

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

Financial Statements

December 31, 2016 and 2015

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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, 2016 and 2015, 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, 2016 and 2015, 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 15, 2017

ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

Statement of Financial Position

December 31,

ASSETS

	2016	2015
CURRENT ASSETS:		
Cash and cash equivalents	\$ 244,151	\$ 245,344
Cash – building reserve	98,956	83,037
Cash – Board designated	140,260	87,968
Investments – Board designated	742,705	634,366
Grants receivable	30,000	7,150
Unconditional promises to give	28,517	13,210
Due from related organization	3,068	4,769
Prepaid expenses	2,127	2,071
Total Current Assets	<u>1,289,784</u>	<u>1,077,915</u>
PROPERTY, PLANT AND EQUIPMENT:		
Land and building	512,875	504,980
Furniture, fixtures and equipment	80,146	75,527
Total	593,021	580,507
Less: accumulated depreciation	370,704	349,374
Net Property, Plant and Equipment	<u>222,317</u>	<u>231,133</u>
	<u>\$ 1,512,101</u>	<u>\$ 1,309,048</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 38,419	\$ 33,982
Accrued expenses	91,678	85,487
Deferred revenue	15,000	15,000
Total Current Liabilities	<u>145,097</u>	<u>134,469</u>
NET ASSETS:		
Unrestricted:		
Operating	314,129	250,325
Board designated:		
Investments	828,769	722,334
Internship Program	54,196	--
Building reserve	98,956	83,037
Total Unrestricted Net Assets	1,296,050	1,055,696
Temporarily restricted	70,954	118,883
Total Net Assets	<u>1,367,004</u>	<u>1,174,579</u>
	<u>\$ 1,512,101</u>	<u>\$ 1,309,048</u>

ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

Statement of Activities

For the Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Total
REVENUES AND OTHER SUPPORT:			
Contributions	\$ 470,622	\$ --	\$ 470,622
Special event	382,826	--	382,826
Grants - foundations	220,000	104,500	324,500
Dividend and interest income	25,329	--	25,329
Rental income	10,560	--	10,560
Other revenue	1,422	--	1,422
Net assets released from restrictions	<u>152,429</u>	<u>(152,429)</u>	<u>--</u>
Total Revenues and Other Support	<u>1,263,188</u>	<u>(47,929)</u>	<u>1,215,259</u>
EXPENSES:			
Programs			
Climate Change Program	316,660	--	316,660
Water and Natural Resources Program	261,231	--	261,231
Air and Energy Program	113,372	--	113,372
Environmental Health Program	67,801	--	67,801
Fiscal Policy Program	36,633	--	36,633
Lobbying	<u>34,543</u>	<u>--</u>	<u>34,543</u>
Total Program Expenses	<u>830,240</u>	<u>--</u>	<u>830,240</u>
Support Services			
Special events	100,205	--	100,205
Administration	74,862	--	74,862
Fundraising	<u>49,031</u>	<u>--</u>	<u>49,031</u>
Total Support Service Expenses	<u>224,098</u>	<u>--</u>	<u>224,098</u>
Total Program and Support Expenses	<u>1,054,338</u>	<u>--</u>	<u>1,054,338</u>
Unrealized investment gains	<u>31,504</u>	<u>--</u>	<u>31,504</u>
CHANGE IN NET ASSETS	240,354	(47,929)	192,425
NET ASSETS, beginning of year	<u>1,055,696</u>	<u>118,883</u>	<u>1,174,579</u>
NET ASSETS, end of year	<u>\$ 1,296,050</u>	<u>\$ 70,954</u>	<u>\$ 1,367,004</u>

ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

Statement of Activities

For the Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total
REVENUES AND OTHER SUPPORT:			
Contributions	\$ 486,725	\$ --	\$ 486,725
Special event	286,314	--	286,314
Grants - foundations	195,150	189,000	384,150
Dividend and interest income	24,635	--	24,635
Rental income	10,252	--	10,252
Other revenue	1,150	--	1,150
Net assets released from restrictions	<u>290,445</u>	<u>(290,445)</u>	<u>--</u>
Total Revenues and Other Support	<u>1,294,671</u>	<u>(101,445)</u>	<u>1,193,226</u>
EXPENSES:			
Programs			
Climate Change Program	373,480	--	373,480
Water and Natural Resources Program	180,295	--	180,295
Air and Energy Program	108,488	--	108,488
Environmental Health Program	149,880	--	149,880
Fiscal Policy Program	77,432	--	77,432
Lobbying	<u>33,940</u>	<u>--</u>	<u>33,940</u>
Total Program Expenses	<u>923,515</u>	<u>--</u>	<u>923,515</u>
Support Services			
Special events	91,112	--	91,112
Administration	80,293	--	80,293
Fundraising	<u>46,434</u>	<u>--</u>	<u>46,434</u>
Total Support Service Expenses	<u>217,839</u>	<u>--</u>	<u>217,839</u>
Total Program and Support Expenses	<u>1,141,354</u>	<u>--</u>	<u>1,141,354</u>
Realized and unrealized investment losses	<u>(29,538)</u>	<u>--</u>	<u>(29,538)</u>
CHANGE IN NET ASSETS	123,779	(101,445)	22,334
NET ASSETS, beginning of year	<u>931,917</u>	<u>220,328</u>	<u>1,152,245</u>
NET ASSETS, end of year	<u>\$ 1,055,696</u>	<u>\$ 118,883</u>	<u>\$ 1,174,579</u>

ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

Statement of Cash Flows

For the Years Ended December 31,

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 192,425	\$ 22,334
Adjustments to reconcile change in net assets to net cash provided by operations		
Depreciation	21,330	22,110
Net unrealized and realized (gains) losses on investments	(31,504)	29,538
Changes in:		
Grants receivable	(22,850)	(7,150)
Unconditional promises to give	(15,307)	5,684
Prepaid expenses	(56)	(686)
Due from/to related organization	1,701	3,424
Accounts payable	4,437	(3,588)
Accrued expenses	6,191	16,995
Deferred revenue	--	(25)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>156,367</u>	<u>88,636</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment and building improvements	(12,514)	(6,205)
Investment in securities	<u>(76,835)</u>	<u>(165,113)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(89,349)</u>	<u>(171,318)</u>
INCREASE (DECREASE) IN CASH	67,018	(82,682)
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	<u>416,349</u>	<u>499,031</u>
CASH AND CASH EQUIVALENTS, <i>end of year</i>	<u>\$ 483,367</u>	<u>\$ 416,349</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 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, 2016 and 2015 were \$6,078 and \$8,140, 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, 2016, and 2015, was \$21,330 and \$22,110, 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.

There were no contributed services in 2016. In 2015, the value of contributed services was \$617.

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, 2016, are summarized as follows:

	Cost	Fair Value	Carrying Value
Unrestricted Board designated:			
Bond Funds	\$ 217,453	\$ 211,147	\$ 211,147
Stock Funds	409,706	406,615	406,615
Stocks	109,980	124,943	124,943
	<u>\$ 737,139</u>	<u>\$ 742,705</u>	<u>\$ 742,705</u>

ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

Notes to Financial Statements

NOTE 2. INVESTMENTS (continued)

Investments as of December 31, 2015, are summarized as follows:

	Cost	Fair Value	Carrying Value
Unrestricted Board designated:			
Bond Funds	\$ 208,603	\$ 205,354	\$ 205,354
Stock Funds	350,771	326,030	326,030
Stocks	100,655	102,982	102,982
	<u>\$ 660,029</u>	<u>\$ 634,366</u>	<u>\$ 634,366</u>

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

	2016 Unrestricted	2015 Unrestricted
Dividend and interest income	\$ 25,217	\$ 24,635
Unrealized gains (losses)	<u>31,504</u>	<u>(29,538)</u>
Total Investment Return	<u>\$ 56,721</u>	<u>\$ (4,903)</u>

NOTE 3. 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. 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, 2016 were \$378,783. The Organization has not experienced any loss and believes it is not exposed to any significant credit risk.

NOTE 4. LINE OF CREDIT

The Organization has a \$100,000 line of credit with a bank with an interest rate of 4.50% at December 31, 2016. 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, 2016, and 2015. 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, 2017	1,608
2018	1,608
2019	<u>804</u>
	<u>\$ 4,020</u>

The Organization leases office space to another non-profit organization. Rental income under the lease was \$10,560 and \$10,252 in 2016 and 2015 respectively. The lease expires June 30, 2017, and provides for rent of \$5,544 for the six month lease.

