

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

Financial Statements

December 31, 2018 and 2017

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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 financial statements of Environmental Advocates of New York, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018 and 2017, 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, 2018 and 2017, 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.

Knappek, Gabriele & Bottini, LLP

Latham, New York
June 3, 2019

ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

Statement of Financial Position

December 31,

ASSETS

	2018	2017
CURRENT ASSETS:		
Cash and cash equivalents	\$ 389,792	\$ 263,068
Cash – building reserve	209,638	116,787
Cash – Board designated	324,074	167,162
Investments – Board designated	712,527	899,646
Grants receivable	10,000	5,000
Unconditional promises to give	29,077	33,270
Due from related organization	1,307	1,652
Prepaid expenses	3,616	3,392
Total Current Assets	<u>1,680,031</u>	<u>1,489,977</u>
PROPERTY, PLANT AND EQUIPMENT:		
Land and building	522,855	519,855
Furniture, fixtures and equipment	29,605	23,129
Total	<u>552,460</u>	<u>542,984</u>
Less: accumulated depreciation	<u>348,923</u>	<u>329,128</u>
Net Property, Plant and Equipment	<u>203,537</u>	<u>213,856</u>
	<u>\$ 1,883,568</u>	<u>\$ 1,703,833</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 53,980	\$ 69,169
Accrued expenses	93,235	82,503
Deferred revenue	10,000	15,000
Total Current Liabilities	<u>157,215</u>	<u>166,672</u>
NET ASSETS:		
Without donor restrictions:		
Operating	229,948	248,970
Board designated:		
Investments and cash	976,718	1,005,608
Internship program	54,510	61,200
Building reserve	209,638	116,787
Total Without Donor Restrictions	<u>1,470,814</u>	<u>1,432,565</u>
With donor restrictions	<u>255,539</u>	<u>104,596</u>
Total Net Assets	<u>1,726,353</u>	<u>1,537,161</u>
	<u>\$ 1,883,568</u>	<u>\$ 1,703,833</u>

ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

Statement of Activities

For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT:			
Contributions	\$ 459,812	\$ --	\$ 459,812
Special event	366,186	--	366,186
Grants - foundations	335,800	280,700	616,500
Dividend and interest income	41,906	--	41,906
Other revenue	1,191	--	1,191
Building renovations	--	150,000	150,000
Rental income	--	--	--
Net assets released from restrictions:			
Purpose restriction satisfied	<u>279,757</u>	<u>(279,757)</u>	<u>--</u>
Total Revenues and Other Support	<u>1,484,652</u>	<u>150,943</u>	<u>1,635,595</u>
EXPENSES:			
Programs			
A Safe Climate for All	531,683	--	531,683
Clean Water for All	390,268	--	390,268
Clean and Healthy Communities for All	108,063	--	108,063
Lobbying	<u>35,796</u>	<u>--</u>	<u>35,796</u>
Total Program Expenses	<u>1,065,810</u>	<u>--</u>	<u>1,065,810</u>
Support Services			
Administration	157,133	--	157,133
Special events	109,258	--	109,258
Fundraising	<u>38,355</u>	<u>--</u>	<u>38,355</u>
Total Support Service Expenses	<u>304,746</u>	<u>--</u>	<u>304,746</u>
Total Program and Support Expenses	<u>1,370,556</u>	<u>--</u>	<u>1,370,556</u>
Unrealized Investment Losses	<u>(75,847)</u>	<u>--</u>	<u>(75,847)</u>
CHANGE IN NET ASSETS	38,249	150,943	189,192
NET ASSETS, beginning of year	<u>1,432,565</u>	<u>104,596</u>	<u>1,537,161</u>
NET ASSETS, end of year	<u>\$ 1,470,814</u>	<u>\$ 255,539</u>	<u>\$ 1,726,353</u>

ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

Statement of Activities

For the Year Ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT:			
Contributions	\$ 437,439	\$ --	\$ 437,439
Grants – foundations	423,924	104,596	528,520
Special event	403,091	--	403,091
Dividend and interest income	28,992	--	28,992
Rental income	5,544	--	5,544
Other revenue	975	--	975
Net assets released from restrictions:			
Purpose restriction satisfied	<u>70,954</u>	<u>(70,954)</u>	<u>--</u>
Total Revenues and Other Support	<u>1,370,919</u>	<u>33,642</u>	<u>1,404,561</u>
EXPENSES:			
Programs			
A Safe Climate for All	576,161	--	576,161
Clean Water for All	255,460	--	255,460
Clean and Healthy Communities for All	169,503	--	169,503
Lobbying	<u>35,958</u>	<u>--</u>	<u>35,958</u>
Total Program Expenses	<u>1,037,082</u>	<u>--</u>	<u>1,037,082</u>
Support Services			
Administration	127,354	--	127,354
Special events	94,191	--	94,191
Fundraising	<u>56,459</u>	<u>--</u>	<u>56,459</u>
Total Support Service Expenses	<u>278,004</u>	<u>--</u>	<u>278,004</u>
Total Program and Support Expenses	<u>1,315,086</u>	<u>--</u>	<u>1,315,086</u>
Unrealized Investment Gains	<u>80,682</u>	<u>--</u>	<u>80,682</u>
CHANGE IN NET ASSETS	136,515	33,642	170,157
NET ASSETS, beginning of year	<u>1,296,050</u>	<u>70,954</u>	<u>1,367,004</u>
NET ASSETS, end of year	<u>\$ 1,432,565</u>	<u>\$ 104,596</u>	<u>\$ 1,537,161</u>

ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

Statement of Cash Flows

For the Years Ended December 31,

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 189,192	\$ 170,157
Adjustments to reconcile change in net assets to net cash provided by operations		
Depreciation	19,795	20,767
Unrealized investment losses (gains)	75,847	(80,682)
Changes in:		
Grants receivable	(5,000)	25,000
Unconditional promises to give	4,193	(4,753)
Prepaid expenses	(224)	(1,265)
Due from related organization	345	1,416
Accounts payable	(15,189)	30,750
Accrued expenses	10,732	(9,175)
Deferred revenue	(5,000)	--
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>274,691</u>	<u>152,215</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Equipment purchases and capitalized building cost	(9,476)	(12,306)
Investment in securities	(35,423)	(76,259)
Sale of securities	146,695	--
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>101,796</u>	<u>(88,565)</u>
INCREASE IN CASH	376,487	63,650
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	<u>547,017</u>	<u>483,367</u>
CASH AND CASH EQUIVALENTS, <i>end of year</i>	<u>\$ 923,504</u>	<u>\$ 547,017</u>

ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

Notes to Financial Statements

NOTE 1. ORGANIZATION AND NATURE OF ACTIVITIES

General overview

Environmental Advocates of New York, Inc. (EANY) was founded in 1969 to protect our air, land, water and wildlife and the health of all New Yorkers. EANY engages the public, the media, and policymakers to appreciate New York's role in addressing those issues. EANY monitors the development, implementation, and enforcement of the laws affecting New York's environment and works to ensure that policies protect our natural resources and safeguard public health. EANY is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code. An affiliated corporation, EPL/Environmental Advocates (together with EANY the Organization), is a nonpartisan environmental advocacy organization founded under Section 501 (c) (4) and is not exempt from federal income tax.

Environmental Advocates of New York currently focuses its programmatic work on three key policy areas:

Clean Water for All So New Yorkers have clean water to drink, we aim to secure billions in funding to fix our water infrastructure, pass mandatory testing of harmful pollutants and prevent pollution of source waters.

Clean and Reliable Transportation Our climate policies must aim to achieve significant pollution reductions by mid-century. Since transportation is the largest source of climate pollution, our primary goals are to reduce the number of fossil fuel powered vehicles on our roads and dramatically scale up mass transit and other non-polluting transit options.

