

Long Island Advocacy Center, Inc.
(A Not-for-Profit Organization)
Financial Statements
Years ended December 31, 2022 and 2021

Long Island Advocacy Center, Inc.
Table of Contents
December 31, 2022 and 2021

Report of Independent Auditors	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5-6
Statements of Cash Flows	7
Notes to Financial Statements.....	8-13

LEHMAN FLYNN VOLLARO PLLC

CERTIFIED PUBLIC ACCOUNTANTS
534 BROADHOLLOW ROAD • SUITE 302
MELVILLE, NY 11747

MARTIN M. LEHMAN, CPA
SCOTT P. FLYNN, CPA
LAWRENCE A. VOLLARO, CPA
MATHEW H. PERETZ, CPA
MATTHEW P. GEYER

TEL: (212) 736-2220
FAX: (212) 736-8018
WEB: www.LNFcpa.com
Members:
American Institute of CPA's
New York State Society of CPA's

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, 2022 and 2021, 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, 2022 and 2021, 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 CPAs PLLC

Melville, NY
May 12, 2023

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

	2022	2021
Assets		
Cash and cash equivalents	\$ 793,966	\$ 688,286
Accounts receivable	757,932	604,742
Prepaid expenses	6,076	4,386
Rent security deposit	3,183	2,931
Operating lease right-of-use asset	196,069	-
Total assets	\$ 1,757,226	\$ 1,300,345
 Liabilities and net assets		
Accrued expenses	\$ 55,478	\$ 490
Current portion of operating lease liability	36,962	-
Total current liabilities	92,440	490
Operating lease liability	159,107	-
Total liabilities	251,547	490
 Net assets		
Unrestricted	1,505,679	1,299,855
Total unrestricted	1,505,679	1,299,855
Total net assets	1,505,679	1,299,855
Total liabilities and net assets	\$ 1,757,226	\$ 1,300,345

See notes to financial statements

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

	2022	2021
Support and revenue		
Grants and contracts	\$ 1,829,137	\$ 1,376,266
Fees	1,250	3,915
Contributions	2,900	1,850
Interest	137	317
Other income	5,466	-
	1,838,890	1,382,348
Expenses and losses		
Program services expense	1,506,433	1,353,272
Total program expenses	1,506,433	1,353,272
Supporting services expense		
Management and general	126,393	101,782
Fundraising	241	492
Total supporting services expense	126,633	102,274
Total expenses and losses	1,633,066	1,455,546
Change in net assets	205,824	(73,198)
Net assets, beginning of year	1,299,855	1,373,053
Net assets, end of year	\$ 1,505,679	\$ 1,299,855

See notes to financial statements

Long Island Advocacy Center, Inc.
Statement of Functional Expenses
Year Ended December 31, 2022

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 1,132,816	\$ 62,806	\$ -	\$1,195,622
Payroll taxes and related benefits	<u>211,667</u>	<u>21,969</u>	<u>-</u>	<u>233,636</u>
	1,344,483	84,775	-	1,429,258
Legal and accounting	-	30,800	-	30,800
Supplies	7,632	775	150	8,557
Telephone	25,967	1,441	-	27,408
Occupancy	72,539	4,021	-	76,560
Consultants	23,607	1,309	-	24,916
Equipment and maintenance repair	10,580	587	-	11,167
Travel	1,862	-	-	1,862
Conferences, meetings and development	3,378	935	-	4,313
Insurance	5,875	1,003	-	6,878
Bank charges	-	357	-	357
Postage and other	269	219	91	579
Dues and subscriptions	<u>10,239</u>	<u>172</u>	<u>-</u>	<u>10,411</u>
Total expenses by function	<u>\$ 1,506,433</u>	<u>\$ 126,393</u>	<u>\$ 241</u>	<u>\$1,633,066</u>

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>

See notes to financial statements

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

	2022	2021
Cash flows from operating activities		
Change in net assets	\$ 205,824	\$ (73,198)
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Non-cash lease expense	(196,069)	-
Changes in operating assets and liabilities		
Accounts receivable	(153,190)	(104,253)
Prepaid expenses	(1,690)	(4,291)
Rent security deposit	(252)	(50)
Accrued expenses	54,988	(8,150)
Deferred revenue - program advances	-	(2,072)
Operating lease liabilities	196,069	-
Net cash from (used for) operating activities	105,680	(192,014)
Net change in cash and cash equivalents	105,680	(192,014)
Cash and cash equivalents, beginning of year	688,286	880,300
Cash and cash equivalents, end of year	\$ 793,966	\$ 688,286
Supplemental disclosure of cash flow information		
Cash paid during the year for		
Interest	\$ -	\$ -
Unrelated business income taxes	-	-
	\$ -	\$ -

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, 2021, 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, 2022 and 2021, 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, 2022.

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, 2022 and 2021

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, 2022 and 2021, 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. No revenues were deferred for the years ended December 31, 2022 and 2021.

Revenue and Revenue Recognition

We recognize revenue from contracts when the performance obligations of providing the services are met. Payment under cost-reimbursable contracts received in advance are deferred in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively.

We recognize contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

A portion of our revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when we have incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. We haven't received any cost-reimbursable grants of that haven't been recognized as of December 31, 2022 and 2021. No amounts have been received in advance under our federal and state contracts and grants.

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, 2022 and 2021.

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 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 May 12, 2023, the date the financial statements were available to be issued.

