

Long Island Advocacy Center, Inc.

FINANCIAL STATEMENTS

December 31, 2015

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Long Island Advocacy Center, Inc.

We have audited the accompanying financial statements of Long Island Advocacy Center, Inc. (a non-profit organization), which comprise the statement of financial position as of December 31, 2015 and the related statements of activities, functional expenses and cash flows for the year 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.

The Board of Directors
Long Island Advocacy Center, Inc.
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Long Island Advocacy Center, Inc. as of December 31, 2015 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Long Island Advocacy Center, Inc.'s December 31, 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 12, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial information from which it has been derived.

Sheehan & Company CPA, P.C.

Brightwaters, New York
May 31, 2016

Long Island Advocacy Center, Inc.

STATEMENT OF FINANCIAL POSITION

December 31, 2015

(With Summarized Financial Information for the Year Ended December 31, 2014)

	<u>2015</u>	<u>2014</u>
Assets:		
Cash and cash equivalents	\$ 900,337	\$ 688,007
Accounts receivable	297,270	324,080
Rent security deposit	<u>2,698</u>	<u>2,698</u>
Total assets	<u>\$ 1,200,305</u>	<u>\$ 1,014,785</u>
Liabilities:		
Accrued expenses	\$ 53,023	\$ 50,409
Deferred income - program advances	<u>225,658</u>	<u>115,400</u>
Total liabilities	<u>278,681</u>	<u>165,809</u>
Net assets:		
Unrestricted	<u>921,624</u>	<u>848,976</u>
Total net assets	<u>921,624</u>	<u>848,976</u>
Total liabilities and net assets	<u>\$ 1,200,305</u>	<u>\$ 1,014,785</u>

The accompanying notes are an integral
part of these financial statements

Long Island Advocacy Center, Inc.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2015
(With Summarized Financial Information for the Year Ended December 31, 2014)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>	
			<u>2015</u>	<u>2014</u>
Support and revenue:				
Grants and contracts	\$ -	\$ 1,518,966	\$ 1,518,966	\$ 1,563,907
Fees	50,827	-	50,827	28,359
Contributions	17,928	-	17,928	10,695
Interest	605	-	605	454
Fundraising	3,288	-	3,288	7,659
Net assets released from restriction	<u>1,518,966</u>	<u>(1,518,966)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>1,591,614</u>	<u>-</u>	<u>1,591,614</u>	<u>1,611,074</u>
Expenses:				
Program services	1,467,896	-	1,467,896	1,539,637
Supporting services:				
Management and general	50,520	-	50,520	24,269
Fundraising	<u>550</u>	<u>-</u>	<u>550</u>	<u>656</u>
Total expenses	<u>1,518,966</u>	<u>-</u>	<u>1,518,966</u>	<u>1,564,562</u>
Change in net assets	72,648	-	72,648	46,512
Net assets, beginning of year	<u>848,976</u>	<u>-</u>	<u>848,976</u>	<u>802,464</u>
Net assets, end of year	<u>\$ 921,624</u>	<u>\$ -</u>	<u>\$ 921,624</u>	<u>\$ 848,976</u>

The accompanying notes are an integral
part of these financial statements

Long Island Advocacy Center, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2015
(With Summarized Financial Information for the Year Ended December 31, 2014)

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Totals</u>	
		<u>Management and General</u>	<u>Fundraising</u>	<u>2015</u>	<u>2014</u>
Salaries and wages	\$ 1,086,598	\$ 22,145	\$ -	\$ 1,108,743	\$ 1,146,506
Payroll taxes and employee benefits	<u>187,265</u>	<u>2,752</u>	<u>-</u>	<u>190,017</u>	<u>215,287</u>
Total salaries, wages, payroll taxes and benefits	1,273,863	24,897	-	1,298,760	1,361,793
Legal and accounting	-	16,920	-	16,920	-
Supplies	23,120	1,243	497	24,860	26,073
Telephone	10,030	528	-	10,558	13,119
Occupancy	63,091	3,321	-	66,412	64,230
Consultants and bookkeeping	16,981	894	-	17,875	18,263
Equipment maintenance and repair	19,885	1,047	-	20,932	18,344
Travel	29,233	-	-	29,233	33,554
Conferences, meetings and hall rental	12,281	646	-	12,927	9,742
Insurance	6,565	346	-	6,911	8,122
Bank charges	76	4	-	80	492
Postage	2,445	131	53	2,629	1,780
Dues and subscriptions	<u>10,326</u>	<u>543</u>	<u>-</u>	<u>10,869</u>	<u>9,050</u>
Total expenses	<u>\$ 1,467,896</u>	<u>\$ 50,520</u>	<u>\$ 550</u>	<u>\$ 1,518,966</u>	<u>\$ 1,564,562</u>

The accompanying notes are an integral
part of these financial statements

Long Island Advocacy Center, Inc.

