

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

Financial Statements

December 31, 2012 and 2011

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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, 2012 and 2011, 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 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 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, 2012 and 2011, 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 10, 2013

ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

Statement of Financial Position

December 31,

ASSETS

	2012	2011
CURRENT ASSETS:		
Cash and cash equivalents	\$ 266,731	\$ 355,850
Cash – building reserve	41,222	27,001
Cash – Board designated	246,968	146,943
Investments	70,484	63,634
Investments – Board designated	54,983	50,610
Grants receivable	60,000	20,000
Unconditional promises to give	16,067	66,329
Prepaid expenses	5,523	10,685
Total Current Assets	<u>761,978</u>	<u>741,052</u>
PROPERTY, PLANT AND EQUIPMENT:		
Land and building	491,851	491,851
Furniture, fixtures and equipment	<u>176,844</u>	<u>169,096</u>
Total	668,695	660,947
Less: accumulated depreciation	<u>400,643</u>	<u>381,807</u>
Net Property, Plant and Equipment	<u>268,052</u>	<u>279,140</u>
	<u>\$ 1,030,030</u>	<u>\$ 1,020,192</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 36,989	\$ 36,904
Accrued expenses and payroll taxes	78,261	47,397
Due to related organization	608	440
Deferred revenue	<u>20,000</u>	<u>20,000</u>
Total Current Liabilities	<u>135,858</u>	<u>104,741</u>
NET ASSETS:		
Unrestricted:		
Operating	452,698	635,304
Board designated	301,951	197,553
Building reserve	<u>41,222</u>	<u>27,001</u>
Total Unrestricted Net Assets	795,871	859,858
Temporarily restricted	<u>98,301</u>	<u>55,593</u>
Total Net Assets	<u>894,172</u>	<u>915,451</u>
	<u>\$ 1,030,030</u>	<u>\$ 1,020,192</u>

ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

Statement of Activities

For the Year Ended December 31, 2012

	Unrestricted	Temporarily Restricted	Total
REVENUES AND OTHER SUPPORT:			
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>
EXPENSES:			
Programs			
Water and Natural Resources Program	395,720	--	395,720
Air and Energy Program	273,724	--	273,724
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			
Special events	122,144	--	122,144
Fundraising	51,915	--	51,915
Administration	<u>84,973</u>	<u>--</u>	<u>84,973</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>
CHANGE IN NET ASSETS	(63,987)	42,708	(21,279)
NET ASSETS, beginning of year	<u>859,858</u>	<u>55,593</u>	<u>915,451</u>
NET ASSETS, end of year	<u>\$ 795,871</u>	<u>\$ 98,301</u>	<u>\$ 894,172</u>

ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

Statement of Activities

For the Year Ended December 31, 2011

	Unrestricted	Temporarily Restricted	Total
REVENUES AND OTHER SUPPORT:			
Contributions	\$ 534,845	\$ 8,397	\$ 543,242
Grants - foundations	--	378,500	378,500
Special event	271,305	--	271,305
Rental income	17,400	--	17,400
Other revenue	2,959	--	2,959
Dividend and interest income	3,809	--	3,809
Net assets released from restrictions	<u>450,844</u>	<u>(450,844)</u>	<u>--</u>
Total Revenues and Other Support	<u>1,281,162</u>	<u>(63,947)</u>	<u>1,217,215</u>
EXPENSES:			
Programs			
Water and Natural Resources Program	428,297	--	428,297
Fiscal Policy Program	206,542	--	206,542
Air and Energy Program	201,878	--	201,878
Lobbying	<u>109,100</u>	<u>--</u>	<u>109,100</u>
Total Program Expenses	<u>945,817</u>	<u>--</u>	<u>945,817</u>
Support Services			
Special events	119,806	--	119,806
Fundraising	60,608	--	60,608
Administration	<u>89,519</u>	<u>--</u>	<u>89,519</u>
Total Support Service Expenses	<u>269,933</u>	<u>--</u>	<u>269,933</u>
Total Program and Support Expenses	<u>1,215,750</u>	<u>--</u>	<u>1,215,750</u>
Unrealized investment losses	<u>(556)</u>	<u>--</u>	<u>(556)</u>
CHANGE IN NET ASSETS	64,856	(63,947)	909
NET ASSETS, beginning of year	<u>795,002</u>	<u>119,540</u>	<u>914,542</u>
NET ASSETS, end of year	<u>\$ 859,858</u>	<u>\$ 55,593</u>	<u>\$ 915,451</u>

ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

Statement of Cash Flows

For the Year Ended December 31,

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (21,279)	\$ 909
Adjustments to reconcile change in net assets to net cash provided by operations		
Depreciation	18,836	13,728
Net unrealized (gains) losses on investments	(7,180)	556
Changes in:		
Grants receivable	(40,000)	(19,000)
Unconditional promises to give	50,262	6,816
Prepaid expenses	5,162	(9,570)
Due to related organization	168	693
Accounts payable	85	(4,008)
Accrued expenses and payroll taxes	30,864	11,409
Deferred revenue	--	20,000
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>36,918</u>	<u>21,533</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment and building improvements	(7,748)	(97,668)
Investment in securities	(4,043)	(28,472)
NET CASH USED BY INVESTING ACTIVITIES	<u>(11,791)</u>	<u>(126,140)</u>
INCREASE (DECREASE) IN CASH	25,127	(104,607)
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	<u>529,794</u>	<u>634,401</u>
CASH AND CASH EQUIVALENTS, <i>end of year</i>	<u>\$ 554,921</u>	<u>\$ 529,794</u>
SUPPLEMENTAL SCHEDULE OF INVESTING ACTIVITIES:		
Building improvements	\$ --	\$ 103,920
Less: Insurance reimbursement	<u>--</u>	<u>(6,252)</u>
	<u>\$ --</u>	<u>\$ 97,668</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. Advertising costs for the years ended December 31, 2012 and 2011 were \$38,928 and \$63,518, 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, 2012, and 2011, was \$18,836 and \$13,728, 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 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. During 2011, the value of contributed services recognized as revenues in the accompanying Statement of Activities was \$4,025 and included \$2,025 for creative services provided by Smartmeme Studios to support the "New York Water Rangers Campaign" and \$2,000 from Spear Design for graphic design of the Organization's annual report.

