

STUDENT ADVOCACY, INC.

FINANCIAL STATEMENTS

December 31, 2009

**FOR DISCUSSION
PURPOSES ONLY**

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**FOR DISCUSSION
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Independent Auditors' Report

**The Board of Directors
Student Advocacy, Inc.**

We have audited the accompanying statement of financial position of Student Advocacy, Inc. as of December 31, 2009 and the related statement of activities and changes in net assets, statement of functional expenses, and statement of cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Student Advocacy, Inc.'s December 31, 2008 financial statements and, in our report dated September 11, 2009 we expressed an unqualified opinion on those financial statements.

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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 Student Advocacy, Inc. as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Mount Kisco, New York
August 3, 2010

**FOR DISCUSSION
PURPOSES ONLY**

STUDENT ADVOCACY, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2009

(With Comparative Totals as of December 31, 2008)

ASSETS

	<u>2009</u>	<u>2008</u>
Current Assets:		
Cash and cash equivalents	\$ 477,049	\$ 456,185
Investments, at market value (Note 2)	886	1,038
Contracts and grants receivable (Note 3)	155,014	94,499
Prepaid expenses	<u>10,933</u>	<u>8,949</u>
Total Current Assets	643,882	560,671
Furniture, equipment and leasehold improvements	130,572	130,572
Accumulated depreciation	<u>(128,272)</u>	<u>(126,991)</u>
Net Fixed Assets	<u>2,300</u>	<u>3,581</u>
Other Assets:		
Deposits	<u>3,873</u>	<u>3,873</u>
Total Assets	\$ <u>650,055</u>	\$ <u>568,125</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts and accrued expenses payable	\$ 7,955	\$ 7,319
Accrued vacation and wages payable	<u>21,566</u>	<u>20,249</u>
Total Current Liabilities	<u>29,521</u>	<u>27,568</u>
Net Assets:		
Unrestricted (Note 1)	573,620	493,643
Temporarily restricted (Note 1)	<u>46,914</u>	<u>46,914</u>
Total Net Assets	<u>620,534</u>	<u>540,557</u>
Total Liabilities & Net Assets	\$ <u>650,055</u>	\$ <u>568,125</u>

FOR DISCUSSION
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The accompanying notes and independent auditors' report are an integral part of the financial statements.

STUDENT ADVOCACY, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended December 31, 2009

(With Comparative Totals For the Year Ended December 31, 2008)

	2009			2008 Total
	Unrestricted	Temporarily Restricted	Total	
Support:				
Westchester County Youth Bureau	\$	\$ 124,263	\$ 124,263	\$ 75,773
Other contracts & grants		39,249	39,249	66,253
Hudson Valley DDSO		40,133	40,133	35,161
United Way		2,569	2,569	12,694
Corporate contributions & fundraisers	293,751	10,500	304,251	324,671
Foundation contribution	104,000		104,000	238,000
Other contributions & support	167,853		167,853	167,925
Interest income	2,852		2,852	8,776
Unrealized gain/(loss)	(151)		(151)	(180)
Other income	405		405	200
Net Assets released from restrictions:				
Satisfaction of program restrictions	<u>216,714</u>	<u>(216,714)</u>	<u>-</u>	<u>-</u>
Total Support	<u>785,424</u>	<u> </u>	<u>785,424</u>	<u>929,273</u>
Expenditures:				
Program expenses	562,190		562,190	563,156
Administrative expenses	111,801		111,801	112,339
Fundraising expenses	<u>31,456</u>	<u> </u>	<u>31,456</u>	<u>42,756</u>
Total Expenditures	<u>705,447</u>	<u> </u>	<u>705,447</u>	<u>718,251</u>
Increase (decrease) in Net Assets	<u>79,977</u>	<u> </u>	<u>79,977</u>	<u>211,022</u>
Net Assets, beginning of year	<u>493,643</u>	<u>46,914</u>	<u>540,557</u>	<u>369,535</u>
Net Assets, end of year	\$ <u>573,620</u>	\$ <u>46,914</u>	\$ <u>620,534</u>	\$ <u>540,557</u>

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STUDENT ADVOCACY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2009
 (With Comparative Totals For the Year Ended December 31, 2008)

	2009			2008 Total
	Program Expenses	Administrative Expenses	Fundraising Expenses	
Expenditures:				
Salaries	\$ 379,636	\$ 66,995	\$	\$ 446,631
Payroll taxes & employee benefits	42,765	7,547		50,312
Rent & utilities	49,225	8,687		57,912
Bookkeeping fees		10,000		10,000
Telephone	8,335	1,471		9,806
Office expenses	19,180	3,385		22,565
Travel	2,079	367		2,446
Insurance	8,920	1,574		10,494
Fundraisers			31,456	31,456
Repairs & maintenance	4,256	751		5,007
Consultants-other	12,000	3,204		15,204
Auditing		3,975		3,975
Postage	3,276	578		3,854
Conference & workshop	2,648	467		3,115
Miscellaneous	6,405	1,130		7,535
Printing & publications	8,376	1,478		9,854
Scholarship awards	14,000			14,000
Depreciation	1,089	192		1,281
Total Expenditures	\$ 562,190	\$ 111,801	\$ 31,456	\$ 705,447
				\$ 718,251

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STUDENT ADVOCACY, INC.

