

Long Island Advocacy Center, Inc.

FINANCIAL STATEMENTS

December 31, 2009 and 2008

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of the Long Island Advocacy Center, Inc. (a nonprofit organization) as of December 31, 2009 and 2008, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 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 audits provide 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 Long Island Advocacy Center, Inc. as of December 31, 2009 and 2008, and the changes in net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles generally accepted in the United States of America.

Sheehan and Company, CPA, PC

Sheehan and Company, C.P.A., P.C.
Certified Public Accountants

June 3, 2010

Long Island Advocacy Center, Inc.
STATEMENTS OF FINANCIAL POSITION

December 31, 2009 and 2008

| | <u>2009</u> | <u>2008</u> |
|---|-------------------|-------------------|
| Assets: | | |
| Cash | \$ 381,192 | \$ 297,332 |
| Accounts receivable | 337,786 | 291,882 |
| Rent security deposit | <u>2,333</u> | <u>2,248</u> |
| Total assets | <u>\$ 721,311</u> | <u>\$ 591,462</u> |
| Liabilities and net assets: | | |
| Accrued expenses | \$ 65,149 | \$ 36,876 |
| Deferred income - program advances | <u>58,875</u> | <u>13,154</u> |
| Total liabilities | <u>124,024</u> | <u>50,030</u> |
| Net assets: | | |
| Unrestricted - operations | <u>597,287</u> | <u>541,432</u> |
| Total net assets | <u>597,287</u> | <u>541,432</u> |
| Total liabilities and net assets | <u>\$ 721,311</u> | <u>\$ 591,462</u> |

See notes to financial statements

Long Island Advocacy Center, Inc.

STATEMENTS OF ACTIVITIES

For the years ended December 31, 2009 and 2008

| | <u>Unrestricted</u> | |
|---------------------------------|---------------------|-------------------|
| | <u>2009</u> | <u>2008</u> |
| Support and revenue: | | |
| Grants and contracts | \$1,438,512 | \$1,435,939 |
| Fees | 35,069 | 25,959 |
| Contributions | 12,692 | 16,258 |
| Interest | 4,144 | 7,079 |
| Fund-raising | <u>3,950</u> | <u>18,842</u> |
| Total support and revenue | <u>1,494,367</u> | <u>1,504,077</u> |
| Expenses: | | |
| Program services | 1,438,512 | 1,435,939 |
| Supporting services | - | - |
| Management and general | - | 3,836 |
| Fund-raising | <u>-</u> | <u>-</u> |
| Total expenses | <u>1,438,512</u> | <u>1,439,775</u> |
| Change in net assets | 55,855 | 64,302 |
| Net assets at beginning of year | <u>541,432</u> | <u>477,130</u> |
| Net assets at end of year | <u>\$ 597,287</u> | <u>\$ 541,432</u> |

See notes to financial statements

Long Island Advocacy Center, Inc.

STATEMENTS OF FUNCTIONAL EXPENSES

For the year ended December 31, 2009

| | <u>Program Services</u> | <u>Support Services Management And General</u> | <u>Fund Raising</u> | <u>Total 2009</u> |
|---------------------------------------|-----------------------------|--|---------------------|-----------------------|
| Salaries and wages | \$1,124,138 | \$ - | \$ - | \$1,124,138 ✓ |
| Payroll taxes and employee benefits | <u>128,418</u> | - | - | <u>128,418</u> ✓ |
| Total salaries, wages and benefits | 1,252,556 | - | - | 1,252,556 |
| Legal and accounting | 3,500 | - | - | 3,500 |
| Supplies | 24,753 | - | - | 24,753 |
| Telephone | 21,147 | - | - | 21,147 |
| Occupancy | 54,761 | - | - | 54,761 |
| Consultants and bookkeeping | 13,867 | - | - | 13,867 |
| Equipment maintenance and repair | 14,742 | - | - | 14,742 |
| Travel | 28,588 | - | - | 28,588 |
| Conferences, meetings and hall rental | 11,086 | - | - | 11,086 |
| Insurance | 6,310 | - | - | 6,310 |
| Miscellaneous | 335 | - | - | 335 |
| Postage | 3,969 | - | - | 3,969 |
| Equipment purchase and lease | <u>2,898</u> | - | - | <u>2,898</u> |
| Total expenses | <u>\$1,438,512</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$1,438,512</u> |

See notes to financial statements

Long Island Advocacy Center, Inc.

