

*SCHUYLER CENTER FOR ANALYSIS
AND ADVOCACY, INC.*

FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

SCHUYLER CENTER FOR ANALYSIS AND ADVOCACY, INC.

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Schuyler Center for Analysis and Advocacy, Inc.
Albany, New York

Report on the Financial Statements

We have audited the accompanying financial statements of Schuyler Center for Analysis and Advocacy, Inc., which comprise the statement of financial position as of June 30, 2017, 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Schuyler Center for Analysis and Advocacy, Inc. as of June 30, 2017, 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.

Prior Period Financial Statements

The financial statements of Schuyler Center for Analysis and Advocacy, Inc. for the year ended June 30, 2016, were audited by other auditors whose report, dated September 16, 2016, expressed an unmodified opinion on those financial statements.

A handwritten signature in black ink that reads "Cusack & Company, CPA's LLC". The signature is written in a cursive, flowing style.

CUSACK & COMPANY, CPA'S LLC

Latham, New York
October 4, 2017

SCHUYLER CENTER FOR ANALYSIS AND ADVOCACY, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2017 AND 2016

ASSETS

	<u>2017</u>	<u>2016</u>
Current Assets		
Cash	\$ 393,661	\$ 13,014
Investments	5,515,887	5,540,846
Grants Receivable	119,264	149,732
Other Receivable	8,884	14,283
Prepaid Expenses	14,426	13,686
Total Current Assets	<u>6,052,122</u>	<u>5,731,561</u>
Property and Equipment, Net	5,108	3,087
Other Assets		
Restricted Investments	<u>1,259,984</u>	<u>933,645</u>
Total Assets	<u>\$ 7,317,214</u>	<u>\$ 6,668,293</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	\$ 2,634	\$ 8,947
Accrued Salaries	17,244	13,651
Accrued Vacation	40,104	34,777
Total Liabilities	<u>59,982</u>	<u>57,375</u>
Net Assets		
Unrestricted	5,877,984	5,527,541
Temporarily Restricted	596,433	300,562
Permanently Restricted	782,815	782,815
Total Net Assets	<u>7,257,232</u>	<u>6,610,918</u>
Total Liabilities and Net Assets	<u>\$ 7,317,214</u>	<u>\$ 6,668,293</u>

SCHUYLER CENTER FOR ANALYSIS AND ADVOCACY, INC.*STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017*

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support, Revenue and Reclassifications				
Contributions and Grants	\$ 40,816	\$ 666,843	\$ -	\$ 707,659
Interest and Dividends	165,818	-	-	165,818
Realized Gain on Investments	307,675	-	-	307,675
Unrealized Gain on Investments	332,751	-	-	332,751
Dues and Other Revenue	17,336	49,740	-	67,076
Special Events - Net of Direct Costs of \$2,920	16,441	-	-	16,441
Net Assets Released from Restrictions	<u>420,712</u>	<u>(420,712)</u>	<u>-</u>	<u>-</u>
 Total Support, Revenue and Reclassifications	<u>1,301,549</u>	<u>295,871</u>	<u>-</u>	<u>1,597,420</u>
 Expenses				
Program Services	772,139	-	-	772,139
Management and General	141,918	-	-	141,918
Fundraising	<u>37,049</u>	<u>-</u>	<u>-</u>	<u>37,049</u>
 Total Expenses	<u>951,106</u>	<u>-</u>	<u>-</u>	<u>951,106</u>
 Changes in Net Assets	350,443	295,871	-	646,314
 Net Assets, Beginning of Year (Restated)	<u>5,527,541</u>	<u>300,562</u>	<u>782,815</u>	<u>6,610,918</u>
 Net Assets, End of Year	<u>\$ 5,877,984</u>	<u>\$ 596,433</u>	<u>\$ 782,815</u>	<u>\$ 7,257,232</u>

SCHUYLER CENTER FOR ANALYSIS AND ADVOCACY, INC.*STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016*

	<u>Unrestricted Fund</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support, Revenue and Reclassifications				
Contributions and Grants	\$ 39,461	\$ 560,365	\$ -	\$ 599,826
Interest and Dividends	154,373	-	-	154,373
Realized Gain on Investments	73,181	-	-	73,181
Unrealized Loss on Investments	(268,351)	-	-	(268,351)
Dues and Other Revenue	71	41,025	-	41,096
Special Events - Net of Direct Costs of \$10,319	15,282	-	-	15,282
Net Assets Released from Restrictions	<u>632,610</u>	<u>(632,610)</u>	<u>-</u>	<u>-</u>
 Total Support, Revenue and Reclassifications	<u>646,627</u>	<u>(31,220)</u>	<u>-</u>	<u>615,407</u>
 Expenses				
Program Services	882,134	-	-	882,134
Management and General	96,123	-	-	96,123
Fundraising	<u>25,879</u>	<u>-</u>	<u>-</u>	<u>25,879</u>
 Total Expenses	<u>1,004,136</u>	<u>-</u>	<u>-</u>	<u>1,004,136</u>
 Changes in Net Assets	(357,509)	(31,220)	-	(388,729)
 Net Assets, Beginning of Year (Restated)	<u>5,885,050</u>	<u>331,782</u>	<u>782,815</u>	<u>6,999,647</u>
 Net Assets, End of Year (Restated)	<u>\$ 5,527,541</u>	<u>\$ 300,562</u>	<u>\$ 782,815</u>	<u>\$ 6,610,918</u>