STATEMENT OF CASH FLOWS

December 31, 2015

(With Summarized Financial Information for the Year Ended December 31, 2014)

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ 72,648	\$ 46,512
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Decrease in accounts receivable	26,810	27,288
Increase in accrued expenses	2,614	6,234
Increase in deferred income - program advances	<u>110,258</u>	<u>30,679</u>
Net cash provided by operating activities	<u>212,330</u>	<u>110,713</u>
Net increase in cash and cash equivalents	212,330	110,713
Cash and cash equivalents, beginning of year	<u>688,007</u>	<u>577,294</u>
Cash and cash equivalents, end of year	<u>\$ 900,337</u>	<u>\$ 688,007</u>

The accompanying notes are an integral
part of these financial statements

Long Island Advocacy Center, Inc.

NOTES TO FINANCIAL STATEMENTS

1. Nature of activities:

Long Island Advocacy Center, Inc. (the Organization) is a private not-for-profit agency dedicated to protecting the legal rights of students and individuals with disabilities. The Organization offers students solutions to problems such as discipline, truancy, suspensions, residency disputes and inappropriate placements. Individuals with disabilities are assisted in obtaining vocational rehabilitation services, benefits, appropriate educational programs and provided with service coordination.

The Organization is funded through grants from the New York State Commission on Quality of Care, the Office of People with Developmental Disabilities, Suffolk County Department of Probation, N.Y.S. Interest on Lawyers Account Fund (IOLA), The Nassau County Youth Board, The Office of Mental Health and The Suffolk County Youth Board. In addition, the Organization receives client fees and Medicaid income for billable client services.

2. Summary of significant accounting policies:

Basis of accounting: The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities. In the Statement of Financial Position, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

Financial statement presentation: The classification of a not-for-profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the three classes of net assets, permanently restricted, temporarily restricted and unrestricted, be displayed in the Statement of Financial Position and that the amounts of change in each of those classes of net assets be displayed in the Statement of Activities.

These classes are defined as follows:

Permanently restricted: Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. At December 31, 2015, the Organization had no permanently restricted net assets.

Long Island Advocacy Center, Inc.

NOTES TO FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued):

Temporarily restricted net assets: Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. When such stipulations end or are fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities. At December 31, 2015, the Organization had no temporarily restricted net assets.

Unrestricted: The part of net assets that is neither permanently nor temporarily restricted by donor imposed stipulations.

Cash and cash equivalents: The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Estimates: In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property and equipment: The Organization follows the practice of capitalizing all expenditures in excess of \$5,000 with a useful life of 5 years or more. Depreciation is provided over the estimated useful lives of the assets on a straight-line basis. The Organization has no property and equipment as of December 31, 2015 as it has not incurred any expenditures meeting this criteria.

Receivables and allowance for doubtful accounts: Accounts receivable are stated at unpaid balances. The Organization does not provide an allowance for doubtful accounts as historically all receivables have been collected. Receivables consist of program fees and awarded grants. Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding receivables. All receivables, as stated in the financial statements, are deemed by the Organization's management to be fully collectible.

Long Island Advocacy Center, Inc.

NOTES TO FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued):

Contributions: Contributions received are reported at their net realizable values. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restriction.

Functional allocation of expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Common costs incurred for the administration of the various programs are allocated directly to the respective programs as incurred and/or utilizing predetermined allocation rates established by management. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Deferred revenue: Revenue related to receipts collected prior to incurring matching expenses for the funding source's program is deferred and recognized in the period in which the expenses are incurred. At December 31, 2015, the Organization recorded deferred revenue of \$225,658.

Donated services and materials: When measureable, gifts in-kind are recorded at their fair market value. Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased. Volunteers provided various services throughout the year to the Organization that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Concentration of credit risk: Financial instruments, which potentially subject the Organization to concentration of credit risk, consist primarily of cash and cash equivalents. At times, the Organization has cash deposits at financial institutions which exceed the Federal Deposit Insurance Corporation (FDIC) insurance limits.

Income taxes: The Organization is exempt from federal, state and local income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for 2015.