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, 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>

ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

Notes to Financial Statements

NOTE 2. INVESTMENTS (continued)

Investments as of December 31, 2011, are summarized as follows:

	Cost	Fair Value	Carrying Value
Unrestricted:			
Bond Fund-Loomis Sayles Bond Retail Shares	\$ 31,965	\$ 31,211	\$ 31,211
Blended Fund-Permanent Portfolio	<u>27,193</u>	<u>32,423</u>	<u>32,423</u>
	<u>\$ 59,158</u>	<u>\$ 63,634</u>	<u>\$ 63,634</u>
Unrestricted Board designated:			
Blended Fund-Permanent Portfolio	<u>\$ 46,694</u>	<u>\$ 50,610</u>	<u>\$ 50,610</u>

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

	2012 Unrestricted	2011 Unrestricted
Dividend and interest income	\$ 4,168	\$ 3,809
Unrealized gains (losses)	<u>7,180</u>	<u>(556)</u>
Total Investment Return	<u>\$ 11,348</u>	<u>\$ 3,253</u>

NOTE 3. SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

At December 31, 2012, \$22,016 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, 2012. 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, 2012, and 2011. 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.

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

Year Ending December 31, 2013	1,296
2014	<u>688</u>
	<u>\$ 1,984</u>

The Organization leases office space to another non-profit organization. Rental income under the lease was \$9,570 in 2012 and \$17,400 in 2011. The lease expires December 31, 2013, and provides for annual rent of \$9,570 in 2013.

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:

	2012	2011
Fiscal Policy Program	\$ 51,324	\$ 6,968
Air and Energy Program	28,049	28,625
Water and Natural Resources Program	18,928	--
General support	--	20,000
Temporarily Restricted Net Assets	<u>\$ 98,301</u>	<u>\$ 55,593</u>

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

Purpose restriction accomplished:	2012	2011
Water and Natural Resources Program	\$ 172,896	\$ 205,666
Air and Energy Program	77,376	101,249
General support	50,000	58,397
Fiscal Policy Program	30,644	78,032
Lobbying	--	7,500
Net Assets Released from Restrictions	<u>\$ 330,916</u>	<u>\$ 450,844</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:

	2012	2011
Salaries and benefits	\$ 24,289	\$ 15,560
Communications/media	811	877
Professional fees	334	527
Credit card charges	544	216
Postage	146	213
Office expenses	30	174
Fees and tuition	250	135
Temporary Help	292	--
Printing	110	131
Travel	2	104
Total	<u>\$ 26,808</u>	<u>\$ 17,937</u>

The amount due to EPL/Environmental Advocates, Inc., at December 31, 2012 and December 31, 2011, was \$608 and \$440, 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 3% and 4% of gross salary for years ending December 31, 2012, and 2011, respectively, and the pension expense was \$18,877 and \$22,912 for the years ended December 31, 2012, and 2011 respectively.

NOTE 9. 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, 2012, the Organization's federal and state tax returns generally remain open for examination for the last three years.

NOTE 10. SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through June 10, 2013, 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 11. EXPENSES

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>
TOTAL	\$ <u>957,101</u>	\$ <u>84,973</u>	\$ <u>174,059</u>	\$ <u>1,216,133</u>

ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

Notes to Financial Statements

NOTE 11. EXPENSES (continued)

Expenses for year ended December 31, 2011, are as follows:

	<u>Program</u>	<u>Administration</u>	<u>Fundraising and Special Events</u>	<u>Total</u>
Salaries and benefits	\$ 650,859	\$ 48,651	\$ 56,906	\$ 756,416
Professional fees	99,129	32,607	20,670	152,406
Supplies	16,000	138	55,124	71,262
Advertising	63,518	--	--	63,518
Printing	16,240	39	23,964	40,243
Communication/media	26,149	--	4,150	30,299
Occupancy	23,245	1,672	1,652	26,569
Travel	15,650	2,178	1,738	19,566
Depreciation	11,617	973	1,138	13,728
Postage and mailing	5,555	295	5,618	11,468
Equipment	4,972	--	4,555	9,527
Fees and tuition	5,485	880	--	6,365
Bank service charges	--	376	4,491	4,867
Organizational outreach	2,525	--	--	2,525
Miscellaneous	2,094	--	--	2,094
Insurance	112	1,663	--	1,775
Publications	1,572	--	--	1,572
Telephone	<u>1,095</u>	<u>47</u>	<u>408</u>	<u>1,550</u>
TOTAL	<u>\$ 945,817</u>	<u>\$ 89,519</u>	<u>\$ 180,414</u>	<u>\$ 1,215,750</u>