENUES AND OTHER SUPPORT:			
Contributions	\$ 617,143	\$ --	\$ 617,143
Grants - foundations	--	407,500	407,500
Special event	288,660	--	288,660
Dividend and interest income	12,596	--	12,596
Rental income	9,953	--	9,953
Other revenue	2,892	--	2,892
Net assets released from restrictions	<u>286,549</u>	<u>(286,549)</u>	<u>--</u>
Total Revenues and Other Support	<u>1,217,793</u>	<u>120,951</u>	<u>1,338,744</u>
EXPENSES:			
Programs			
Water and Natural Resources Program	281,665	--	281,665
Fiscal Policy Program	167,427	--	167,427
Climate Change Program	164,553	--	164,553
Air and Energy Program	155,902	--	155,902
Environmental Health Program	65,897	--	65,897
Lobbying	31,933	--	31,933
Total Program Expenses	<u>867,377</u>	<u>--</u>	<u>867,377</u>
Support Services			
Administration	82,340	--	82,340
Special events	101,156	--	101,156
Fundraising	44,856	--	44,856
Total Support Service Expenses	<u>228,352</u>	<u>--</u>	<u>228,352</u>
Total Program and Support Expenses	<u>1,095,729</u>	<u>--</u>	<u>1,095,729</u>
Realized and unrealized investment losses	<u>(1,305)</u>	<u>--</u>	<u>(1,305)</u>
CHANGE IN NET ASSETS	120,759	120,951	241,710
NET ASSETS, beginning of year	<u>811,158</u>	<u>99,377</u>	<u>910,535</u>
NET ASSETS, end of year	<u>\$ 931,917</u>	<u>\$ 220,328</u>	<u>\$ 1,152,245</u>

ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

Statement of Activities

For the Year Ended December 31, 2013

	Unrestricted	Temporarily Restricted	Total
REVENUES AND OTHER SUPPORT:			
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>
EXPENSES:			
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	49,692	--	49,692
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	45,676	--	45,676
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>
CHANGE IN NET ASSETS	15,287	1,076	16,363
NET ASSETS, beginning of year	<u>795,871</u>	<u>98,301</u>	<u>894,172</u>
NET ASSETS, end of year	<u>\$ 811,158</u>	<u>\$ 99,377</u>	<u>\$ 910,535</u>

ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

Statement of Cash Flows

For the Year Ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 241,710	\$ 16,363
Adjustments to reconcile change in net assets to net cash provided by operations		
Depreciation	19,533	19,693
Net realized and unrealized losses (gains) on investments	1,305	(4,005)
Changes in:		
Grants receivable	30,000	30,000
Unconditional promises to give	53,120	(55,947)
Prepaid expenses	71,697	(67,559)
Due from/to related organization	2,694	(11,495)
Accounts payable	10,158	(9,577)
Accrued expenses and payroll taxes	7,532	(17,301)
Deferred revenue	(69,975)	65,000
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>367,774</u>	<u>(34,828)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment and building improvements	(12,387)	(5,825)
Investment in securities	(465,942)	(12,031)
Sale of securities	10,622	96,727
NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES	<u>(467,707)</u>	<u>78,871</u>
(DECREASE) INCREASE IN CASH	(99,933)	44,043
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	<u>598,964</u>	<u>554,921</u>
CASH AND CASH EQUIVALENTS, <i>end of year</i>	<u>\$ 499,031</u>	<u>\$ 598,964</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 2014 which was recorded as prepaid at December 31, 2013 and as an expense in 2014. Advertising costs for the years ended December 31, 2014 and 2013 were \$78,640 and \$58,366, 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 expense 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, 2014, and 2013, was \$19,533 and \$19,693, 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 2014, the value of contributed services recognized as revenues in the accompanying Statement of Activities was \$72,625. This includes \$800 for donated Ink Blots Artwork donated by Ralph Steadman, \$200 for camera usage for 8 months, \$100 for photo's taken by Chuck Legere, \$150 for an office chair and laser printer donated by Peter Iwanowicz, \$199 in software donated by Google Earth Maps Engine, \$1,176 for two licenses for Microsoft Office Suite for Mac and \$70,000 Google Ad Word grant donated by Google. The total Google Ad Word grant was worth \$120,000 and benefited the period from August 13, 2013 to July 14, 2014; therefore, consistent with the periods benefited, \$70,000 was recognized as donated services and advertising expense in 2014. In 2013, \$50,000 was recognized as donated services and advertising expense, and the remaining \$70,000 was accounted for as a prepaid expense and deferred revenue.