Long Island Advocacy Center, Inc.

NOTES TO FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued):

Income taxes (continued):

ASC 740 requires that organizations must recognize the tax impact of a tax position taken on a tax return when it is more likely than not that the position will not be sustained on audit, based on the technical merits of the position. The Organization does not believe there are any material uncertain tax positions and, accordingly, has not recognized any liability for unrecognized tax benefits. The Organization has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Organization has filed Internal Revenue Service Form 990 tax returns, as required, and all other applicable returns in jurisdictions when it is required. For the year ended December 31, 2015, there was no interest or penalties recorded or included in the Statement of Activities. The Organization is subject to routine audits by a taxing authority. Management believes it is no longer subject to income tax examinations for tax years prior to 2012.

Comparative financial information: The financial statements include certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

Events occurring after reporting date: Subsequent events have been evaluated through May 31, 2016, which is the date the financial statements were available to be issued.

3. Summary of grants/contracts funding:

The Organization is primarily funded through grants and contracts from the following sources. 2014 information is presented for comparative purposes:

<u>Funding Source</u>	<u>Recognized Support</u>	
	<u>2015</u>	<u>2014</u>
Interest on Lawyer State of New York	\$ 90,000	\$ 85,000
New York State Office of People with Developmental Disabilities	85,542	85,542

Long Island Advocacy Center, Inc.

NOTES TO FINANCIAL STATEMENTS

3. Summary of grants/contracts funding (continued):

<u>Funding Source</u>	<u>Recognized Support</u>	
	<u>2015</u>	<u>2014</u>
Family Support Services	\$ 50,000	\$ 50,000
Parent Training and Information Center	54,952	50,000
Judiciary Civil Legal Service	36,662	-
SAMHSA	-	79,748
Nassau County Office of Mental Health	98,901	101,044
Nassau County Dept. of Social Services	125,036	125,534
Nassau Educational Advocacy	104,820	91,938
NEA Delinquency Prevention	-	13,940
Suffolk County Office of Mental Health	23,250	23,774
Department of Probation County of Suffolk (PINS/AFY)	438,030	415,319
JD Advocacy	174,339	171,959
Medicaid	237,434	265,859
Hope for Youth	-	4,250
Total grants and contracts	<u>\$1,518,966</u>	<u>\$1,563,907</u>

Long Island Advocacy Center, Inc.

NOTES TO FINANCIAL STATEMENTS

4. Commitments:

The Organization rents its Nassau and Suffolk facilities. The Herricks facility located in Nassau County is rented through June 30, 2018 with annual escalations. The Hauppauge facility located in Suffolk County is rented through December 14, 2017 with annual escalations. Recognizing rental payments on a straight-line basis is not material to the accompanying financial statements.

Approximate future minimum annual rentals payable under the two operating leases are as follows:

	<u>Herricks (Nassau)</u>	<u>Hauppauge (Suffolk)</u>
2016	\$27,384	\$37,991
2017	28,206	35,541
2018	<u>14,310</u>	<u>-</u>
	<u>\$69,900</u>	<u>\$73,532</u>

Rental expense for the Herricks and Hauppauge locations charged to occupancy on the Statement of Activities for the year ended December 31, 2015 was \$26,634 and \$37,186, respectively.

The Organization also rents an office in the Touro Law Center building in Central Islip. The office is leased until June 2016. Approximate future minimum annual rentals payable under the operating leases is as follows:

<u>December 31,</u>	<u>Amount</u>
2016	\$1,296

Rental expense charged to occupancy on the Statement of Activities for the year ended December 31, 2015 was \$2,592.

Long Island Advocacy Center, Inc.

NOTES TO FINANCIAL STATEMENTS

5. Net assets released from restrictions:

During the year ended December 31, 2015, temporarily restricted net assets were released for the following purposes:

Program services	\$1,467,896
Supporting services	<u>51,070</u>
Total expenses	<u>\$1,518,966</u>

6. Pension plan:

The Organization offers a 403(b) plan to eligible employees. In order to be eligible, an employee must be employed with the Organization for at least one year and work a minimum of 1,000 hours. Participating employees contribute to the plan in the form of semi-monthly contributions (subject to annual Internal Revenue Service limitations). Through the year ended December 31, 2015, this plan provided for a 3% employer contribution regardless of whether the employee was contributing. In addition, the Organization provided for a matching contribution up to 3%. The employer contribution for the year ended December 31, 2015 was \$56,204.