

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

Financial Statements

December 31, 2008 and 2007

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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, 2008 and 2007, 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, 2008 and 2007, 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 18, 2009

# ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

## Statement of Financial Position

December 31,

### ASSETS

	2008	2007
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 365,427	\$ 407,343
Cash – building reserve	39,057	46,427
Cash – Board designated	86,769	30,273
Investments	41,802	62,380
Investments – Board designated	17,188	--
Grants receivable	33,000	60,000
Unconditional promises to give	25,353	30,779
Prepaid expenses	324	1,071
Total Current Assets	<u>608,920</u>	<u>638,273</u>
<b>PROPERTY, PLANT AND EQUIPMENT:</b>		
Land and building	377,948	359,077
Furniture, fixtures and equipment	<u>160,347</u>	<u>159,752</u>
Total	538,295	518,829
Less: accumulated depreciation	<u>333,534</u>	<u>314,007</u>
Net Property, Plant and Equipment	<u>204,761</u>	<u>204,822</u>
<b>OTHER ASSETS:</b>		
Due from related organization	<u>33,555</u>	<u>25,301</u>
	<u>\$ 847,236</u>	<u>\$ 868,396</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 33,591	\$ 17,783
Accrued expenses and payroll taxes	64,281	46,018
Deferred revenue	--	2,000
Total Current Liabilities	<u>97,872</u>	<u>65,801</u>
<b>NET ASSETS:</b>		
Unrestricted:		
Operating	527,752	605,864
Board designated	103,957	30,273
Building reserve	<u>39,057</u>	<u>46,286</u>
Total Unrestricted Net Assets	670,766	682,423
Temporarily restricted	<u>78,598</u>	<u>120,172</u>
Total Net Assets	<u>749,364</u>	<u>802,595</u>
	<u>\$ 847,236</u>	<u>\$ 868,396</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, 2008

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>REVENUES AND OTHER SUPPORT:</b>			
Contributions	\$ 333,088	\$ --	\$ 333,088
Contribution – strategic plan	--	50,000	50,000
Grants - foundations	--	272,000	272,000
Special event	174,161	--	174,161
Rental income	16,800	--	16,800
Other revenue	1,364	--	1,364
Dividend and interest income	12,078	--	12,078
Net assets released from restrictions	<u>363,574</u>	<u>(363,574)</u>	<u>--</u>
<b>Total Revenues and Other Support</b>	<u><b>901,065</b></u>	<u><b>(41,574)</b></u>	<u><b>859,491</b></u>
<b>EXPENSES:</b>			
Programs			
Water and Natural Resources Program	233,366	--	233,366
Fiscal Policy Program	234,961	--	234,961
Air and Energy Program	180,182	--	180,182
Lobbying	<u>27,464</u>	<u>--</u>	<u>27,464</u>
<b>Total Program Expense</b>	<u><b>675,973</b></u>	<u><b>--</b></u>	<u><b>675,973</b></u>
Support Services			
Special events	68,052	--	68,052
Fundraising	48,840	--	48,840
Administration	67,833	--	67,833
Strategic plan	<u>27,500</u>	<u>--</u>	<u>27,500</u>
<b>Total Support Service Expense</b>	<u><b>212,225</b></u>	<u><b>--</b></u>	<u><b>212,225</b></u>
<b>Total Program and Support Expenses</b>	<u><b>888,198</b></u>	<u><b>--</b></u>	<u><b>888,198</b></u>
Net unrealized and realized investment losses	<u>24,524</u>	<u>--</u>	<u>24,524</u>
<b>Total Expenses</b>	<u><b>912,722</b></u>	<u><b>--</b></u>	<u><b>912,722</b></u>
<b>CHANGE IN NET ASSETS</b>	<b>(11,657)</b>	<b>(41,574)</b>	<b>(53,231)</b>
<b>NET ASSETS, beginning of year</b>	<u><b>682,423</b></u>	<u><b>120,172</b></u>	<u><b>802,595</b></u>
<b>NET ASSETS, end of year</b>	<u><b>\$ 670,766</b></u>	<u><b>\$ 78,598</b></u>	<u><b>\$ 749,364</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, 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>				
Programs				
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>
Support Services				
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 Cash Flows

For the Year Ended December 31,

	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (53,231)	\$ 230,113
Adjustments to reconcile change in net assets to net cash (used) provided by operations		
Depreciation	19,527	16,205
Net unrealized losses on investments	24,524	--
Changes in:		
Investments	(75,853)	(10,165)
Grants receivable	27,000	(35,000)
Unconditional promises to give	5,426	(6,471)
Prepaid expenses	747	4,595
Due from related organization	(8,254)	19,503
Accounts payable	15,808	(2,695)
Accrued expenses and payroll taxes	18,263	1,930
Deferred revenue	(2,000)	(1,282)
<b>NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES</b>	<u>(28,043)</u>	<u>216,733</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of equipment and building improvements	(19,466)	(14,010)
Investment in securities	(80,206)	(50,000)
Proceeds from security sales	134,925	--
Change in permanently restricted cash	--	3,129
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>35,253</u>	<u>(60,881)</u>
<b>INCREASE IN CASH</b>	7,210	155,852
<b>CASH AND CASH EQUIVALENTS, <i>beginning of year</i></b>	<u>484,043</u>	<u>328,191</u>
<b>CASH AND CASH EQUIVALENTS, <i>end of year</i></b>	<u>\$ 491,253</u>	<u>\$ 484,043</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. (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. Advertising costs for the years ended December 31, 2008 and 2007, were \$3,149 and \$1,047, 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, 2008 and 2007, was \$19,527 and \$16,205, 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 2008 and 2007, the Organization received donated legal services for human resource consulting valued at \$8,554 and \$8,684, respectively. 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 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, 2008, are summarized as follows:

	Cost	Fair Value	Carrying Value
Unrestricted:			
Bond Fund-Loomis Sayles Bond Retail Shares	\$ 27,079	\$ 19,458	\$ 19,458
Blended Fund-Permanent Portfolio Family of Funds	<u>26,283</u>	<u>22,344</u>	<u>22,344</u>
	<u>\$ 53,362</u>	<u>\$ 41,802</u>	<u>\$ 41,802</u>
Unrestricted Board designated:			
Permanent Portfolio Family of Funds	<u>\$ 20,151</u>	<u>\$ 17,188</u>	<u>\$ 17,188</u>

# ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

## Notes to Financial Statements

### NOTE 2. INVESTMENTS (continued)

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2008:

	Unrestricted
Dividend and interest income	\$ <u>12,078</u>
Unrealized losses	(14,212)
Realized losses	<u>(10,312)</u>
Net unrealized and realized losses	<u>(24,524)</u>
 Total Investment Return	 \$ <u>(12,446)</u>
 Investment fees	 \$ <u>75</u>

#### ***Significant Concentrations of Credit Risk***

At December 31, 2008 and 2007, \$85,214 and \$257,155, 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 3. LINE OF CREDIT

The Organization has a \$100,000 line of credit with a bank with interest at prime (as provided by the *Wall Street Journal*) plus 1%. 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, 2008 and 2007. The line is due on demand.

### NOTE 4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	2008	2007
Fiscal Policy Program	\$ 50,297	\$ --
Water and Natural Resources Program	10,801	92,855
Air and Energy Program	--	4,817
General Support	--	22,500
Strategic Plan	<u>17,500</u>	<u>--</u>
Total Temporarily Restricted Net Assets	<u>\$ 78,598</u>	<u>\$ 120,172</u>

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

Purpose restriction accomplished:	2008	2007
Fiscal Policy Program	\$ 137,703	\$ --
Water and Natural Resources Program	90,054	164,908
Regulatory Watch Program	--	110,000
Air and Energy Program	79,817	118,729
General Support	23,500	28,580
Strategic Plan and Fund Raising	<u>32,500</u>	<u>--</u>
Total Restrictions Released	<u>\$ 363,574</u>	<u>\$ 422,217</u>

# ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

## Notes to Financial Statements

### NOTE 5. PERMANENTLY RESTRICTED NET ASSETS

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 6. 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:	2008	2007
Salaries and benefits	\$ 24,252	\$ 24,057
Advances	1,950	--
Postage	956	1,362
Communications/media	496	239
Office expenses	355	713
Printing	307	324
Travel	--	30
Total	<u>\$ 28,316</u>	<u>\$ 26,725</u>

The amount due from EPL/Environmental Advocates, Inc. at December 31, 2008 and 2007, was \$33,555 and \$25,301, respectively.

### NOTE 7. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises, which are receivable in less than one year, were \$25,353 and \$30,779 at December 31, 2008 and 2007, respectively.

### NOTE 8. 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 a minimum of 2% of gross salary and amounted to \$13,192 and \$8,779 for the years ended December 31, 2008 and 2007, respectively.

### NOTE 9. STRATEGIC PLAN

In 2008, the Organization commissioned an extensive strategic planning process for future activities. A consulting firm was engaged to assist in the plan at a cost of \$27,500 which is reported as a component of support service expense. The cost was fully funded by a special donation.

# ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

## Notes to Financial Statements

### NOTE 10. EXPENSES

Expenses for year ended December 31, 2008, are as follows:

	<u>Program</u>	<u>Administration</u>	<u>Fundraising and Special events</u>	<u>Total</u>
Salaries and benefits	\$ 524,634	\$ 46,469	\$ 51,594	\$ 622,697
Professional fees	15,474	9,209	6,100	30,783
Supplies	8,895	3	34,856	43,754
Occupancy	29,323	4,408	4,211	37,942
Printing	21,625	617	5,560	27,802
Communication/media	21,457	--	225	21,682
Depreciation	19,527	--	--	19,527
Postage and mailing	8,934	244	4,236	13,414
Travel	10,300	1,968	1,077	13,345
Miscellaneous	6,048	314	1,992	8,354
Equipment rental and maintenance	4,813	--	1,545	6,358
Bank service charges	--	2,229	2,565	4,794
Insurance	865	2,302	--	3,167
Advertising	3,149	--	--	3,149
Organization outreach	--	--	2,900	2,900
Telephone	929	70	31	1,030
	<u>\$ 675,973</u>	<u>\$ 67,833</u>	<u>\$ 116,892</u>	<u>\$ 860,698</u>
Total				

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	1,047	--	--	1,047
	<u>\$ 628,032</u>	<u>\$ 60,293</u>	<u>\$ 122,912</u>	<u>\$ 811,237</u>
Total				