Long Island Advocacy Center, Inc.
Notes to Financial Statements
Years ended December 31, 2022 and 2021

Recent accounting pronouncements

In February 2016, The FASB issued Accounting Standards Update (ASU) 2016-02, Lease (Topic 842), codified as ASC 842, *Leases* (“ASC 842” or the “new lease standard”), which impacts all leases. In general, such arrangements will be recognized as assets and liabilities on the balance sheet of the lessee. Under the new lease standard, a right-of-use asset and lease liability will be recognized on the balance sheet for all leases, whether operating or finance. In addition, the statement of operations will reflect lease expense for operating leased and amortization and interest expense for financing leases. Finally, the new lease standard enhances the disclosure requirements related to these arrangements to increase transparency and comparability among companies. Lessor accounting under the new lease standard is substantially unchanged.

The Organization has elected to adopt ASC 842 as of the earliest period shown in the comparative financial statements (i.e., January 1, 2021).

Our lease is an operating lease for office facilities. The Organization elected to utilize the incremental borrowing rate when calculating the right-of-use asset and lease liability. The Organization elected the package of practical expedients available to them which allowed the Organization to not reassess whether expired or existing contracts contain leases, lease classification of expired or existing contracts, and the accounting for initial direct costs for any leases. Additionally, the Organization elected the hindsight practical expedient, which allows the Organization to use hindsight to determine the lease term of any existing contracts upon adoption. Lastly, the company elected the short-term lease expedient, allowing us to forego recording a right-of-use asset and lease liability for those leases with a term less than or equal to 12 months.

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	\$ 793,966
Accounts receivable	<u>757,932</u>
	<u><u>\$ 1,551,898</u></u>

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due.

Long Island Advocacy Center, Inc.
Notes to Financial Statements
Years ended December 31, 2022 and 2021

Note 3 - Summary of grants/contracts funding:

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

Funding Source	Recognized Support	
	2022	2021
Interest on Lawyer Account State of New York	\$ 155,731	\$ 137,116
New York Office of People with Developmental Disabilities	149,404	139,176
Parent Training and Information Center	129,038	89,345
Judiciary Civil Legal Service	152,494	63,441
Nassau County Office of Mental Health	100,609	71,357
Nassau County Department of Social Services	106,619	133,014
Nassau Educational Advocacy	224,677	212,814
Suffolk County Office of Mental Health	22,332	23,435
Department of Probation County of Suffolk - AFY	186,864	157,707
Department of Probation County of Suffolk - PINS	221,698	182,386
Department of Probation County of Suffolk - Pre-Diversion	48,744	-
Department of Probation County of Suffolk - JD	170,952	152,025
Bureau of Justice Assistance - Edward Byrne Memorial Justice Assistance Grant	2,744	14,450
The New York Community Trust	10,000	-
American Rescue Plan	137,039	-
Care Design	10,192	-
Total grants and contracts	\$ 1,829,137	\$ 1,376,266

Long Island Advocacy Center, Inc.
Notes to Financial Statements
Years ended December 31, 2022 and 2021

Note 4 - Leases

As discussed in Recent Accounting Pronouncements, the Organization elected to adopt ASC 842 as of the earliest period shown in the comparative financial statements.

The Organization evaluates all contracts for potential leases in accordance with ASC 842. A contract contains a lease if the contract conveys the right to direct the use of an identified asset and to obtain substantially all of the economic benefit for consideration. The Organization has operating leases comprised of real estate.

The tables below represent a summary of the balances recorded in the statement of financial position related to our leases as of December 31, 2022 and December 31, 2021:

December 31, 2022	<u>Operating</u>
Right-of-use asset	<u>\$ 196,069</u>
Current portion of lease liability	\$ 36,962
Non-current portion of lease liability	<u>159,107</u>
	<u>\$ 196,069</u>
December 31, 2021	<u>Operating</u>
Right-of-use asset	<u>\$ -</u>
Current portion of lease liability	\$ -
Non-current portion of lease liability	<u>-</u>
	<u>\$ -</u>

The Organization's lease liabilities are based on the net present value of the remaining lease payments over the remaining lease term. To determine the lease liability net present value of the lease payments, we used the risk-free rate at the adoption date, for the term of each lease. The weighted average remaining lease term and discount rate as of December 31, 2022 and December 31, 2021 for our operating leases are as follows:

	<u>2022</u>	<u>2021</u>
Weighted average remaining lease terms (in years)	4.96	-
Weighted average discount rate	3.29%	0.00%

Lease expense is included in the rent and occupancy amount on the statement of functional expenses and is as follows for the years ended December 31, 2022 and December 31, 2021:

	<u>2022</u>	<u>2021</u>
Operating lease expense	<u>\$ -</u>	<u>\$ -</u>
Total lease expense	<u>\$ -</u>	<u>\$ -</u>

Long Island Advocacy Center, Inc.
Notes to Financial Statements
Years ended December 31, 2022 and 2021

A maturity analysis of lease payments under our operating leases is presented as follows:

Fiscal Year	Operating
2023	\$ 42,413
2024	44,387
2025	45,385
2026	46,407
2027	43,417
Total lease payments	\$ 222,009
Less: present value adjustment	(25,940)
Total lease liabilities	\$ 196,069

Note 5 - 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 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, 2022 and 2021 were \$56,887 and \$73,116 respectively.