SCHUYLER CENTER FOR ANALYSIS AND ADVOCACY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

	Program Services Total	Management and General	Fund Raising	Total
Salaries	\$ 491,800	\$ 85,243	\$ 21,784	\$ 598,827
Employee Benefits	80,151	18,638	5,018	103,807
Payroll Taxes	<u>35,120</u>	<u>6,066</u>	<u>1,609</u>	<u>42,795</u>
Total Salaries and Related Expenses	607,071	109,947	28,411	745,429
Professional Fees	17,740	5,739	1,545	25,024
Supplies and Office Expenses	1,580	495	131	2,206
Telephone	5,922	1,751	472	8,145
Occupancy	40,773	2,602	702	44,077
Printing and Publications	763	287	69	1,119
Travel	3,719	930	250	4,899
Conferences and Meetings	4,594	650	174	5,418
Equipment Rental and Maintenance	5,380	1,282	345	7,007
Dues and Subscriptions	9,342	1,413	381	11,136
Insurance	3,627	1,316	355	5,298
Grant Expenditures	31,127	-	-	31,127
Depreciation	715	277	75	1,067
Investment Fees	38,166	14,810	4,025	57,001
Internet Service Expense	<u>1,620</u>	<u>419</u>	<u>114</u>	<u>2,153</u>
Total Expenses	<u>\$ 772,139</u>	<u>\$ 141,918</u>	<u>\$ 37,049</u>	<u>\$ 951,106</u>

SCHUYLER CENTER FOR ANALYSIS AND ADVOCACY, INC.STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016

	Program Services Total	Management and General	Fund Raising	Total
Salaries	\$ 518,512	\$ 48,467	\$ 13,049	\$ 580,028
Employee Benefits	74,224	10,174	2,739	87,137
Payroll Taxes	<u>37,810</u>	<u>3,561</u>	<u>959</u>	<u>42,330</u>
Total Salaries and Related Expenses	630,546	62,202	16,747	709,495
Professional Fees	20,448	6,935	1,867	29,250
Supplies and Office Expenses	2,936	711	192	3,839
Telephone	5,797	1,586	427	7,810
Postage	1,402	503	135	2,040
Occupancy	35,273	4,091	1,102	40,466
Printing and Publications	951	139	37	1,127
Travel	5,035	975	262	6,272
Conferences and Meetings	7,952	1,408	379	9,739
Equipment Rental and Maintenance	5,793	1,782	480	8,055
Equipment	2,709	31	8	2,748
Dues and Subscriptions	2,670	1,036	279	3,985
Insurance	3,850	1,129	304	5,283
Grant Expenditures	121,738	-	-	121,738
Depreciation	1,526	592	159	2,277
Investment Fees	32,427	12,584	3,388	48,399
Internet Service Expense	<u>1,081</u>	<u>419</u>	<u>113</u>	<u>1,613</u>
Total Expenses	<u>\$ 882,134</u>	<u>\$ 96,123</u>	<u>\$ 25,879</u>	<u>\$ 1,004,136</u>

SCHUYLER CENTER FOR ANALYSIS AND ADVOCACY, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 646,314	\$ (388,729)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation Expense	1,067	2,277
Realized Gain on Investments	(307,675)	(73,181)
Unrealized (Gain) Loss on Investments	(332,751)	268,351
(Increase) Decrease in:		
Grants Receivable	(55,874)	(25,252)
Other Receivable	91,741	(13,014)
Prepaid Expenses	(740)	(4,658)
Increase (Decrease) in:		
Accounts Payable	(6,313)	(375)
Accrued Expenses	<u>8,920</u>	<u>(4,169)</u>
Net Cash Flows Provided by (Used in) Operating Activities	<u>44,689</u>	<u>(238,750)</u>
Cash Flows from Investing Activities:		
Proceeds from Sale of Investments	4,268,945	3,895,744
Purchase of Investments	(3,929,899)	(3,704,338)
Purchase of Property and Equipment	<u>(3,088)</u>	<u>(999)</u>
Net Cash Flows Provided by Investing Activities	<u>335,958</u>	<u>190,407</u>
Net Increase (Decrease) in Cash	380,647	(48,343)
Cash, Beginning of Year	<u>13,014</u>	<u>61,357</u>
Cash, End of Year	<u>\$ 393,661</u>	<u>\$ 13,014</u>

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Organization

On April 3, 2001, State Communities Aid Association changed its name to Schuyler Center for Analysis and Advocacy, Inc. (SCAA). Founded in 1872, SCAA is an independent, non-partisan, non-sectarian, public policy organization, based in Albany, New York. SCAA promotes the public interest by advancing policies to improve health, welfare and human services for all New Yorkers, especially those who are poor or vulnerable.