Clean and Vibrant Communities To help ensure our communities are healthy, we aim to eliminate the use of dangerous pesticides and to eliminate the most harmful toxic chemicals in our food and homes.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

In 2018, the Organization adopted FASB Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The standard changed the reporting of net assets to two categories of net assets, *net assets without donor restrictions* and *net assets with donor restrictions*. Prior to 2018, net assets were reported in three classes of net assets, *unrestricted net assets*, *temporarily restricted net assets* and *permanently restricted net assets*. For comparative purposes this standard was applied to the 2017 financial statements.

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 building repairs and improvements. Each month \$1,477 is added to the cash reserve account. In 2018, the Organization received two grants of \$75,000 each for building renovations.

ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

Notes to Financial Statements

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising

The Organization expenses advertising costs as they are incurred. Advertising costs for the years ended December 31, 2018 and 2017 were \$25,367 and \$25,401, 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, 2018, and 2017, was \$19,795 and \$20,767, 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 assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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.

Functional Allocation of Expenses and Allocation of Supporting Service Expenditures

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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.

There were no contributed services in 2018 or 2017.

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.

ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

Notes to Financial Statements

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

NOTE 3. INVESTMENTS

Investments as of December 31, 2018, are summarized as follows:

	Cost	Fair Value	Carrying Value
Unrestricted Board designated:			
Bond Funds	\$ 231,426	\$ 220,493	\$ 220,493
Stock Funds	390,552	373,406	373,406
Stocks	95,499	118,628	118,628
	\$ 717,477	\$ 712,527	\$ 712,527

Investments as of December 31, 2017, are summarized as follows:

	Cost	Fair Value	Carrying Value
Unrestricted Board designated:			
Bond Funds	\$ 241,396	\$ 234,302	\$ 234,302
Stock Funds	454,392	506,991	506,991
Stocks	118,055	158,353	158,353
	\$ 813,843	\$ 899,646	\$ 899,646

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

	2018	2017
Dividend and interest income	\$ 41,906	\$ 28,992
Unrealized (losses) gains	(75,847)	80,682
Total Investment (losses) gains	\$ (33,941)	\$ 109,674

NOTE 4. SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances at two banks. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, the balances in these accounts may be in excess of federally insured limits. At December 31, 2018 uninsured cash in these accounts were \$116,158. The Organization has not experienced any loss and believes it is not exposed to any significant credit risk.

The Organization maintains cash and investments at a brokerage firm. Accounts at the institution are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000, which includes a \$250,000 limit for cash. Uninsured cash and investments at December 31, 2018 were \$530,896. The Organization has not experienced any loss and believes it is not exposed to any significant credit risk.

ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

Notes to Financial Statements

NOTE 5. LINE OF CREDIT

The Organization has a \$100,000 line of credit with a bank with an interest rate of 6.25% at December 31, 2018. 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, 2018, and 2017. Borrowings under the line are payable on demand.

NOTE 6. OPERATING LEASES

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

The Organization leased office space to another non-profit organization. Rental income under the lease was \$5,544 in 2017. The lease expired June 30, 2017 and was not renewed.

NOTE 7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

	2018	2017
Building Fund	\$ 150,000	\$ --
A Safe Climate for All	46,002	66,823
General support	22,500	25,000
Clean Water for All	21,714	7,773
Clean and Healthy Communities for All	15,323	5,000
Net Assets With Donor Restrictions	<u>\$ 255,539</u>	<u>\$ 104,596</u>

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

Purpose restriction accomplished:	2018	2017
A Safe Climate for All	\$ 179,522	\$ 26,285
Clean Water for All	75,559	43,169
Clean and Healthy Communities for All	24,676	--
General Support	--	1,500
Net Assets With Donor Restrictions Released	<u>\$ 279,757</u>	<u>\$ 70,954</u>

ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

Notes to Financial Statements

NOTE 8. 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:

	2018	2017
Salaries and benefits	\$ 17,337	\$ 14,561
Professional services	1,764	259
Credit card charges	864	646
Occupancy	479	870
Communications	263	285
Telephone	151	144
Office expenses	111	167
Postage	108	90
Fees and tuition	100	100
Printing	91	123
Travel	10	--
Publications	--	100
Advertising	--	839
Total	<u>\$ 21,278</u>	<u>\$ 18,184</u>

The amount due from EPL/Environmental Advocates, Inc. at December 31, 2018 and 2017 was \$1,307 and \$1,652, respectively.

