

Long Island Advocacy Center, Inc.  
(A Not-for-Profit Organization)  
Financial Statements  
Years ended December 31, 2021 and 2020

Long Island Advocacy Center, Inc.  
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December 31, 2021 and 2020

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## Report of Independent Auditors

The Board of Directors  
Long Island Advocacy Center, Inc.  
New York, NY

### Opinion

We have audited the accompanying financial statements of Long Island Advocacy Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, 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.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Long Island Advocacy Center, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Long Island Advocacy Center, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Long Island Advocacy Center, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Long Island Advocacy Center, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Lehman Flynn Vollaro*

Melville, NY  
September 13, 2022

Long Island Advocacy Center, Inc.  
 Statements of Financial Position  
 December 31,

	2021	2020
<b>Assets</b>		
Cash and cash equivalents	\$ 688,286	\$ 880,300
Accounts receivable	604,742	500,489
Prepaid expenses	4,386	95
Rent security deposit	2,931	2,881
Total assets	\$ 1,300,345	\$ 1,383,765
 <b>Liabilities and net assets</b>		
Accrued expenses	\$ 490	\$ 8,640
Deferred revenue - program advances	-	2,072
Total liabilities	\$ 490	\$ 10,712
 <b>Net assets</b>		
Unrestricted	1,299,855	1,373,053
Total unrestricted	1,299,855	1,373,053
Total net assets	1,299,855	1,373,053
Total liabilities and net assets	\$ 1,300,345	\$ 1,383,765

See notes to financial statements

Long Island Advocacy Center, Inc.  
Statement of Activities  
Years Ended December 31,

	2021	2020
Support and revenue		
Grants and contracts	\$ 1,376,266	\$ 1,556,055
Fees	3,915	44,642
Contributions	1,850	4,982
Interest	317	501
Fundraising	-	14
	1,382,348	1,606,194
Expenses and losses		
Program services expense	1,353,272	1,458,610
Total program expenses	1,353,272	1,458,610
Supporting services expense		
Management and general	101,782	96,934
Fundraising	492	508
Total supporting services expense	102,274	97,442
Total expenses and losses	1,455,546	1,556,052
Change in net assets	(73,198)	50,142
Net assets, beginning of year	1,373,053	1,322,911
Net assets, end of year	\$ 1,299,855	\$ 1,373,053

See notes to financial statements

Long Island Advocacy Center, Inc.  
Statement of Functional Expenses  
Year Ended December 31, 2021

	Program	Management and General	Fundraising	Total
Salaries and wages	\$ 993,374	\$ 55,075	\$ -	\$1,048,449
Payroll taxes and related benefits	212,423	22,048	-	234,471
	<u>1,205,797</u>	<u>77,123</u>	-	<u>1,282,920</u>
Legal and accounting	-	14,000	-	14,000
Supplies	12,624	1,282	247	14,154
Telephone	22,408	1,243	-	23,651
Occupancy	70,283	3,896	-	74,179
Consultants	10,630	589	-	11,219
Equipment and maintenance repair	9,324	517	-	9,841
Travel	1,066	-	-	1,066
Conferences, meetings and development	5,398	1,494	-	6,892
Insurance	4,061	693	-	4,754
Bank charges	-	171	-	171
Postage and other	726	590	245	1,561
Dues and subscriptions	10,954	184	-	11,138
Total expenses by function	<u>\$ 1,353,272</u>	<u>\$ 101,782</u>	<u>\$ 492</u>	<u>\$1,455,546</u>

Long Island Advocacy Center, Inc.  
Statement of Functional Expenses  
Year Ended December 31, 2020

	Program	Management and General	Fundraising	Total
Salaries and wages	\$ 1,109,034	\$ 61,487	\$ -	\$1,170,521
Payroll taxes and related benefits	212,423	11,776	-	224,199
	<u>1,321,457</u>	<u>73,263</u>	<u>-</u>	<u>1,394,720</u>
Legal and accounting	-	14,000	-	14,000
Supplies	14,947	1,518	293	16,758
Telephone	11,842	657	-	12,499
Occupancy	69,213	3,837	-	73,050
Consultants	6,909	383	-	7,292
Equipment and maintenance repair	10,408	577	-	10,985
Travel	2,957	-	-	2,957
Conferences, meetings and development	2,273	629	-	2,902
Insurance	6,423	1,096	-	7,519
Bank charges	-	262	-	262
Postage	638	518	215	1,371
Dues and subscriptions	11,543	194	-	11,737
Total expenses by function	<u>\$ 1,458,610</u>	<u>\$ 96,934</u>	<u>\$ 508</u>	<u>\$1,556,052</u>