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 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, 2014, are summarized as follows:

	Cost	Fair Value	Carrying Value
Unrestricted Board designated:			
Bond Funds	\$ 156,532	\$ 157,020	\$ 157,020
Stock Funds	159,016	154,167	154,167
Blended Funds	100,735	106,389	106,389
Stocks	78,181	81,215	81,215
	<u>\$ 494,464</u>	<u>\$ 498,791</u>	<u>\$ 498,791</u>

ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

Notes to Financial Statements

NOTE 2. INVESTMENTS (continued)

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>

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

	2014 Unrestricted	2013 Unrestricted
Dividend and interest income	\$ 12,596	\$ 2,305
Unrealized (losses) gains	(1,616)	4,005
Realized gains	<u>311</u>	<u>--</u>
Total Investment Return	<u>\$ 11,291</u>	<u>\$ 6,310</u>

NOTE 3. SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

At December 31, 2014, \$43,930 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, 2014. 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 at December 31, 2014, and 2013. Borrowings under the line are payable on demand.

NOTE 5. OPERATING LEASES

The Organization leases a copier with monthly lease payments of \$134. The lease expires in 2019.

Future minimum lease obligations required under the operating lease with initial or remaining terms in excess of one year are as follows:

Year Ending December 31, 2015	\$ 1,608
2016	1,608
2017	1,608
2018	1,608
2019	<u>804</u>
	<u>\$ 7,236</u>

The Organization leases office space to another non-profit organization. Rental income under the lease was \$9,953 and \$9,570 in 2014 and 2013 respectively. The lease expires December 31, 2015, and provides for annual rent of \$10,252 in 2015.

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:

	2014	2013
Climate Change Program	\$ 170,068	\$ --
Air and Energy Program	43,260	27,650
Water and Natural Resources Program	7,000	51,727
General support	--	20,000
Temporarily Restricted Net Assets	<u>\$ 220,328</u>	<u>\$ 99,377</u>

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

Purpose restriction accomplished:	2014	2013
Climate Change Program	\$ 117,582	\$ --
Water and Natural Resources Program	89,727	61,012
General support	62,500	52,500
Air and Energy Program	16,740	50,494
Fiscal Policy Program	--	66,324
Net Assets Released from Restrictions	<u>\$ 286,549</u>	<u>\$ 230,330</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 organization 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:

	2014	2013
Salaries and benefits	\$ 32,939	\$ 29,831
Advertising	3,125	--
Management fee	1,681	--
Credit card charges	1,010	560
List rental	626	111
Postage	528	568
Communications	413	122
Office expenses	367	131
Travel	309	532
Fees and tuition	300	100
Publications	175	--
Printing	159	216
Professional fees	--	1,010
Total	<u>\$ 41,632</u>	<u>\$ 33,181</u>

The amount due from EPL/Environmental Advocates, Inc. at December 31, 2014 and 2013 was \$8,193 and \$10,887, respectively.

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 4% and 3% of gross salary for years ending December 31, 2014, and 2013, respectively, and the pension expense was \$24,193 and \$19,486 for the years ended December 31, 2014, and 2013 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, 2014, 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 May 28, 2015, 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, 2014, are as follows:

	<u>Program</u>	<u>Administration</u>	<u>Fundraising and Special Events</u>	<u>Total</u>
Salaries and benefits	\$ 666,415	\$ 56,456	\$ 59,419	\$ 782,290
Advertising	77,958	671	11	78,640
Supplies	9,796	202	48,067	58,065
Professional fees	14,255	15,788	9,153	39,196
Occupancy	24,230	2,055	3,281	29,566
Communication	18,688	--	1,207	19,895
Depreciation	17,265	1,537	731	19,533
Printing	5,681	21	10,041	15,743
Travel	9,862	1,669	1,125	12,656
Equipment	3,820	--	4,913	8,733
Publications	8,053	--	135	8,188
Telephone	6,326	34	514	6,874
Bank service charges	299	1,996	3,909	6,204
Postage and mailing	2,364	40	3,467	5,871
Fees and tuition	1,425	275	--	1,700
Insurance	--	1,530	--	1,530
Organizational outreach	650	--	39	689
Miscellaneous	290	66	--	356
TOTAL	<u>\$ 867,377</u>	<u>\$ 82,340</u>	<u>\$ 146,012</u>	<u>\$ 1,095,729</u>

ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

Notes to Financial Statements

NOTE 13. EXPENSES (continued)

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	<u>725</u>	<u>--</u>	<u>--</u>	<u>725</u>
 TOTAL	 <u>\$ 906,042</u>	 <u>\$ 163,433</u>	 <u>\$ 138,207</u>	 <u>\$ 1,207,682</u>