STATEMENTS OF FUNCTIONAL EXPENSES

For the year ended December 31, 2008

| | <u>Program Services</u> | <u>Support Services</u> | | <u>Total 2008</u> |
|--|-----------------------------|-----------------------------------|---------------------|------------------------|
| | | <u>Management And General</u> | <u>Fund Raising</u> | |
| Salaries and wages | \$1,113,834 | \$ - | \$ - | \$1,113,834 |
| Payroll taxes and employee benefits | <u>127,622</u> | <u>-</u> | <u>-</u> | <u>127,622</u> |
| Total salaries, wages and benefits | 1,241,456 | - | - | 1,241,456 |
| Legal and accounting | 6,200 | - | - | 6,200 |
| Supplies | 25,559 | - | 909 | 26,468 |
| Telephone | 18,499 | - | - | 18,499 |
| Occupancy | 51,966 | - | - | 51,966 |
| Consultants and bookkeeping | 12,651 | - | - | 12,651 |
| Equipment maintenance and repair | 21,284 | - | - | 21,284 |
| Printing and publications | 150 | - | - | 150 |
| Travel | 23,728 | - | - | 23,728 |
| Conferences, meetings and hall rental | 13,300 | - | 2,927 | 16,227 |
| Insurance | 5,957 | - | - | 5,957 |
| Miscellaneous | 353 | - | - | 353 |
| Postage | 5,392 | - | - | 5,392 |
| Equipment purchase and lease | <u>9,444</u> | <u>-</u> | <u>-</u> | <u>9,444</u> |
| Total expenses | <u>\$1,435,939</u> | <u>\$ -</u> | <u>\$ 3,836</u> | <u>\$1,439,775</u> |

See notes to financial statements

Long Island Advocacy Center, Inc.

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2009 and 2008

| | <u>2009</u> | <u>2008</u> |
|---|-------------------|-------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 55,855 | \$ 64,302 |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| (Increase) in accounts receivables | (45,904) | (134,398) |
| (Increase) decrease in other assets | (85) | 2,867 |
| Increase in accrued expenses and deferred income | <u>73,994</u> | <u>33,782</u> |
| Net cash provided (used) by operating activities | 83,860 | (33,447) |
| Cash flows from investing activities: | - | - |
| Cash flows from financing activities: | - | - |
| Net increase (decrease) in cash and cash equivalents | 83,860 | (33,447) |
| Cash and cash equivalents, beginning of year | <u>297,332</u> | <u>330,779</u> |
| Cash and cash equivalents, end of year | <u>\$ 381,192</u> | <u>\$ 297,332</u> |

See notes to 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 Mental Retardation and 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. The Organization receives client fees and Medicaid income for billable client services.

2. **Summary of significant accounting policies:**

Financial statement presentation: In accordance with generally accepted accounting principles, the Organization 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 upon the existence or absence of donor-imposed restrictions.

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.

Cash and cash equivalents: For purposes of the Statements of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Long Island Advocacy Center, Inc.

NOTES TO FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued):

Receivables and allowance for doubtful accounts: Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. 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. Receivables are considered impaired if full principal payments are not received in accordance with contractual terms. The allowance for doubtful accounts is \$-0- for the years ended December 31, 2009 and 2008.

Contributions: 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 from restrictions.

Functional allocation of expenses: Expenses are charged to each program based on direct expenditures incurred. Any expenditures not directly chargeable are allocated to a program based on various statistical methods.

Income taxes: The Organization is exempt from federal 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 2009 and 2008.

Events occurring after reporting date: The Organization has evaluated events and transactions that occurred between December 31, 2009 and June 3, 2010, the date the financial statements were available to be issued, for possible disclosure or recognition in the financial statements.

3. Summary of grants/contracts funding:

The Long Island Advocacy Center, Inc. was primarily funded through the following grants and contracts for the period January 1, 2008 to December 31, 2009:

Long Island Advocacy Center, Inc.