Long Island Advocacy Center, Inc.  
 Statements of Cash Flows  
 Years ended December 31,

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ (73,198)	\$ 50,142
Changes in operating assets and liabilities		
Accounts receivable	(104,253)	(28,350)
Prepaid expenses	(4,291)	-
Rent security deposit	(50)	(50)
Accrued expenses	(8,150)	8,640
Deferred revenue - program advances	(2,072)	(704)
Net cash from (used for) operating activities	<u>(192,014)</u>	<u>29,678</u>
Net change in cash and cash equivalents	(192,014)	29,678
Cash and cash equivalents, beginning of year	<u>880,300</u>	<u>850,622</u>
Cash and cash equivalents, end of year	<u>\$ 688,286</u>	<u>\$ 880,300</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for		
Interest	\$ -	\$ -
Unrelated business income taxes	-	-
	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements

## **Note 1 - Principal activity and significant accounting policies**

### **Organization**

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, and appropriate educational programs and are provided with service coordination.

The Organization is funded through grants from the Office of People with Developmental Disabilities, N.Y.S. Interest on Lawyers Account Fund (IOLA), N.Y.S. Judiciary Civil Legal Services (JCLS), N.Y.S. Parent Training and Information Center (PTIC), Nassau County Office of Mental Health, Nassau County Department of Social Services, Nassau County Department of Youth Services, and Suffolk County Department of Probation. In addition, the Organization receives client fees for billable client services.

### **Comparative financial information**

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended December 31, 2020, from which the summarized information was derived.

### **Cash and cash equivalents**

We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

### **Receivables and credit policies**

Accounts receivable are stated at unpaid balances and consist primarily of program fees and awarded grants. We determine the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. At December 31, 2021 and 2020, there was no allowance.

### **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, 2021.

### **Contributions receivable**

We record contributions receivable that are expected to be collected within one year at net realizable value. Contributions receivable expected to be collected in future years are initially recorded at fair value using

# Long Island Advocacy Center, Inc.

Notes to Financial Statements

Years ended December 31, 2021 and 2020

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present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. We determine the allowance for uncollectable contributions receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions receivable are written off when deemed uncollectable. At December 31, 2021 and 2020, there was no allowance.

## **Net assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

## **Deferred income**

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, 2021 and 2020, the organization recorded deferred revenue of \$0 and \$2,072.

## **Donated services and in-kind contributions**

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. We record donated professional services at the respective fair values of the services received. No significant contributions of such goods or services were received during the Years ended December 31, 2021 and 2020, respectively.

## **Functional allocation of expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

## **Income taxes**

The Organization is organized as a New York nonprofit corporation and has been recognized by the IRS as

Long Island Advocacy Center, Inc.  
Notes to Financial Statements  
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exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and has been determined not to be a private foundation under IRC Sections 509(a)(1). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that is unrelated to its exempt purpose. We have determined that the Organization is not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS. We believe we have appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that are material to the financial statements.

### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

### **Financial instruments and credit risk**

We manage deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates.

### **Subsequent events**

We have evaluated subsequent events through September 13, 2022, the date the financial statements were available to be issued.

### **Recent accounting pronouncements**

In February 2016, The FASB issued Accounting Standards Update (ASU) 2016-02, Lease (Topic 842). The ASU requires most lease obligations to be recognized as a right-of-use asset with a corresponding liability on the statement of financial position. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2021. The guidance should be implemented for the earliest period presented using a modified retrospective approach, which includes optional practical expedients primarily focused on leases that commence before the effective date. We plan to elect to use such practical expedients upon adoption on January 1, 2022. Management is currently evaluating the impact of adopting ASU 2016-02 on the Committee's financial statements.