To carry out its work, SCAA analyzes social and economic problems; evaluates existing programs and services; reviews fiscal policies; develops policies and the legislation to implement them; advises public officials on options; and helps citizens become informed advocates.

SCAA is supported primarily by contributions, grants and investment income.

Method of Accounting and Presentation

The financial statements are prepared on the accrual basis of accounting.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under the ASC, non-profit organizations are required to report information regarding their financial position and activities in three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

SCAA 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 purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Tax-Exempt Status

SCAA is not a not-for-profit organization incorporated under the laws of the State of New York. It is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is classified as a publicly supported organization under Section 170(b)(1)(A)(vi).

Functional Expenses

The costs of providing SCAA's services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING AND REPORTING POLICIES (CONTINUED)

Investments

Marketable equity and debt securities are stated at fair value.

Property and Equipment

Property and equipment consist of office equipment and website development which is carried at cost. Depreciation is provided on a straight-line method over five years.

Fair Value

For assets and liabilities measured at fair value on a recurring basis, the ASC requires expanded disclosures about fair value measurements and establishes a three-level hierarchy for fair value measurements based on the observable inputs to the valuation of an asset or liability at the measurement date. Fair value is defined as the price that SCAA would receive upon selling an asset or pay to transfer a liability in an orderly transaction between market participants. It prioritizes the inputs to the valuation techniques used to measure fair value by giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

Accounting for Uncertainty in Income Taxes

The ASC requires entities to disclose in their financial statements the nature of any uncertainty in their tax position. SCAA has not recognized any benefits or liabilities from uncertain tax positions for the year ended June 30, 2017 and believes it has no uncertain tax positions for which it is reasonably possible that will significantly increase or decrease net assets. Generally, federal and state authorities may examine SCAA's tax returns for three years from the date of filing; consequently, income returns for years prior to June 30, 2014 are no longer subject to examination by tax authorities.

Reclassifications

Certain 2016 amounts have been reclassified to conform to the 2017 financial statement presentation.

Subsequent Events

Management has evaluated subsequent events or transaction as to any potential material impact on operations or financial position occurring through October 4, 2017, the date the financial statements were available to be issued. No such events or transactions were identified.

2. CONCENTRATIONS

SCAA has concentrated its credit risk for cash and investments by maintaining deposits with a financial institution in excess of Federal insurance limits. This financial institution has a strong credit rating and management believes that credit risk related to these accounts is minimal.

SCHUYLER CENTER FOR ANALYSIS AND ADVOCACY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017 AND 2016

3. INVESTMENTS

Investments reflected at fair value at June 30, 2017 and 2016 consist of the following:

	<u>2017</u>			<u>2016</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Level 1:						
Money Market	\$ 241,361	\$ 241,361	\$ -	\$ 180,030	\$ 180,030	\$ -
Fixed Income	586,422	586,108	(314)	598,504	624,064	25,560
Equities	4,645,903	5,423,026	777,123	4,136,974	4,576,607	439,633
Equity Funds	520,232	525,376	5,144	595,887	617,159	21,272
Level 3:						
Hedge Funds	-	-	-	513,894	476,631	(37,263)
	<u>\$ 5,993,918</u>	<u>\$ 6,775,871</u>	<u>\$ 781,953</u>	<u>\$ 6,025,289</u>	<u>\$ 6,474,491</u>	<u>\$ 449,202</u>

Investment income for the years ended June 30, 2017 and 2016 consists of the following:

	<u>2017</u>	<u>2016</u>
Interest and Dividend Income	\$ 165,818	\$ 154,373
Realized Gain on Investments	307,675	73,181
Unrealized Holding Gain (Loss) on Investments	332,751	(268,351)
	<u>\$ 806,244</u>	<u>\$ (40,797)</u>

Investment expense for the years ended June 30, 2017 and 2016 was \$57,001 and \$48,399, respectively.

4. PROPERTY AND EQUIPMENT

Details for the years ended June 30, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Furniture and Equipment	\$ 15,628	\$ 13,696
Website Development	5,656	4,500
	<u>21,284</u>	<u>18,196</u>
Accumulated Depreciation	<u>16,176</u>	<u>15,109</u>
Net Book Value	<u>\$ 5,108</u>	<u>\$ 3,087</u>

Depreciation expense charged to operations for 2017 and 2016 was \$1,067 and \$2,277, respectively.