STATEMENT OF CASH FLOWS

**For the Year Ended December 31, 2009
(With Comparative Totals For the Year Ended December 31, 2008)
(Increase (Decrease) in Cash and Cash Equivalents)**

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Increase (decrease) in Net Assets	\$ 79,977	\$ 211,022
Adjustments to reconcile increase (decrease) in Net Assets to net cash provided (used) by operating activities:		
Depreciation	1,281	3,640
(Increase) decrease in contracts and grants receivable	(60,515)	4,716
(Increase) decrease in prepaid expenses	(1,984)	(6,389)
(Increase) decrease in miscellaneous receivable	-	694
Increase (decrease) in accounts and accrued expenses payable	<u>1,953</u>	<u>10,287</u>
Net cash provided (used) by operating activities	<u>20,712</u>	<u>183,970</u>
Cash flows from investing activities:		
(Increase) in investments	<u>152</u>	<u>180</u>
Net cash provided (used) by investing activities	<u>152</u>	<u>180</u>
Net increase (decrease) in cash and cash equivalents	20,864	184,150
Cash and cash equivalents, beginning of year	<u>456,185</u>	<u>272,035</u>
Cash and cash equivalents, end of year	\$ <u>477,049</u>	\$ <u>456,185</u>

Supplemental disclosure of cash flow information:

Cash paid during the year for:

Interest	\$ -0-	\$ -0-
Income tax	\$ -0-	\$ -0-

**FOR DISCUSSION
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The accompanying notes and independent auditors' report are an integral part of the financial statements.

STUDENT ADVOCACY, INC.

NOTES TO FINANCIAL STATEMENT

December 31, 2009

Note 1 – Summary of Significant Accounting Policies:

a. Description

Student Advocacy, Inc. (the “Agency”) provides support services and technical information to the public at large and to parents, individuals and agencies who wish to assure children and youth access to appropriate education.

b. Cash and Cash Equivalents

The Agency considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

c. Depreciation and Amortization

Fixed assets are carried at cost, net of accumulated depreciation. These amounts do not purport to represent replacement or realized values. Depreciation is recorded using the straight-line method based on the useful lives of the assets, which is estimated to be 3-5 years. Leasehold improvements are amortized over the term of the applicable lease.

d. Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting. Support revenue is recognized when earned and expenses are recognized when incurred. Income from contributions is recognized when received.

The Agency’s financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, “Financial Statements of Not-For-Profit Organizations”. Under SFAS No. 117, the Agency is required to report 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, based on the existence or absence of donor imposed restrictions. Temporarily restricted Net Assets are designated for “Overcoming the Odds Scholarship Program”.

**FOR DISCUSSION
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STUDENT ADVOCACY, INC.

NOTES TO FINANCIAL STATEMENT

December 31, 2009

(Continued)

Note 1 – Summary of Significant Accounting Policies (continued):

d. Basis of Accounting (continued)

The Agency reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose of the restriction is accomplished, temporarily restricted Net Assets are reclassified to unrestricted Net Assets released from restrictions.

e. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts.

f. Volunteer Time

A substantial number of volunteers made significant contributions of their time to the Agency's programs. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation.

Note 2 – Investments:

Investments, which consist of stocks are stated at fair market value. Unrealized gains or losses are reflected in the statement of activities. A summary of the investments' cost and market value is as follows:

	<u>2009</u>
Investments at fair market value	\$ 886
Investments at cost	<u>1,080</u>
Net unrealized loss	\$ <u>(194)</u>

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STUDENT ADVOCACY, INC.

NOTES TO FINANCIAL STATEMENT

December 31, 2009

(Continued)

Note 3 – Claims Receivable:

As of December 31, 2009, claims receivable include:

Westchester County Youth Bureau	\$ 51,629
Campaign Receivables	39,914
Hudson Valley DDSO	28,077
Department of Community Mental Health	20,000
Family Service of Westchester	5,046
The Children's Village	5,000
Andrus	4,137
Putnam County Youth Bureau	<u>1,211</u>
	<u>\$155,014</u>

Note 4 – Tax Status:

The Agency was formed under Section 402 of the Not-For-Profit Corporation Law of the State of New York and is exempt from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code.

Note 5 – Lease Commitments:

The Agency leases office space at 3 West Main Street, Elmsford, New York. On September 18, 2003 the Agency entered into a five year lease agreement at the above location which expired on July 31, 2008. In June 2008, the Agency entered into an amendment which extended the original lease for an additional five year period expiring July 31, 2013. The Agency is also obligated under a lease for office equipment. The minimum future lease payments for office space, including the five year extension, and equipment are as follows:

2010	\$ 53,987
2011	54,530
2012	50,692
2013	21,174
2014	<u>-</u>
Total	<u>\$ 180,383</u>

FOR DISCUSSION
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STUDENT ADVOCACY, INC.

NOTES TO FINANCIAL STATEMENT

December 31, 2009

(Continued)

Note 6 – Tax Deferred Annuity Plan:

The Agency maintains a section 403(b) retirement plan in which all contributions are made by employees. The Agency does not contribute to the plan.

Note 7 – Functional Expenses:

The breakdown of functional expenses into program services, and supporting services is as provided by management using their best estimates as to the appropriate allocation.

Note 8 – Concentration of Credit Risk:

Financial instruments that potentially subject the Agency to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions, which from time to time exceed the federal depository insurance coverage limits.

Note 9 – Funding Source Audits:

Pursuant to the Agency's contractual relationships with certain funding sources, outside agencies have the right to examine the books and records of the Agency involving transactions relating to these contracts. The accompanying financial statements made no provisions for possible disallowances. Although such possible disallowances could be substantial in amount, in the opinion of Management, any actual disallowances would be immaterial.

Note 10 – Comparative Totals:

The amounts shown for the year ended December 31, 2008 in the accompanying financial statements are included to provide a basis for comparison with December 31, 2009 and present summarized totals only. Accordingly, the December 31, 2008 amounts are not intended to present all information necessary for a fair presentation in conformity with generally accepted accounting principles.

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