In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The ASU is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. The amendments in this ASU should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021. Early adoption is permitted. Management is currently evaluating the impact of adopting ASU 2020-07 on the Organization's financial statements.

# Long Island Advocacy Center, Inc.

Notes to Financial Statements

Years ended December 31, 2021 and 2020

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## Note 2 - Liquidity and availability

We regularly monitor the availability of resources required to meet our operating needs and other contractual commitments.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, consists of the following:

Cash and cash equivalents	\$	688,286
Accounts receivable		<u>604,742</u>
	\$	<u>1,293,028</u>

## Note 3 - Functionalized expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

## Note 4 - Revenue recognition

Our revenues primarily consist of program service fees, dog treat sales, net investment return, other revenue, gain on sale of assets and contributions.

1. Grants and contracts is revenue arising from the government for services provided to individuals. The rates and contract amounts are set by the state and the revenue is recorded at the time the service is rendered.
2. Fees is revenue arising from services provided to individuals. Revenue is recorded at the time the service is rendered.
3. Contributions is revenue arising from donations or grants from individuals, companies, foundations or government agencies. The revenue is recognized when it receives the donation or grant.
4. Interest is revenue arising from bank deposits. Interest is recorded as revenue when it is received.

Below is a summary of our revenue by segment:

	<u>2021</u>	<u>2020</u>
Grants and contracts	1,376,266	1,556,055
Fees	3,915	44,642
Contributions	1,850	4,982
Interest	317	501
	<u>\$ 1,382,348</u>	<u>\$ 1,606,180</u>

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**Note 5 - Summary of grants/contracts funding:**

The Organization is primarily funded through grants and contracts from the following sources:

Funding Source	Recognized Support	
	2021	2020
Interest on Lawyer Account State of New York Contract #C15050	\$ 137,116	\$ 146,458
New York Office of People with Developmental Disabilities Contract #C024648	139,176	97,214
New York State Office of People with Developmental Disabilities Contract #C024362	-	55,113
Parent Training and Information Center	89,345	83,609
Judiciary Civil Legal Service Contract #C250522 and #C250466	63,441	76,950
Nassau County Office of Mental Health Contract #CQHS17000097 and #CQHS150000113	71,357	103,610
Nassau County Department of Social Services Contract #CLSS17000003 and #CQSS14000002	133,014	124,095
Nassau Educational Advocacy Contract #CQHS17000067 and #CQHS16000058	212,814	259,023
Suffolk County Office of Mental Health	23,435	23,782
Department of Probation County of Suffolk - AFY Contract #001-3193-4980 (HTZ1)-00001	157,707	179,490
Department of Probation County of Suffolk - PINS Contract #001-3145-4980 (HTY1)-53-001	182,386	228,754
Department of Probation County of Suffolk - JD Contract #001-3142-4980 (JEB1)-00001	152,025	172,185
JAG Income	14,450	5,772
Total grants and contracts	<u>\$ 1,376,266</u>	<u>\$ 1,556,055</u>

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Notes to Financial Statements  
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**Note 6 - Employee benefits**

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 May 31, 2017, the plan provided for a 3% employer contribution regardless of whether the employee was contributing. Effective June 1, 2017, the Organization amended the plan to provide for a 5% employer contribution regardless of whether the employee was contributing. In addition, the Organization provided for a matching contribution up to 3%. The employer contributions for the years ended December 31, 2021 and 2020 were \$73,116 and \$76,736 respectively.

**Note 7 - Commitments**

The organization rents its Nassau and Suffolk facilities. The Herricks facility located in Nassau County is rented through August 2023 with annual escalations. The Hauppauge facility located in Suffolk County is rented through December 14, 2022, 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>Years Ending December 31,</u>	<u>Herricks (Nassau)</u>	<u>Hauppauge (Suffolk)</u>
2022	31,180	39,721
2023	21,062	-
	<u>52,242</u>	<u>\$ 39,721</u>

Rental expense for the Herricks and Hauppauge locations charged to occupancy on the Statement of Activities for the year ended December 31, 2021 and 2020 were \$74,179 and \$73,050 respectively.