NOTE 9. 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 5% of gross salary for years ending December 31, 2018, and 2017, respectively, and the pension expense was \$33,846 and \$36,478 for the years ended December 31, 2018, and 2017 respectively.

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, 2018, the Organization's tax returns generally remain open for examination for the last three years.

ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

Notes to Financial Statements

NOTE 11. STRATEGIC PLAN

The Organization commissioned an extensive strategic planning process to determine its future activities, priorities and overall effectiveness. Consultants were engaged to assist in the plan and the cost in 2018 and 2017 was \$59,280 and \$64,520; respectively, which is reported as a component of support services. The cost was partially funded by special donations from the board of directors.

NOTE 12. EXPENSES

Expenses for year ended December 31, 2018, are as follows:

	<u>Program</u>	<u>Administration</u>	<u>Fundraising and Special Events</u>	<u>Total</u>
Salaries and benefits	\$ 756,928	\$ 60,813	\$ 53,498	\$ 871,239
Professional fees	67,796	85,499	6,532	159,827
Regrants	97,000	--	--	97,000
Supplies	6,234	794	55,891	62,919
Occupancy	24,995	1,806	978	27,779
Advertising	23,391	1,463	513	25,367
Depreciation	17,798	1,471	526	19,795
Printing	8,260	30	8,205	16,495
Equipment	6,270	--	8,756	15,026
Travel	12,742	1,553	589	14,884
Communication	13,935	--	41	13,976
Bank service charges	788	1,725	8,229	10,742
Publications	8,110	--	1,050	9,160
Telephone	7,423	--	191	7,614
Postage and mailing	2,244	80	2,394	4,718
Stipend	4,600	--	--	4,600
Fees and tuition	3,134	366	220	3,720
Organization outreach	3,500	--	--	3,500
Insurance	--	1,533	--	1,533
Miscellaneous	662	--	--	662
TOTALS	<u>\$ 1,065,810</u>	<u>\$ 157,133</u>	<u>\$ 147,613</u>	<u>\$ 1,370,556</u>

ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

Notes to Financial Statements

NOTE 12. EXPENSES (continued)

Expenses for year ended December 31, 2017, are as follows:

	<u>Program</u>	<u>Administration</u>	<u>Fundraising and Special Events</u>	<u>Total</u>
Salaries and benefits	\$ 778,676	\$ 36,258	\$ 65,648	\$ 880,582
Grants	110,000	--	--	110,000
Occupancy	24,399	1,495	1,463	27,357
Advertising	21,543	1,513	2,345	25,401
Depreciation	19,109	947	711	20,767
Communication	12,178	--	242	12,420
Travel	11,138	965	1,111	13,214
Professional fees	10,695	83,295	6,128	100,118
Supplies	9,017	545	48,540	58,102
Publications	7,970	--	84	8,054
Telephone	7,622	--	185	7,807
Printing	6,800	22	8,286	15,108
Equipment	5,560	--	4,849	10,409
Fees and tuition	4,787	586	239	5,612
Miscellaneous	2,253	--	--	2,253
Postage and mailing	1,386	42	3,954	5,382
Bank service charges	649	121	6,865	7,635
Stipend	3,300	--	--	3,300
Insurance	<u>--</u>	<u>1,565</u>	<u>--</u>	<u>1,565</u>
TOTAL	<u>\$ 1,037,082</u>	<u>\$ 127,354</u>	<u>\$ 150,650</u>	<u>\$ 1,315,086</u>

NOTE 13. SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through September 10, 2019 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.