NOTES TO FINANCIAL STATEMENTS

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

| <u>Funding Source</u> | <u>Grant/ Contract Number</u> | <u>Grant/ Contract Period</u> | <u>Total Grant/ Contract</u> | <u>Recognized Support 2009</u> | <u>2008</u> |
|--|---------------------------------------|---------------------------------------|--------------------------------------|------------------------------------|-------------|
| State of New York Commission on Quality of Care - Outreach | C111785 | 9/1/09-8/31/10 | 57,600 | \$ 15,494 | \$ - |
| Outreach | C111785 | 9/1/08-8/31/09 | 57,600 | 40,984 | 16,616 |
| Outreach | C111696 | 9/1/07-8/31/08 | 57,600 | - | 38,787 |
| Legal | C111786 | 9/1/09-8/31/10 | 15,900 | 5,346 | - |
| Legal | C111786 | 9/1/08-8/31/09 | 15,900 | 9,823 | 6,077 |
| Legal | C111697 | 9/1/07-8/31/08 | 15,900 | - | 10,119 |
| Protection & Advocacy | C111745 | 11/1/09-10/31/10 | 50,000 | 8,462 | - |
| | C111745 | 11/1/08-10/31/09 | 50,000 | 42,995 | 7,005 |
| | C111745 | 11/1/07-10/31/08 | 50,000 | - | 41,600 |
| Disability Advocates, Inc | Special IOLA | 7/1/08-6/30/09 | 2,431 | 2,033 | - |
| | CAP IOLA | 7/1/07-6/30/08 | 2,431 | - | 2,271 |
| Interest on Lawyer Account Fund of the State of New York | C009048 | 1/1/09- 3/31/10 | 112,500 | 74,815 | - |
| | C008045 | 1/1/08-12/31/08 | 90,000 | - | 90,000 |
| Office of Children & Family Services (Natural Helpers) | | 1/1/08-12/31/08 | 4,330 | - | 4,330 |
| Long Island DDSO | CO20656 | 1/1/09-12/31/09 | 84,695 | 84,695 | - |
| | CO20656 | 1/1/08-12/31/08 | 82,872 | - | 82,872 |
| Mental Health Association of Nassau County | 09-000055 | 1/1/09-12/31/09 | 72,809 | 72,809 | - |
| | 07-000077 | 1/1/08-12/31/08 | 72,809 | - | 72,809 |
| Mental Health Association of Suffolk County | | 1/1/09-12/31/09 | 31,403 | 31,403 | - |
| | | 1/1/08-12/31/08 | 29,716 | - | 29,716 |
| Department of Probation County of Suffolk (PINS/AFY) | | 1/1/09-12/31/09 | 256,009 | 254,919 | - |
| | | 1/1/09-12/31/09 | 195,922 | 193,878 | - |
| | | 1/1/08-12/31/08 | 254,229 | - | 250,210 |
| | | 1/1/08-12/31/08 | 194,569 | - | 184,760 |

Long Island Advocacy Center, Inc.
NOTES TO FINANCIAL STATEMENTS

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

| <u>Funding Source</u> | <u>Grant/ Contract Number</u> | <u>Grant/ Contract Period</u> | <u>Total Grant/ Contract</u> | <u>Recognized Support</u> | |
|--|---------------------------------------|---------------------------------------|--------------------------------------|---------------------------|--------------------|
| | | | | <u>2008</u> | <u>2007</u> |
| Nassau County Dept of Social Services | CQSS09000007 | 1/1/09-12/31/09 | 147,231 | 142,467 | |
| | CQSS08000084 | 1/1/08-12/31/08 | 147,231 | | 135,924 |
| Nassau Ed Advocacy | CQYB09000019 | 1/1/09-12/31/09 | 70,193 | 49,097 | - |
| | CQYB08000031 | 1/1/08-12/31/08 | 74,299 | - | 73,966 |
| NEA Delinquency Prevention | CQYB09000060 | 1/1/09-12/31/09 | 29,412 | 29,412 | - |
| | CQYB08000053 | 1/1/08-12/31/08 | 32,500 | - | 30,550 |
| NEA Non-Recurring Funds | CQYB07000089 | 7/1/07-6/30/08 | 23,495 | - | 3,140 |
| | | 1/1/09-12/31/09 | | 189,560 | - |
| Medicaid | | 1/1/08-12/31/08 | | - | 186,619 |
| Parent Training & Info Center | | 10/15/09-9/30/10 | 50,000 | 7,370 | - |
| SAMHSA | | 10/1/09-9/30/10 | 88,680 | 12,046 | - |
| JD Advocacy | 001-3140-4980-53-0001 | 1/1/09-12/31/09 | 173,400 | 170,904 | - |
| | 001-3140-4980-53-0000 | 1/1/08-12/31/08 | 170,000 | - | 168,568 |
| Total grants and contracts | | | | <u>\$1,438,512</u> | <u>\$1,435,939</u> |

4. **Commitments:**

The Long Island Advocacy Center, Inc. rents its Nassau and Suffolk facilities. The term of the lease for the Herricks facility located in Nassau County is on a year by year basis.

The Hauppauge facility located in Suffolk County is rented through 12/14/12 with yearly escalations.

Long Island Advocacy Center, Inc.

NOTES TO FINANCIAL STATEMENTS

4. Commitments (continued):

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

| | Herricks <u>Nassau</u> | Hauppauge <u>Suffolk</u> |
|------------|---------------------------|-----------------------------|
| 2010 | \$ 10,668 | \$ 33,432 |
| 2011 | - | 34,524 |
| 2012 | - | 35,652 |
| Thereafter | <u>-</u> | <u>-</u> |
| | <u>\$ 10,158</u> | <u>\$ 103,608</u> |

5. Concentration of credit risk:

The Long Island Advocacy Center, Inc. maintains several bank accounts at one bank. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. On December 31, 2009, the Organization had a balance in excess of insured levels of approximately \$131,000.