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:

	2016	2015
Climate Change Program	\$ 26,285	\$ 67,670
Air and Energy Program	--	14,271
Water and Natural Resources Program	43,169	16,942
General support	1,500	20,000
Temporarily Restricted Net Assets	<u>\$ 70,954</u>	<u>\$ 118,883</u>

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

Purpose restriction accomplished:	2016	2015
Climate Change Program	\$ 71,385	\$ 179,398
Air and Energy Program	14,271	34,589
Water and Natural Resources Program	61,773	42,058
Environmental Health Program	--	14,400
General support	5,000	20,000
Net Assets Released from Restrictions	<u>\$ 152,429</u>	<u>\$ 290,445</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:

	2016	2015
Salaries and benefits	\$ 30,687	\$ 19,906
Communications	5,350	199
Management fee	866	721
Postage	541	2,740
Fees and tuition	300	100
Professional services	248	46
Printing	203	395
Credit card charges	167	884
Office expenses	98	57
Advertising	50	137
Travel	34	--
Total	<u>\$ 38,544</u>	<u>\$ 25,185</u>

The amount due from EPL/Environmental Advocates, Inc. at December 31, 2016 and 2015 was \$3,068 and \$4,769, 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 5% and 4% of gross salary for years ending December 31, 2016, and 2015, respectively, and the pension expense was \$30,800 and \$26,472 for the years ended December 31, 2016, and 2015 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, 2016, the Organization's 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 22, 2017 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, 2016, are as follows:

	<u>Program</u>	<u>Administration</u>	<u>Fundraising and Special Events</u>	<u>Total</u>
Salaries and benefits	\$ 702,059	\$ 48,222	\$ 69,554	\$ 819,835
Occupancy	26,151	1,618	1,794	29,563
Depreciation	19,328	1,379	623	21,330
Professional fees	15,479	15,693	4,261	35,433
Communication	12,900	5	266	13,171
Publications	11,731	--	--	11,731
Supplies	7,685	1,011	50,987	59,683
Telephone	7,485	--	293	7,778
Printing	5,948	23	5,901	11,872
Equipment	5,764	--	4,892	10,656
Travel	5,527	970	1,149	7,646
Advertising	4,165	1,513	400	6,078
Fees and tuition	3,470	1,195	242	4,907
Postage and mailing	2,341	92	2,288	4,721
Miscellaneous	207	--	--	207
Bank service charges	--	1,576	6,586	8,162
Insurance	--	1,565	--	1,565
TOTAL	\$ 830,240	\$ 74,862	\$ 149,236	\$ 1,054,338

ENVIRONMENTAL ADVOCATES OF NEW YORK, INC.

Notes to Financial Statements

NOTE 12. EXPENSES (continued)

Expenses for year ended December 31, 2015, are as follows:

	<u>Program</u>	<u>Administration</u>	<u>Fundraising and Special Events</u>	<u>Total</u>
Salaries and benefits	\$ 744,010	\$ 55,835	\$ 62,769	\$ 862,614
Professional fees	58,132	15,183	4,450	77,765
Occupancy	27,020	2,098	1,974	31,092
Depreciation	19,605	1,555	950	22,110
Communication	17,014	7	166	17,187
Travel	8,995	1,028	831	10,854
Publications	8,143	--	--	8,143
Telephone	7,906	--	585	8,491
Supplies	7,539	206	47,289	55,034
Advertising	6,626	1,514	--	8,140
Printing	6,523	18	6,209	12,750
Equipment	4,427	--	4,892	9,319
Fees and tuition	3,415	563	243	4,221
Postage and mailing	2,510	59	3,235	5,804
Bank service charges	749	662	3,953	5,364
Miscellaneous	601	--	--	601
Organizational outreach	300	--	--	300
Insurance	--	1,565	--	1,565
TOTAL	<u>\$ 923,515</u>	<u>\$ 80,293</u>	<u>\$ 137,546</u>	<u>\$ 1,141,354</u>