5. DEMAND NOTE PAYABLE

SCAA has a secured line of credit agreement with the State Employees Federal Credit Union (SEFCU) in the amount of \$90,000, of which \$0 was outstanding at June 30, 2017 and 2016. The interest rate (1.1% over the prime rate) applicable to the line was 4.75% and 4.50% at June 30, 2017 and 2016, respectively.

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets represent amounts received and restricted by donors for the following specific purposes. When the restriction has been met, the amounts are released from temporarily restricted net assets and reclassified to unrestricted. A summary as of June 30, 2017 and 2016 follows:

	<u>2017</u>	(Restated) <u>2016</u>
Temporarily Restricted Net Assets by Program:		
Children and Families	\$ 37,923	\$ 2,230
Economic Security	8,697	30,966
Health	<u>549,813</u>	<u>267,366</u>
	<u>\$ 596,433</u>	<u>\$ 300,562</u>
Temporarily Restricted Net Assets by Funding Source:		
David and Lucille Packard Foundation	\$ 157,039	\$ -
Dentaquest	4,430	-
NYSHF for Oral Health	226,282	48,262
NYSHF for MMNY Consumer Empowerment	80,086	-
NYSHF for MMNY	39,016	141,703
Atlantic Philanthropies	-	33,919
HFWCNY for MMNY	-	20,489
Help Me Grow HFWCNY	-	3,645
MMNY	42,960	19,348
Hagedorn Foundation	8,697	30,966
Annie E. Casey Foundation	3,293	-
Gladys Bishop	1,775	2,230
Redlich Horwitz	5,129	-
Ralph C. Wilson Jr. Fund	<u>27,726</u>	<u>-</u>
	<u>\$ 596,433</u>	<u>\$ 300,562</u>

7. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets represent amounts received and restricted by the donors totaling \$782,815 at June 30, 2017 and 2016. The principal cannot be expended, however any investment income earned from these assets can be expended.

8. INCOME BENEFICIARY

SCAA is a lifetime income beneficiary of a remainder trust, of which annually it receives 1% of the trust income. During the years ended June 30, 2017 and 2016, the Organization received \$4,682 and \$1,996, respectively.

9. LEASE COMMITMENTS

In 2015, SCAA entered into a lease for office space with an unrelated party expiring July 2021.

In 2015, SCAA entered into a lease for office equipment with an unrelated party expiring December 2019.

At June 30, 2017 the minimum rental commitment under these operating leases is as follows:

	<u>Premises</u>	<u>Equipment</u>	<u>Total</u>
2018	\$ 40,121	\$ 6,384	\$ 46,505
2019	40,260	6,384	46,644
2020	40,875	-	40,875
2021	40,931	-	40,931
2022	3,411	-	3,411
Total	<u>\$ 165,598</u>	<u>\$ 12,768</u>	<u>\$ 178,366</u>

Total rent expense for the years ended June 30, 2017 and 2016 was \$39,998 and \$36,290, respectively, and is included in occupancy expense in the statement of functional expenses.

10. PENSION PLANS

SCAA has a contributory retirement plan with Teachers Insurance and Annuity Association and College Retirement Equities Fund available to its employees after meeting length of service requirements. Each enrolled employee has an individual contract with Teachers Insurance and Annuity Association and an individual certificate with College Retirement Equities Fund. These contracts and certificates are 100% vested with the employees. The cost to SCAA for the years ended June 30, 2017 and 2016 was \$35,501 and \$34,050, respectively. The Plan made contributions at a rate of 6% eligible salaries for 2017 and 2016.

SCAA also has a 403(b) Salary Reduction Plan. Participation in the Plan is voluntary, and for the calendar year 2017, employees may defer up to a maximum of \$18,000.

Effective July 1, 2004, SCAA adopted a 457(b) Deferred Compensation Plan. Participation in the Plan is limited to the President. Participation is voluntary, and for the calendar year 2017, the employee may defer up to a maximum of \$18,000.

11. CORRECTION OF AN ERROR IN PREVIOUSLY ISSUED FINANCIAL STATEMENTS

During the fiscal year ended June 30, 2017, an error in the previous application of accounting principles generally accepted in the United States of America (GAAP) was discovered relating to the recognition of grant revenue.

As a result, by correcting the previously reported grants receivable, the beginning of year temporarily restricted net assets as of July 1, 2015 was increased by \$125,283 as follows:

Temporarily Restricted Net Assets as of July 1, 2015, as Originally Stated	\$ 206,499
Prior Period Adjustment	<u>125,283</u>
Temporarily Restricted Net Assets as of July 1, 2015, as Restated	<u>\$ 331,782</u>